

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PINNACLE AIRLINES CORP., *et al.*,

Debtors.

Chapter 11

Case No. 12-11343 (REG)

(Jointly Administered)

**DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: March 7, 2013

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE DEBTORS' JOINT PLAN OF REORGANIZATION (THE "PLAN") AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS AND THEIR FINANCIAL ADVISORS. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, ALTHOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT

FROM THOSE ASSUMED AND/OR MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE 8 OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

SUMMARY OF THE PLAN

The following summary is qualified in its entirety by the more detailed information contained in the Plan and elsewhere in this Disclosure Statement. **Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Plan; provided, however, that any capitalized term used herein that is not defined herein or in the Plan, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to such term in the Bankruptcy Code or the Bankruptcy Rules.**

Pinnacle Airlines Corp. (“**Pinnacle Holdings**”) is the direct or indirect parent company of Pinnacle Airlines, Inc. (“**Pinnacle**”), Mesaba Aviation, Inc. (“**Mesaba**”), Colgan Air, Inc. (“**Colgan**”) and Pinnacle East Coast Operations Inc. (“**PECO**”), which operate a regional airline that provides transportation between hubs and smaller outlying cities for passengers ticketed by Delta Air Lines, Inc. (“**Delta**”). The Debtors’ fleet of smaller, lower-cost aircraft is more suitable for service to smaller markets than the aircraft operated by major (or “mainline”) carriers. Partnering with regional airlines like the Debtors allows major carriers to reduce the number of aircraft types in their operating fleets while still offering regional service.

This Disclosure Statement is being furnished by the Debtors as proponents of the Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, a copy of which is attached hereto as Appendix A, pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes for the acceptance or rejection of the Plan. **WHILE THE DEBTORS ARE THE SOLE PROPONENT OF THE PLAN, THE PLAN IS SUPPORTED BY THE CREDITORS’ COMMITTEE, AND THE CREDITORS’ COMMITTEE ENCOURAGES HOLDERS OF UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.**

This Disclosure Statement describes certain aspects of the Plan, including an analysis of the treatment of holders of Claims against, and Interests in, the Debtors and the securities to be issued under the Plan, and also contains a discussion of the Debtors’ history, businesses, properties and operations, projections for those operations and risk factors associated with the businesses and the Plan.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS IN, AND IMPLEMENTATION OF, THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE SCHEDULES ATTACHED THERETO OR REFERRED TO THEREIN.

A. The Plan

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors.

Prior to the Debtors’ formulation of the Plan, the Debtors engaged in negotiations with several key constituencies to resolve the Debtors’ labor, fleet and liquidity needs. Certain of these negotiations resulted in inter-related transactions among the Debtors, ALPA, Delta and the

Creditors' Committee, in which the parties agreed that (i) Pinnacle would amend its collective bargaining agreement with ALPA, (ii) Delta and Pinnacle Holdings would provide certain career advancement opportunities, furlough payments and benefits, and transition payments to certain of Pinnacle's pilots under the Bridge Agreement, (iii) Delta and the Debtors would amend the Debtors' DIP Facility to provide incremental liquidity, (iv) Delta, Pinnacle and Pinnacle Holdings would amend the Delta Connection Agreements to restructure Pinnacle's fleet and (v) the parties would enter into a restructuring support agreement setting forth certain principal terms for a plan of reorganization whereby Delta would fund the Debtors' emergence from chapter 11 in exchange for 100% of the New Common Stock. The Bankruptcy Court approved these inter-related transactions on January 16, 2013.

The Plan is consistent with the comprehensive agreements approved by the Bankruptcy Court and is supported by the Creditors' Committee and Delta.

The Plan is premised upon the limited consolidation of the Estates of the Debtors with one another, such consolidation to be effected solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distributions.

B. Treatment of Claims and Interests Under the Plan

1. DIP Facility Claims, Other Administrative Claims and Priority Tax Claims

An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Administrative Claims include, but are not limited to, DIP Facility Claims, Other Administrative Claims and Professional Fee Claims. Administrative Claims also include Claims pursuant to section 503(b)(9) of the Bankruptcy Code. Section 503(b)(9) of the Bankruptcy Code grants administrative priority for the value of any goods received by the Debtors within twenty days before the commencement of the case in which the goods have been sold to the Debtor in the ordinary course of the Debtor's business.

A Priority Tax Claim is a Claim (whether secured or unsecured) of a governmental unit entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code.

All DIP Facility Claims shall be Allowed as provided in the DIP Orders. On the Effective Date each holder of a DIP Facility Claim, in complete satisfaction of such Claim, shall receive a pro rata share of (i) the Exit Note and (ii) a percentage of the New Common Stock that combined with the New Common Stock received by Delta on account of the Cash provided by Delta pursuant to Section 6.1 of the Plan will result in Delta receiving 100% of the New Common Stock on the Effective Date.

The Debtors will pay all Allowed Administrative Claims other than the DIP Facility Claims in full on or as soon as practicable after the Effective Date. Allowed Priority Tax Claims will be paid in full; *provided* that such claims may, at the sole option of the Reorganized Debtors, be paid on a deferred basis, with interest accrued from the Effective Date.

2. Other Claims and Interests

The Plan divides all other Claims against, and all Interests in, the Debtors into various Classes. The following table summarizes the classification of Claims and Interests under the Plan, the treatment of each Class, the projected recovery under the Plan, if any, for each Class and whether or not each Class is entitled to vote. Note that the classifications and distributions set forth in the table remain subject to change, as further described in Section 14.1 of the Plan.

Summary of Classification and Treatment of Claims and Interests in the Debtors

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
1	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
2	CIT Facility Claims	Reinstatement of CIT Facility.	Reinstated	Unimpaired	Deemed to Accept
3	EDC Facilities Claims	Upon the Effective Date, the Debtors and EDC will enter into the Amended EDC Facilities and the Reorganized Debtors will perform all of the obligations thereunder.	100%	Impaired	Entitled to Vote
4	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
5	Union Claims	Each holder of an Allowed Union Claim shall be entitled to its Ratable Share of the Senior Trust Interests.	0.32% to 0.40% ¹	Impaired	Entitled to Vote
6	Other General Unsecured Claims	Each holder of an Allowed Other General Unsecured Claim shall be entitled to its Ratable Share of the Senior Trust Interests.	0.32% to 0.40% ¹	Impaired	Entitled to Vote
7	Punitive Damages Claims	Each holder of an Allowed Punitive Damages Claim shall be entitled to its Ratable Share of the Subordinated Trust Interests; <i>provided</i> that if the Bankruptcy Court so orders, each holder of an Allowed Punitive Damages Claim shall be treated as part of Class 6 (Other General Unsecured Claims).	0% ²	Impaired	Entitled to Vote
8	Section 510(b) Claims	No distribution.	0%	Impaired	Deemed to Reject
9a	Interests in Pinnacle Holdings	No distribution.	0%	Impaired	Deemed to Reject

¹ The projected recovery ranges listed herein for Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims) are based on an estimated \$400 million to \$550 million of Allowed Other General Unsecured Claims, \$163,098,184 of Allowed Union Claims and no further recoveries for or fees paid by the Unsecured Claims Trust. Actual recoveries in Classes 5 and 6 may be different than projected recoveries based upon, among other things: (a) the actual amount of Allowed Other General Unsecured Claims against the Debtors, (b) the value realized by the Unsecured Claims Trust on account of the Trustee Causes of Action, (c) whether the Bankruptcy Court upholds the separate classification of Class 7 (Punitive Damages Claims) and (d) the fees and expenses of the Unsecured Claims Trustee. In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

² In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
9b	Interests in Subsidiary Debtors	Reinstatement of Interests.	Retained ³	Unimpaired	Deemed to Accept

C. Recommendation

After careful review of their current business operations, their prospects as ongoing business enterprises and the estimated recoveries of Creditors in various liquidation scenarios, the Debtors have concluded that the recovery of holders of Allowed Claims will be maximized by the Debtors' continued operation as a wholly-owned subsidiary of Delta and a going concern. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part, and that the value of the Debtors' Estates is considerably greater as a going concern than if they were liquidated. *See* Article 6 herein, "Statutory Requirements for Confirmation of the Plan."

The Debtors believe that the Plan provides the best recoveries possible for the Debtors' Creditors and strongly recommend that, if you are entitled to vote, you vote to accept the Plan. The Debtors also believe that any alternative to Confirmation of the Plan, such as liquidation, partial sale of assets or any attempt by another party in interest to file a plan, would result in lower recoveries for stakeholders, as well as significant delays, litigation and costs.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST EACH OF THE DEBTORS AND THUS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN. WHILE THE DEBTORS ARE THE SOLE PROPONENT OF THE PLAN, THE PLAN IS SUPPORTED BY THE CREDITORS' COMMITTEE, AND THE CREDITORS' COMMITTEE ENCOURAGES HOLDERS OF UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.

PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

This Disclosure Statement is being transmitted to certain Creditors for the purpose of soliciting votes on the Plan and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable holders of Claims that are

³ Pursuant to the restructuring transactions in Section 6.7 of the Plan, the Interests in the Subsidiary Debtors may not be cancelled, but may be Reinstated, at Delta's option, for the benefit of the respective Reorganized Debtor that is the holder thereof, in exchange for the agreement of Reorganized Pinnacle Holdings to make distributions as Plan Disbursing Agent to holders of claims against the Subsidiary Debtors and to use certain funds and assets, to the extent authorized in the Plan, to satisfy certain obligations of the Subsidiary Debtors.

entitled to vote on the Plan to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

By the Approval Order entered on March 7, 2013, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable holders of Claims that are entitled to vote on the Plan to make informed judgments with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS APPENDICES AND ALL PLAN SUPPLEMENTS FILED PRIOR TO THE VOTING DEADLINE CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan and developments concerning the Chapter 11 Cases.

THIS DISCLOSURE STATEMENT, THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE AND THE PLAN SUPPLEMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. This Disclosure Statement contains projections of future performance as set forth in Appendix C attached hereto. Other events may occur subsequent to the date hereof that may have a material impact on the information contained in this Disclosure Statement. Except as expressly stated, neither the Debtors nor the Reorganized Debtors intend to update the Disclosure Statement, including, without limitation, the Financial Projections. Thus, neither the Disclosure Statement nor the Financial Projections will reflect the impact of any subsequent events, including any not already accounted for in the assumptions underlying the Financial Projections. Further, the Debtors do not anticipate that any updates, amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement does not imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Who is Entitled to Vote on the Plan?

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest.

The holders of Claims in the following Classes are entitled to vote on the Plan:

- Class 3 (EDC Facilities Claims)
- Class 5 (Union Claims)
- Class 6 (Other General Unsecured Claims)
- Class 7 (Punitive Damages Claims)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1 (Other Priority Claims)
- Class 2 (CIT Facility Claims)
- Class 4 (Other Secured Claims)
- Class 9b (Interests in Subsidiary Debtors)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution or retain any property under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 8 (Section 510(b) Claims)
- Class 9a (Interests in Pinnacle Holdings)

C. General Voting Procedures and the Voting Deadline

On March 7, 2013, the Bankruptcy Court entered the Approval Order, which, among other things, approved this Disclosure Statement, set voting procedures and scheduled the hearing on Confirmation of the Plan. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. The Confirmation Hearing Notice sets forth in detail, among other things, the voting deadlines and objection deadlines with respect to the Plan. The

Confirmation Hearing Notice and the instructions attached to the Ballot(s) should be read in connection with this Section of this Disclosure Statement.

If you are entitled to vote, after carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot(s), please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot(s). Please complete and sign your original Ballot(s) (copies with non-original signatures will not be accepted) and return it/them in the envelope provided. You must provide all of the information requested by the appropriate Ballot(s). Failure to do so may result in disqualification of your vote on such Ballot(s).

Each Ballot has been coded to reflect the Class of Claims that it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot(s) sent to you with this Disclosure Statement.

The Debtors have retained Epiq Bankruptcy Solutions, LLC as their Solicitation Agent to assist with the voting process. If you have any questions concerning the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain (at no charge) a printed copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact Epiq Bankruptcy Solutions, LLC at (646) 282-2400. Such materials will also be available, free of charge, on the Debtors' case information website (located at <http://dm.epiq11.com/Pinnacle>).

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND ACTUALLY RECEIVED NO LATER THAN APRIL 10, 2013 AT 4:00 P.M. (PREVAILING EASTERN TIME) (THE "VOTING DEADLINE") BY THE SOLICITATION AGENT, AS FOLLOWS:

If by U.S. mail:

Pinnacle Airlines Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
FDR Station, P.O. Box 5014
New York, NY 10150-5014

If by courier/hand delivery:

Pinnacle Airlines Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017

BALLOTS RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED. BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE BANKRUPTCY COURT, THE CREDITORS' COMMITTEE, COUNSEL TO THE DEBTORS OR THE CREDITORS' COMMITTEE OR ANYONE OTHER THAN EPIQ BANKRUPTCY SOLUTIONS, LLC.

D. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for April 17, 2013, at 9:45 a.m. (prevailing Eastern Time) before the Honorable Robert E. Gerber, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One

Bowling Green, Courtroom 523, New York, NY 10004-1408. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for a notice filed on the Bankruptcy Court's docket and/or an announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing.

The Bankruptcy Court has directed that objections to Confirmation and proposed modifications to the Plan, if any, must (i) be in writing, (ii) conform to the Bankruptcy Rules, (iii) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party, (iv) state with particularity the basis and nature of any objection to the Plan and (v) be filed, together with proof of service, with the Court in accordance with the Court's Case Management Order and served so as to be actually RECEIVED on or before 4:00 p.m. (prevailing Eastern Time) on April 10, 2013 by:

1. The United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 523, New York, New York 10004-1408, Attn: The Honorable Robert E. Gerber;
2. The Debtors, Pinnacle Airlines Corp., One Commerce Square, 40 S. Main St., 13th Floor, Memphis, Tennessee 38103, Attn: Brian T. Hunt;
3. Attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Damian S. Schaible;
4. Conflicts counsel to the Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Lisa G. Beckerman;
5. The Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, New York 10004, Attn: Richard Morrissey and Susan D. Golden;
6. Attorneys for Delta Air Lines, Inc., Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: James H.M. Sprayregen and David R. Seligman;
7. Attorneys for the Creditors' Committee, Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, New York 10104, Attn: Brett H. Miller, Lorenzo Marinuzzi and Todd M. Goren; and
8. Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, Third Floor, New York, New York 10017, Attn: Pinnacle Team.

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ARTICLE 1
INTRODUCTION

Pinnacle Airlines Corp., a Delaware corporation ("**Pinnacle Holdings**"), Pinnacle Airlines, Inc., a Georgia corporation ("**Pinnacle**"), Mesaba Aviation, Inc., a Minnesota corporation ("**Mesaba**"), Colgan Air, Inc., a Virginia corporation ("**Colgan**") and Pinnacle East Coast Operations Inc., a New York corporation ("**PECO**," and together with Pinnacle Holdings, Pinnacle, Mesaba and Colgan, the "**Debtors**"), submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on the Plan, which is attached as Appendix A hereto.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition history, significant events that have occurred during the Debtors' jointly administered cases under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**") and the reorganization and anticipated post-reorganization operations and financing of the Reorganized Debtors. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of Confirmation of the Plan, certain risk factors associated with the securities to be issued under the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of Claims eligible to vote must follow for their votes to be counted.

FOR A SUMMARY OF THE PLAN, PLEASE SEE ARTICLE 5 HEREOF. FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING, PLEASE SEE ARTICLE 8 HEREOF.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. NOR WILL IT BE UPDATED TO REFLECT ANY SUBSEQUENT EVENTS.

ARTICLE 2

DESCRIPTION AND HISTORY OF BUSINESS

Section 2.1 Introduction

The Debtors are a regional airline currently headquartered in Memphis, Tennessee that provides transportation between hubs and smaller outlying cities for passengers ticketed by Delta Air Lines, Inc. (“**Delta**”). At present, the Debtors’ sole customer is Delta, as the Debtors have completed winding down their operations with United Air Lines (“**United**”) and US Airways, Inc. (“**US Airways**”). The Debtors’ fleet of smaller aircraft is more suitable for service to smaller markets than the aircraft operated by major carriers. Partnering with regional airlines like the Debtors allows major carriers to reduce the number of aircraft types in their operating fleets while still offering regional service.

a. Operations Overview

The Debtors currently provide regional service to Delta as a “Delta Connection” carrier, pursuant to capacity purchase agreements (“**CPAs**”) with Delta covering a fleet of jet (CRJ-200 and CRJ-900) aircraft (the “**Delta Connection Agreements**”). Under the Delta Connection Agreements, Delta pays the Debtors a fixed fee that is charged based on each departure, flight hour and “block hour” (which includes taxi time at both departure and arrival), in addition to other stated fees, regardless of ticket sales or the number of passengers. It also pays engine maintenance, ground handling and certain other costs (collectively referred to as “pass-through” costs). When structured properly, CPAs have historically been profitable for the Debtors and have the potential to remain so, provided that they contain reasonable terms and pay fees sufficient to cover non-pass-through costs, including labor.

The Debtors had also operated Saab 340 turboprop aircraft for Delta pursuant to a CPA; that flying terminated in December 2011. In addition, the Debtors operated Saab 340 turboprop aircraft for US Airways pursuant to revenue pro-rate agreements (“**Pro-Rate Agreements**”) covering “essential air service” (“**EAS**”) routes; that flying terminated in June 2012. Pro-Rate Agreements provide for variable compensation depending on ticket sales, and require the Debtors to pay for fuel and other costs. These agreements expose the Debtors to potentially large cost and revenue fluctuations. Prior to the Petition Date, the Debtors provided regional service to United as a “United Express” carrier, pursuant to a CPA covering Bombardier Q400 turboprop aircraft (the “**United Q400 CPA**”) and certain Pro-Rate Agreements covering Saab 340 aircraft. The Debtors wound down these operations over the course of 2012. As explained in more detail below, these modifications and flying reductions are part of the Debtors’ overall efforts to reduce costs and increase profitability.

b. Post-Emergence Strategy

As described further in Article 4 below, the Debtors recently amended certain of the Delta Connection Agreements. Pursuant to these amendments, Delta has agreed, among other things, to place and maintain at the Debtors an incremental 40 76-seat CRJ-900 aircraft above the total in the Delta Connection fleet as of December 1, 2012. These additional aircraft will be

subject to the same terms and conditions as the 41 CRJ-900 aircraft currently flown under the CRJ-900 Agreement with Delta. The Debtors and Delta also agreed to wind down the Debtors' fleet of 50-seat CRJ-200 aircraft. Many major carriers utilizing 50-seat jets have been actively reducing their reliance on them, due to the increase in unit costs to operate the aircraft and the substantial costs likely to be required to overhaul the engines powering currently operating CRJ-200 aircraft. This larger base of CRJ-900 flying, combined with the results of the other restructuring initiatives discussed in greater detail in Article 4 below, should position the Debtors well for the future. As described in the Plan, upon emergence from chapter 11, Pinnacle Holdings and the Subsidiary Debtors will be wholly-owned subsidiaries of Delta.

Section 2.2 Management and Employee Matters

a. Management

The Debtors' current management team is composed of highly capable professionals with substantial airline and other applicable industry experience. Information regarding the Debtors' executive officers is as follows:

Name	Position
John Spanjers	President and Chief Executive Officer
Ryan Gumm	Senior Vice President and Chief Operating Officer
Curt Berchtold	Senior Vice President and Chief Financial Officer
Brian T. Hunt	Senior Vice President and General Counsel
Bill Pal-Freeman	Senior Vice President of Administration

John Spanjers. John Spanjers became President and Chief Executive Officer upon Sean Menke's resignation on June 1, 2012. Mr. Spanjers intends to retire as President and Chief Executive Officer upon the Debtors' emergence from bankruptcy. Mr. Spanjers was previously appointed Senior Vice President and Chief Operating Officer in October 2011. Prior to that, he was the President of Mesaba since September 2002. Prior to that appointment, Mr. Spanjers served as the airline's Chief Operating Officer and Vice President of Flight Operations since joining Mesaba in November 1999. From June 1988 to November 1999, Mr. Spanjers held management positions within the Systems Operational Control organization at Northwest Airlines, and has served in various operational functions within the regional and charter airline industry dating back to 1979.

Ryan Gumm. Ryan Gumm joined the Debtors as Senior Vice President and Chief Operating Officer effective February 5, 2013. Upon the Debtors' emergence from bankruptcy and Mr. Spanjers' retirement, Mr. Gumm will become President and Chief Executive Officer. Mr. Gumm was previously Executive Vice President and Chief Operating Officer of Delta Private Jets. Prior to that, he was president of Comair. He also served in leadership positions at

Freedom Airlines and Mesa Airlines. Mr. Gumm earned a Bachelor of Science Degree in Professional Aeronautics from Embry-Riddle Aeronautical University.

Curt Berchtold. Curt Berchtold is the Senior Vice President and Chief Financial Officer of Pinnacle Holdings. He joined the company in November 2012. He is responsible for financial operations for the corporate office and for Pinnacle. Mr. Berchtold was previously the Chief Financial Officer of Silver Airways. Prior to his senior post at Silver, he held senior management or consulting positions at Mesa Air Group, Corsair Aviation, Sun Country Airlines, Champion Air and Northwest Airlines. He has also led start-up ventures as chief executive officer and chief financial officer. Mr. Berchtold earned an MBA in Finance and Marketing from Indiana University at Bloomington and a BBA in Finance from the University of Texas at Arlington.

Brian T. Hunt. Brian Hunt joined Pinnacle Holdings as Vice President and General Counsel in January 2009 after an 18-year career at ATA Airlines where he was Senior Vice President, General Counsel and Secretary. His previous experience includes private practice at Baker & Daniels, LLP, and Riley Bennett & Egloff, LLP, both in Indianapolis. A native of Cleveland, Ohio, he earned a Bachelor of Science degree in Criminal Justice from the University of Dayton and his law degree at Indiana University School of Law – Indianapolis.

Bill Pal-Freeman. Bill Pal-Freeman was named Senior Vice President of Administration in April 2012 with responsibility over information technology, human resources, purchasing and contracts, and airline integration. He was previously Vice President of Integration. From 2005 to 2011, he was Vice President of Technology and Services for Mesaba where he was responsible for overseeing the airline's human resources, information systems, communications and labor relations groups. Mr. Pal-Freeman has more than 30 years of experience in business and consulting roles across a variety of industries. He assisted Mesaba in multiple projects before joining the airline. Mr. Pal-Freeman is a veteran of the airline industry, serving as a senior director at Northwest Airlines. His background also includes positions at ING, Allianz North America and the United States Air Force. He is an adjunct faculty member at Capella University, teaching graduate and undergraduate courses in business and technology. He earned a master's degree in business administration from the University of North Dakota and a bachelor's degree from Park College.

b. Employee Matters – Collective Bargaining

Collectively, the Debtors employ approximately 5,000 people in active status, working in both full- and part-time positions. These employees include pilots, mechanics, aviation maintenance support personnel, flight attendants, flight dispatchers, crew resource personnel, managers and administrative support staff. As of the date hereof, approximately 75% of these employees were unionized, as reflected in the following table:

	Approximate Number	
Employee Group	of Employees	Representing Union
Pilots	2,394	Air Line Pilots Association (“ ALPA ”)
Flight Attendants	1,280	Association of Flight Attendants-CWA (“ AFA ”)
Flight Dispatchers	71	Transport Workers Union of America (“ TWU ”)

Section 2.3 Prepetition Capital Structure

a. Pinnacle Stock

As of March 15, 2012, Pinnacle Holdings had 40 million authorized shares of common stock, \$0.01 par value, of which 19,221,312 shares were outstanding. Pinnacle Holdings also had 1,000,000 authorized shares of preferred stock, \$0.01 par value and 5,000,000 authorized shares of Series common stock, \$0.01 par value. No shares were issued from either of these classes of stock. As of the Petition Date, Pinnacle, Colgan and Mesaba were directly wholly owned by Pinnacle Holdings, and PECO was directly wholly owned by Pinnacle.

b. Options and Other Securities with Values Keyed to Common Stock

As of the Petition Date, Pinnacle Holdings had 1,099,998 outstanding stock options. As of the Petition Date, the Debtors had reserved 584,759 shares of their common stock under the share-based compensation and incentive compensation plans.

c. Secured Debt

The Debtors had approximately \$774 million principal amount of secured debt outstanding on the Petition Date, including the following:

1. Credit Facilities

(i) Promissory Note

Pinnacle Holdings, Pinnacle and Mesaba, as borrowers, and Delta, as lender, were parties to the Promissory Note, dated as of July 1, 2010 (as amended, supplemented or otherwise modified, the “**Promissory Note**”). The note bore interest at 12.5% per annum, had a maturity date of July 15, 2015, and was secured by certain flight simulator equipment used in operating Mesaba, capital stock of Mesaba, certain books, records and other documents and any intangibles relating to the foregoing and proceeds of the foregoing. As of the Petition Date, \$44,285,046.40 remained outstanding under the Promissory Note. The Promissory Note was repaid from the proceeds of the DIP Facility.

(ii) Spare Parts Loan

In July 2009, Pinnacle and Colgan completed a \$25 million, three-year term loan financing with C.I.T. Leasing Corporation (“**CIT**”) funded by CIT Bank (the “**Spare Parts Loan**”). The Spare Parts Loan was secured by Pinnacle’s and Colgan’s pools of spare repairable, rotatable and expendable parts and certain aircraft engines. During June 2011, the Spare Parts Loan was modified to increase financing to \$37 million, include Mesaba’s pools of spare repairable, rotatable and expendable parts and certain aircraft engines as collateral, and extend the maturity date through December 2015. The Debtors and CIT also amended the Spare Parts Loan to have a fixed interest rate of 7.25% for a portion of the loan, while the remainder of the loan was subject to a variable rate, which is indexed to LIBOR (subject to a floor) and was 5.5% and 8.0% as of December 31, 2011 and 2010, respectively. As of the Petition Date, approximately \$34 million remained outstanding on the Spare Parts Loan.

2. Secured Aircraft-Related Debt

As of the Petition Date, the Debtors were party to secured aircraft-related financing agreements with Export Development Canada (“**EDC**”) with respect to 28 Q400 aircraft and 16 CRJ-900 aircraft, with installment payments on such financings due from 2012 to 2026. As of the Petition Date, approximately \$690 million of debt was outstanding and secured by aircraft.

3. Other Secured Debt

As of the Petition Date, the Debtors owed approximately \$5.7 million in other miscellaneous secured debt in the form of loan facilities, promissory notes and engine security agreements.

d. Unsecured Debt

The Debtors have no publicly held bonds, syndicated bank debt or other unsecured debt obligations.⁴

Section 2.4 Certain Insurance Coverage

The Debtors are currently party to litigation regarding Continental Connection Flight 3407 (“**Flight 3407**”). The primary insurance policy covering the Flight 3407 accident is an all-risk aviation policy written vertically with the participating insurers. The policy covers Delta Air Lines, Inc., Midwest Express Holdings, Inc., Pinnacle and Colgan and/or wholly owned or controlled subsidiary or affiliated companies of the aforementioned for aviation-related activities, subject to certain exclusions. The total limit of liability for all insured per occurrence is \$1,750,000,000. Any final, non-appealable judgment for punitive damages that may be

⁴ Pinnacle (as successor to Express Airlines I, Inc.) guaranteed certain payment obligations relating to bonds issued in the amount of \$3,160,000 pursuant to that certain First Supplemental Indenture, dated as of November 1, 1997, between the Memphis-Shelby Airport Authority and Union Planters National Bank, as Trustee.

awarded to the plaintiffs in any wrongful death or personal injury litigation arising from Flight 3407 is not excluded by the liability insurance policy issued by Global Aerospace, Inc. and the other underwriters at interest in favor of Pinnacle and Colgan that was in place at the time of the Flight 3407 accident and any such punitive damages judgment would be payable by the insurers if allowed under applicable law.

ARTICLE 3

EVENTS LEADING UP TO THE CHAPTER 11 CASES

Section 3.1 Industry Background

The airline industry has been undergoing convulsive changes and contractions in recent years, increasingly so in the wake of the September 11, 2001 terrorist attacks. It has also experienced historic increases in security and fuel costs, decreased customer demand, and – most recently – one of the most severe and prolonged economic recessions in U.S. history. With the recent chapter 11 filing of American Airlines, all of the so-called “legacy” carriers have now sought refuge in bankruptcy court.

The impact of these developments on the Debtors and other regional airlines has been substantial. For many years, regional airlines enjoyed profit margins under contracts that offered protection against rising fuel costs and other market risks. This is no longer the case. As major carriers have aggressively cut costs and decreased capacity, they have transformed the market for regional air service, consuming and paying less and demanding more from their regional partners. The result has been a race to the bottom, as the Debtors and other regional airlines have been forced to bid ever-lower rates and accept increasingly unfavorable contract terms to win the business of major carriers. These sacrifices have drained regional carriers and continue to do so, with frequently unsustainable consequences. Several regional airlines have filed for bankruptcy in the last several years, including Mesaba in 2005; Comair, a wholly-owned Delta subsidiary, as part of Delta’s bankruptcy filing in 2005 (Delta has since discontinued Comair); Mesa Air Group in 2010; and American Eagle, a wholly-owned regional carrier affiliate of American Airlines, as part of American Airlines’ bankruptcy. In addition, it has become increasingly clear that any future growth in regional flying will be concentrated in larger, more cost-efficient 70- and 76-seat “dual class” aircraft, with advantages such as lower operating costs per seat and more efficient fuel burn, as opposed to smaller “single class” 50-seat aircraft of the type predominantly flown by the Debtors.

Section 3.2 Pinnacle’s Deteriorated Financial Condition

Following significant operating losses in 2008, the Debtors were able to improve their performance in 2009. In 2010, the Debtors increased their revenue, bolstered by the acquisition of Mesaba from Delta/Northwest, although their overall profitability decreased. The Debtors had anticipated improvements and continued growth in 2011. However, as discussed below, 2011 and the first quarter of 2012 presented severe challenges, ultimately culminating in the chapter 11 filing.

The Debtors underwent significant changes and shrinkage in senior management in 2011. In July 2011, the Debtors hired Sean Menke and Edward Christie as the new CEO and CFO, respectively. John Spanjers replaced the former COO in October 2011 and replaced Mr. Menke as CEO in June 2012. Prior to his departure, Mr. Menke spearheaded a thorough assessment of the Debtors' business to identify areas of vulnerability and opportunities for improvement. This assessment revealed four critical factors that had combined to jeopardize the Debtors' viability: (1) delays in integrating the flying of the Debtors' subsidiaries; (2) developments arising out of a new, joint collective bargaining agreement with the Debtors' pilots as a result of circumstances outlined below; (3) increasingly unprofitable contracts with airline customers; and (4) poor operational performance and increased operational expenses. These factors are discussed individually below.

a. Delayed Integration and Synergies

Upon the acquisition of Mesaba in mid-2010, the Debtors had intended to consolidate their jet and turboprop flying into two operating certificates as quickly as possible, instead of retaining a separate operating certificate for each of its three airline subsidiaries. Maintaining an additional operating certificate imposes various redundant costs and inefficiencies.

The consolidation process, however, proved substantially more difficult and time-consuming than anticipated. The Mesaba jet operation was originally scheduled to be moved under the Pinnacle operating certificate in May 2011, but delays in obtaining FAA approval delayed this move until January 2012. As a result, the anticipated cost savings were deferred, and the Debtors had to expend substantial additional resources, including hiring additional employees and consultants, to accomplish the consolidation.

Although the Mesaba jets have now been moved under the Pinnacle operating certificate, full integration of maintenance and flight operations of Pinnacle and Mesaba jets is not expected to be completed until early 2013. The Debtors estimate that they have incurred unanticipated costs and lost revenue in the tens of millions of dollars as a result of delayed integration and lost synergies.

b. ALPA Collective Bargaining Agreement

In February 2011, the Debtors signed a collective bargaining agreement with ALPA, the joint representative of the Debtors' pilots. This new agreement (as amended, modified or supplemented prior to the date hereof, the "**ALPA JCBA**") was championed by ALPA as "historic," uniting approximately 3,000 pilots under a single agreement and providing significantly enhanced pay, benefits and work rules. Based on recent analysis of these terms by the Debtors' management and advisers, compensation of the Debtors' pilots is above market average with respect to wages, benefits and work rules.

In addition to the new agreement's compensation provisions, the integration of the three pilot groups resulted in substantial complexities and expenses stemming from the creation of an "integrated seniority list" ("**ISL**") as a direct result of an unfavorable and unexpected arbitration decision resulting in such list. Before the integration, each of the Debtors' three airline

subsidiaries maintained its own, separate list ranking the subsidiary's pilots by seniority. The ISL resulted from merging these three lists, creating a single, integrated list across all subsidiaries, and resulting in new relative seniority relationships among thousands of pilots.

This integration had severe, disruptive and expensive consequences on the filling of pilot vacancies and associated training costs. Pilots are permitted to "bid" on vacancies (e.g., to obtain a new domicile, new aircraft, new category), and those bids are honored according to seniority. Each time a pilot moves to fill a vacancy, his or her prior position becomes vacant and must be filled in the same manner. Pilots must undergo training every time they move to a new aircraft or category, and under the ALPA JCBA they are entitled to receive their full salary during training, during which time they are not flying. Before the integration, pilots could bid only on vacancies within their own particular airline. After the integration, pilots were allowed to bid across all three airlines, precipitating an overwhelming number of transfer requests across a substantially more disparate set of routes and fleet types. The ALPA JCBA contains minimal effective safeguards against the increased training costs imposed by such transfers, and the arbitration decision implementing the ISL did not establish a sufficient number of "protected" pilot positions to provide meaningful "fences" preventing pilots from freely transferring among the airlines.

The volume of training was further heightened by the delayed integration issues discussed above. Pilots had to be trained not only for transfers to different aircraft, but also for transfers to the same aircraft type if it flies under a different operating certificate. Thus, the delays in operating certificate consolidation described above have further increased the amount of required training.

Training has also increased as a result of flying reductions. As discussed below, the Debtors have been working to eliminate unprofitable routes and aircraft types. While essential to the Debtors' viability, these reductions have further substantially increased the number of pilot reassignments and associated training costs. This is because pilot terminations are based on juniority, meaning that relatively senior pilots displaced by flying reductions must be reassigned to other routes and aircraft flown by more junior pilots. Each reassignment requires costly retraining (often of multiple pilots), with accompanying grounding of the pilot(s) at full salary for nonproductive time. This issue was particularly acute in the case of the Debtors' elimination of Mesaba Saab 340 flying for Delta, given the significantly greater relative seniority of Mesaba pilots, and their ability to transfer freely into other subsidiaries after creation of the ISL.

The lack of meaningful ISL fences, integration delays and flying downsizing have resulted in substantial additional training costs and decreased productivity.

c. Unprofitable Contracts

The detailed review undertaken in the latter half of 2011 also revealed that the non-compensable costs incurred by Debtors under their customer agreements – including certain of the substantially increased labor costs resulting from the new ALPA JCBA, as well as maintenance and other expenses related to an aging fleet – were outpacing, or would soon begin

to outpace, the fees received under these contracts. In the aggregate, the Debtors were losing millions of dollars per month on their partner contracts, with that loss figure expected to increase.

More specifically, it was determined that none of the Debtors' Saab 340 flying was profitable. Nor was the United Q400 CPA viable at the rates being paid. Two of three Delta Connection Agreements, covering CRJ-200s and CRJ-900s, were deemed potentially viable, but not without the benefit of contractual rate increases scheduled to be introduced over the course of 2012-2013, which would require extensive negotiations with Delta. In the interim, these contracts were being impacted by the new pilot wage rates and unforeseen expenses associated with the vacancy bidding process under the new ALPA JCBA, along with incremental costs associated with an aging fleet.

d. Operational Performance and Expenses

Beginning in the fall of 2010, Pinnacle's operating performance began to decline, due primarily to a pilot staffing shortage. Colgan's operating performance also suffered due to new Q400 hub operations in Washington, D.C., Cleveland and Houston, which imposed significant maintenance and crew expenses that were not recoverable under the United Q400 CPA. In 2011, the Debtors incurred contract penalties totaling more than \$11 million associated with poor performance by Pinnacle and Colgan.

Section 3.3 Prepetition Restructuring Initiatives

a. Management Initiatives

In the months leading up to the Petition Date, the Debtors dramatically shrank their officer team, reducing it from 29 to 18 members. To achieve greater efficiency, separate management teams across the Debtors' holding company and Pinnacle and Mesaba subsidiaries were consolidated into a single management team. Additionally, 26 director-level positions were eliminated, reducing the director team by 40%. These reductions were accompanied by dismissals of support staff and other employees. The Debtors also eliminated merit increases and discretionary bonuses that were scheduled for 2012, producing an estimated savings of approximately \$3 million.

These cuts have been painful, and have resulted in far fewer people shouldering substantially larger workloads. Although the cuts provided much-needed cost savings, they proved insufficient to keep the Debtors out of bankruptcy, notwithstanding the other efforts described below.

b. Labor Union Concessions

In the fall of 2011, the Debtors initiated discussions with their labor unions regarding the financial difficulties affecting their business and the causes of those issues. Following the development of a restructuring plan, the Debtors began negotiating potential pay cuts and work-rule concessions, including discussions with ALPA regarding potential limitations on vacancy

transfers to address the ISL-related issues discussed above. The Debtors explained that labor concessions, coupled with amended customer contracts, lender concessions and liquidity relief, were necessary to avoid a chapter 11 filing. Through these discussions with ALPA, the parties identified potential ways to mitigate the impact of the ISL-related training increases. Ultimately, however, no comprehensive agreement was reached on ISL-related issues, wages and other items, and no changes were made to the ALPA JCBA prior to the Petition Date. In light of the inability to reach an agreement with ALPA, the Debtors discontinued negotiations with their other unions.

c. Restructuring of Partner Contracts

The Debtors engaged in extensive discussions with their airline partners in an attempt to eliminate or amend unprofitable contracts.

1. Saab 340 Flying for US Airways

In the wake of the 2011 assessment that the Saab 340 Pro-Rate Agreements were unprofitable, the Debtors moved to terminate or restructure all such flying. By the end of 2011, the Debtors had terminated all of their Saab 340 flying for US Airways, with the exception of certain Essential Air Service routes. The Debtors ceased their remaining Saab 340 flying for US Airways in July 2012.

2. United Agreements

Following the assessment of their various contracts with United, the Debtors initiated discussions with United regarding potential amendments to, or exit from, those contracts. Initial discussions centered on a potential long-term agreement, which ultimately failed owing to the inability to obtain necessary concessions from labor. In February 2012, the Debtors reached a short-term agreement with United to increase the Debtors' compensation under the United Q400 CPA and Saab 340 Pro-Rate Agreements through April 2012. This provided critical short-term liquidity and gave the Debtors more time to explore out-of-court restructuring possibilities, including the longer-term modification of, or exit from, their unprofitable United contracts. Further discussions with United focused in particular on potential long-term modification of the United Q400 CPA. Ultimately, these discussions failed because the Debtors could not submit a competitive bid for this business without obtaining substantial labor concessions, including permanent reductions of pilot wages and work rule relief.

3. Delta Connection Agreements

The Debtors also initiated discussions with Delta regarding the terms of the Delta Connection Agreements and, more generally, a plan for restructuring the Debtors' business. Ultimately, these discussions did not yield any viable plan for an out-of-court restructuring. The discussions did, however, result in an agreed-upon proposed plan for chapter 11 restructuring.

ARTICLE 4

THE CHAPTER 11 CASES AND CERTAIN SIGNIFICANT EVENTS AND INITIATIVES

On April 1, 2012, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The following is a general summary of the Chapter 11 Cases including, without limitation, a discussion of the Debtors' restructuring and business initiatives since the commencement of the Chapter 11 Cases.

Section 4.1 Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor can reorganize its business for the benefit of itself, its creditors and its interest holders. Chapter 11 also promotes equality of treatment for similarly situated Creditors and similarly situated Interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is composed of all of the legal and equitable interests of the debtor as of that date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

Section 4.2 Restructuring Overview

Since the Petition Date, the Debtors have made substantial progress in restructuring their operations. The Debtors and their advisors have dedicated significant time and resources to, among other things, (a) successfully negotiating critical long-term concessionary agreements with the TWU, the AFA and ALPA; (b) obtaining approval of a \$74 million DIP Facility permitting the financing of the operations of the Debtors during these Chapter 11 Cases and an incremental \$52 million increase in the amount of borrowing available under that facility; (c) successfully completing a wind-down of the Debtors' operations with United and exiting unprofitable Essential Air Service routes; (d) rationalizing the Debtors' fleet through the section 1110 process; (e) negotiating amendments to the terms of the Delta Connection Agreements shifting the Debtors' fleet composition to align with their new business plan; (f) analyzing hundreds of leases and executory contracts to identify those that are beneficial to the Debtors' estates and seeking to reject those that are not; and (g) successfully negotiating a Restructuring Support Agreement with Delta and the Creditors' Committee.

Section 4.3 Certain Significant Events and Initiatives During the Chapter 11 Cases

a. Automatic Stay

The filing of the Debtors' bankruptcy petitions on the Petition Date triggered the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined all collection efforts and actions by Creditors, the enforcement of Liens against property of the Debtors and both the commencement and the continuation of

prepetition litigation against the Debtors. With certain limited exceptions, the automatic stay remains in effect until the Effective Date of the Plan.

b. Description of Certain Significant First Day Motions and Orders

On or about the Petition Date, the Debtors filed numerous “first day” motions seeking various relief intended to ensure a seamless transition between the Debtors’ prepetition and post-petition business operations and facilitate the smooth administration of the Chapter 11 Cases. The relief requested in these orders, among other things, allowed the Debtors to continue certain normal business activities that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code may have required prior Bankruptcy Court approval. Substantially all of the relief requested in the Debtors’ “first day” motions was granted by the Bankruptcy Court. These motions and orders are available for review at the Debtors’ case information website: <http://dm.epiq11.com/Pinnacle>.

The orders entered pursuant to the Debtors’ “first day” motions authorized the Debtors to, among other things:

- establish certain notice, case management and administrative procedures;
- continue paying prepetition employee wages and certain associated benefits, maintain employee benefits programs and allow employees to proceed with outstanding workers’ compensation claims;
- continue using the Debtors’ existing cash management system, bank accounts and business forms;
- generally continue using the Debtors’ existing guidelines to invest cash;
- establish procedures for utilities to request adequate assurance, pursuant to which the utilities were prohibited from discontinuing service except in certain circumstances;
- pay sales and use taxes, passenger facility charges, fuel taxes, employment taxes, franchise taxes and fees, property taxes and other similar taxes and fees;
- continue and renew their liability, property, casualty and other insurance programs;
- establish procedures to reject certain non-aircraft and aircraft agreements;
- reject the United Q400 CPA and approve a schedule for an orderly wind-down of associated operations;
- pay prepetition obligations to foreign creditors;
- continue and renew their letter of credit and surety bond programs;
- honor interline agreements, clearinghouse agreements and code share agreements; and
- honor various fuel service arrangements.

c. Appointment of Unsecured Creditors' Committee

On April 10, 2012, the United States Trustee for the Southern District of New York appointed the official committee of unsecured creditors (the “**Creditors' Committee**”). The members of the Creditors' Committee were: the United Steel, Paper & Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the “**United Steelworkers**”), ALPA, Goodrich Corporation, Bombardier Inc., Siemens Financial Services, Inc., Continental Airlines and The Estate of Ellyce M. Kausner, deceased. On July 27, 2012, the AFA replaced the United Steelworkers on the Creditors' Committee. The Creditors' Committee retained Morrison & Foerster LLP as its legal advisor, Imperial Capital LLC as its financial advisor and Donlin, Recano & Company, Inc. as its administrative agent.

Since the formation of the Creditors' Committee, the Debtors have consulted with the Creditors' Committee concerning the administration of the Chapter 11 Cases. The Debtors have kept the Creditors' Committee informed of, and have conferred with the Creditors' Committee on, matters relating to the Debtors' business operations and have sought the concurrence of the Creditors' Committee to the extent that its constituency would be affected by proposed actions and transactions outside of the ordinary course of the Debtors' businesses. The Creditors' Committee has participated actively with the Debtors' management and professional advisors in reviewing the Debtors' business plans and operations. The Creditors' Committee is party to the Restructuring Support Agreement, pursuant to which the Creditors' Committee has agreed, among other things, to support the solicitation, confirmation and consummation of the Plan.

d. Post-Petition Financing

On May 17, 2012, the Bankruptcy Court approved the Debtors' entry into the DIP Facility, up to an aggregate principal amount of \$74,285,000 (the “**DIP Commitment**”), with the DIP Lenders. The DIP Facility is secured by liens on the Debtors' previously unencumbered assets. The maturity date for the DIP Facility was originally March 31, 2013.

The DIP Facility required, and the Bankruptcy Court approved, (i) the repayment to Delta of \$44,285,000 due from the Debtors under a prepetition credit agreement with Delta (subject to a specified period for the Creditors' Committee to challenge the obligations and liens relating to such prepetition credit agreement) from DIP Facility proceeds, (ii) the assumption of amended Delta Connection Agreements and (iii) the allowance of a general unsecured claim for Delta's damages as a result of the modifications to the 2007 CRJ-900 Agreement governing the Debtors' operation of CRJ-900 aircraft in an amount to be subsequently determined by the Bankruptcy Court.

The DIP Facility accrues interest at 12.5% per annum and the DIP Lenders did not charge any fees in connection with the DIP Facility.

Pursuant to an amendment to the DIP Facility approved by the Bankruptcy Court on January 16, 2013 (the “**Sixth Amendment**”), the Commitment was increased by an incremental \$52,000,000, of which \$22,000,000 was reserved solely in order to make specified “Longevity Transition Payments” to certain of the Debtors' pilots required under the Bridge Agreement and

payments to taxing authorities for employer taxes relating thereto. Under the Sixth Amendment, the DIP Facility will mature on May 15, 2013. As of February 1, 2013, the outstanding principal amount borrowed by the Debtors under the DIP Facility was approximately \$94.3 million.

Upon consummation of the Plan, in the absence of any continuing or unwaived event of default under the DIP Facility and the satisfaction of certain other conditions, each holder of a DIP Facility Claim, in complete satisfaction of such Claim, shall receive a pro rata share of (i) the Exit Note and (ii) a percentage of New Common Stock that combined with the New Common Stock received by Delta on account of the Cash provided by Delta pursuant to Section 6.1 of the Plan will result in Delta receiving 100% of the New Common Stock on the Effective Date. The Exit Note will, among other things, be secured by the same collateral as the DIP Facility, accrue interest at 12.5% per annum, and have a maturity of 10 years.

In connection with entry into the Sixth Amendment, the Debtors also entered into amendments to the Delta Connection Agreements described below.

e. Summary of Claims Process, Bar Date and Claims Filed

On June 11, 2012, the Debtors filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court. Interested parties may review these Schedules by visiting the Debtors' case information website: <http://dm.epiq11.com/Pinnacle>.

On June 25, 2012, the Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing Proofs of Claim and approved the form and manner of the bar date notice (the "**Bar Date Notice**"). Pursuant to the Bar Date Order and the Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in these Chapter 11 Cases was August 6, 2012 (the "**Bar Date**"); the bar date for governmental units is September 28, 2012. The Bar Date Notice was published in the *Wall Street Journal, National Edition* and the *Daily News*, a Memphis, Tennessee newspaper, at least 28 days prior to the Bar Date, and copies were served on Creditors and potential Creditors appearing in the Schedules.

The projected recoveries set forth in the Plan and this Disclosure Statement are based on certain assumptions, including the Debtors' estimates of the Claims that will eventually be Allowed in various classes. The following table sets forth information on Claims filed in the Debtors' cases, Claims Disallowed to date and Claims that the Debtors estimate will eventually be Allowed. There is no guarantee that the ultimate amount of each of such categories of Claims will correspond to the estimates set forth below.

Class	Designation	Claims Filed / Scheduled⁵	Claims Disallowed (to Date)⁶	Total Allowed Claims (estimate)⁷
1	Other Priority Claims	\$3.5	\$1.9	\$1.6
2	CIT Facility Claims	\$97.8	\$0.0	\$32.6 ⁸
3	EDC Facilities Claims	\$1,366.9 ⁹	\$0.0	\$258.3
4	Other Secured Claims	\$92.6	\$37.6	\$2.0
5	Union Claims	\$0.0	\$0.0	\$163.1
6	Other General Unsecured Claims	\$2,551.5	\$407.6	\$400.0 – \$550.0
7	Punitive Damages Claims	\$0.0	\$0.0	\$0.0 ¹⁰

⁵ The general bar date for filing Claims was August 6, 2012, at which time the Debtors began the process of analyzing and reconciling filed Claims. The bar date for governmental units (as defined in section 101(27) of the Bankruptcy Code) was September 28, 2012. The Debtors believe that many of the Claims filed in the Chapter 11 Cases are invalid, untimely, duplicative and/or overstated, and they are in the process of objecting to such Claims. The amounts in this column exclude claims filed or scheduled in contingent or unliquidated amounts, even if any such contingent or unliquidated proofs of claim asserted a particular amount.

⁶ The amounts in this column represent the amounts that the Bankruptcy Court has disallowed to date in each of the various Classes. Because the process of analyzing and objecting to Claims is ongoing, the amount of Disallowed Claims may increase significantly in the future.

⁷ The Debtors currently estimate that, at the conclusion of the Claims objection, reconciliation and resolution process, the aggregate amount of Allowed Claims in each class will be approximately as indicated in this column. These amounts are merely estimates based on the Debtors' belief as of the date hereof, and the Debtors expressly disclaim any obligation to update these estimates after the date hereof on any basis (including new or different information received and/or errors discovered). The actual amounts of Allowed Claims in any Class may be materially different from these estimates.

⁸ The amount of Total Allowed CIT Facility Claims includes amounts previously paid to CIT on a post-petition basis under the CIT Facility.

⁹ This amount includes \$516.6 million related to CRJ-900 aircraft and \$850.3 million related to Q400 aircraft. All of the EDC Facilities Claims estimated to become Allowed EDC Facilities Claims relate to CRJ-900 aircraft.

¹⁰ The Debtors currently do not expect any Punitive Damages Claims that are not covered by insurance will be Allowed against the Debtors' estates.

Class	Designation	Claims Filed / Scheduled ⁵	Claims Disallowed (to Date) ⁶	Total Allowed Claims (estimate) ⁷
8	Section 510(b) Claims	\$0.0	\$0.0	\$0.0

(amounts in the above table are in millions of dollars)

f. Exclusivity

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code, during which only the debtor may file a chapter 11 plan. If the debtor files a chapter 11 plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods “for cause.” Without further order of the Bankruptcy Court, the Debtors’ initial exclusivity period to file a chapter 11 plan would have expired on July 30, 2012. However, by order dated July 17, 2012, the Bankruptcy Court extended the time period of the Debtors’ exclusive authority to file a plan of reorganization through and including January 25, 2013, and to seek acceptance of such plan through and including March 27, 2013. By order dated January 14, 2013, the Bankruptcy Court further extended the time period of the Debtors’ exclusive authority to file a plan of reorganization and solicit acceptance of such plan through April 25, 2013 and June 25, 2013, respectively. The orders authorizing these extensions reserved the Debtors’ right to seek additional extensions of these exclusive periods.

g. Fleet Changes

Notwithstanding the general discussion above of the impact of the automatic stay, under section 1110 of the Bankruptcy Code, beginning 60 days after filing a petition under chapter 11, certain secured parties, lessors and conditional sales vendors may have a right to take possession of certain qualifying aircraft and aircraft engines (collectively, “**Aircraft Property**”) that is leased or subject to a security interest or conditional sale contract, unless the Debtors, subject to approval by the Bankruptcy Court, agree to perform under the applicable agreement, and cure any defaults as provided in section 1110 of the Bankruptcy Code (other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code). Taking such action does not preclude the Debtors from later rejecting the applicable lease or abandoning the Aircraft Property subject to the related security agreement, or from later seeking to renegotiate the terms of the related financing.

The Debtors may extend the 60-day period by agreement of the relevant financing party, with Bankruptcy Court approval. In the absence of an agreement and cure as described above or such an extension, the financing party may take possession of the Aircraft Property and enforce its contractual rights or remedies to sell, lease or otherwise retain or dispose of such equipment.

The 60-day period under section 1110 of the Bankruptcy Code in the Chapter 11 Cases expired on May 31, 2012. In accordance with the Bankruptcy Court's Order Authorizing the Debtors to (i) Elect to Perform Certain Agreements under Section 1110(a) of the Bankruptcy Code, (ii) Enter into Stipulations to Extend the Time to Comply with Section 1110 of the Bankruptcy Code and (iii) File Redacted Section 1110(b) Stipulations, entered April 23, 2012, the Debtors entered into agreements to extend the automatic stay or agreed to perform and cure defaults under financing agreements with respect to certain aircraft in their fleet and other Aircraft Property. With respect to certain Aircraft Property, the Debtors renegotiated terms of the related financings with Synovus Bank ("**Synovus**"), Cessna Finance Corporation ("**Cessna**"), EDC and General Electric Capital Corporation ("**GE**").

In accordance with sections 363, 365 and 1110 of the Bankruptcy Code, the Debtors have (i) rejected three leases related to three Q400 aircraft, eight leases related to eight Saab 340B aircraft and eight leases related to eight Saab 340B+ aircraft; (ii) relinquished 28 Q400 aircraft that were subject to mortgages; (iii) made elections under Section 1110(a) of the Bankruptcy Code with respect to 140 CRJ-200 and 41 CRJ-900 aircraft leased from Delta, eight Saab 340B aircraft financed with Synovus, one Saab 340B aircraft financed with Cessna and one spare engine financed with General Electric Capital Corporation, in each case on the terms provided in the respective financing or lease documents; (iv) extended the election period under section 1110(b) of the Bankruptcy Code for 16 CRJ-900 aircraft; and (v) sold one Saab 340B aircraft pursuant to the Bankruptcy Court's Order Approving Expedited Procedures For (i) the Sale of Certain Assets Free and Clear of All Liens, Claims and Encumbrances and (ii) the Abandonment of Certain of the Debtors' Property.

Additionally, in connection with the Sixth Amendment, the Debtors and Delta entered into amendments to two of the Delta Connection Agreements that provide, among other things, that: (i) Delta commits to place and maintain at the Debtors the incremental 40 76-seater deliveries above the total in the Delta Connection fleet as of December 1, 2012; (ii) the new CRJ-900 aircraft will be subject to the same lease terms and conditions as the 41 CRJ-900 aircraft currently leased from Delta; (iii) either: (a) Delta and the Debtors shall agree on a schedule for the early termination and return of the 140 CRJ-200 aircraft under the existing CRJ-200 operating agreement; or (b) Delta may provide Pinnacle with 90 days advance written notice with respect to early termination and return of any CRJ-200 leased aircraft under that agreement; and (iv) the Debtors will not need to comply with aircraft return conditions for such CRJ-200 aircraft and shall have no liability to Delta with respect to the early termination and return of such aircraft.

h. Section 1113 Process

On May 8, 2012, the Debtors delivered proposals seeking modifications to the collective bargaining agreements with their pilots, flight attendants, and dispatchers that, when combined with savings from non-collectively bargained employees, would achieve approximately \$42.6 million in average annual savings based on a fleet of 181 aircraft. Following these initial proposals, the Debtors received information from Delta indicating that the average rates charged by Pinnacle were not competitive with other Delta Connection carriers. On August 16, 2012, the

Debtors delivered a revised labor ask to TWU, AFA and ALPA that accounted for the new information obtained from Delta and sought average annual savings of approximately \$76.5 million from collectively bargained and non-collectively bargained employees based on a fleet of 181 aircraft.

On August 30, 2012, the Debtors and TWU reached a tentative agreement regarding modifications to Pinnacle's collective bargaining agreement with the dispatchers that the Debtors expect will result in annual labor savings of approximately \$300,000 based on a fleet of 181 aircraft. Members of TWU ratified this tentative agreement on September 11, 2012. On September 13, 2012, the Debtors filed a motion to commence section 1113(c) proceedings with respect to AFA and ALPA. Following the filing of this motion, the Debtors continued to negotiate with AFA and ALPA in an attempt to reach a consensual agreement on modifications to their collective bargaining agreements. On October 13, 2012, the Debtors and AFA reached a tentative agreement regarding modifications to Pinnacle's collective bargaining agreement with its flight attendants that the Debtors expect will result in annual labor savings of approximately \$6.4 million based on a fleet of 181 aircraft. Members of AFA ratified this tentative agreement on November 6, 2012.

The Debtors did not reach a consensual agreement with ALPA at that time. From October 16 through October 19, the Bankruptcy Court held hearings on the Debtors' section 1113 motion with respect to ALPA, culminating in the Bankruptcy Court's order denying the relief requested therein but providing a clear path to restructuring the collective bargaining agreement with ALPA. On December 17, 2012, the parties agreed on modifications to the collective bargaining agreement with ALPA, the terms of which were incorporated into a letter of agreement, which was approved by the Bankruptcy Court on January 16, 2013. These modifications are expected to save the Debtors more than \$30 million annually after the transition to the Debtors' new fleet of 81 CRJ-900 aircraft.

In order to facilitate consensual modifications to the collective bargaining agreement with ALPA, Pinnacle Holdings, ALPA, Delta and the Pinnacle Master Executive Council entered into the Bridge Agreement that provides, among other things, that (i) Delta commits to maintain at the Debtors no fewer than 41 76-seater aircraft and to place and maintain at the Debtors an incremental 40 76-seater aircraft deliveries above the current total (subject to certain conditions); (ii) Delta agrees to grant the Debtors' pilots valuable career-advancement opportunities, to be interviewed and potentially hired by mainline Delta and also to reimburse as a pass-through cost certain pilot furlough costs, extended health care coverage, accrued and unused vacation, sick bank payout, and other benefits associated with modifications in the Debtors' fleet plan; and (iii) Pinnacle Holdings agrees to make certain Longevity Transition Payments (as defined in the Bridge Agreement) to the Longevity Eligible Pilots (as defined in the Bridge Agreement). Under the Sixth Amendment, Delta also agreed to advance the Debtors up to \$22 million in loans to make the Longevity Transition Payments and payments to taxing authorities for employer taxes relating thereto.

In light of the settlement with ALPA, the Debtors have also renegotiated the settlement with AFA and TWU to provide for modestly fewer concessions from those labor groups. In

connection with these labor settlements and with certain limited exceptions, ALPA and TWU have agreed to vote to accept a plan of reorganization that is materially consistent with their respective settlements assuming they are properly solicited.

i. Corporate Headquarters Relocation

The Debtors retained Jones Lang LaSalle to assist them in evaluating the option of relocating their corporate headquarters as part of their cost-saving initiatives. After engaging in negotiations with their existing landlord and other parties, the Debtors determined that it would be in their best interest to move their corporate headquarters and operations center to Minneapolis-Saint Paul International Airport (“**MSP**”) in Hennepin County, Minnesota. Accordingly, on January 28, 2013, the Debtors filed a motion seeking authority to enter into a 10-year sublease agreement with Delta for 55,285 square feet of office space at MSP that the Debtors intend to serve as their new corporate headquarters. The motion was approved by order of the Bankruptcy Court on February 8, 2013. The Debtors expect to transfer operations from Memphis to MSP over several months. Accordingly, the Debtors expect to file a motion seeking to reject their current Memphis headquarters lease at a later date.

j. Restructuring Support Agreement

On January 2, 2013, the Debtors, Delta and the Creditors’ Committee entered into the Restructuring Support Agreement, under which the parties agreed, subject to certain conditions, to support the solicitation, confirmation and consummation of a plan of reorganization consistent with key terms set forth in a term sheet attached thereto (the terms of which have been incorporated in the Plan). Delta also agreed to timely vote or cause to be voted all of its Claims to accept such a plan. The Restructuring Support Agreement includes customary events of termination including, among others, (i) in the event that the Debtors or the Creditors’ Committee determines, in good faith and on the advice of outside legal counsel, that continued performance under the Restructuring Support Agreement and pursuit of the Plan would be inconsistent with the continued exercise of their respective fiduciary duties under applicable law or (ii) upon the occurrence of a “Material Adverse Effect” (as defined in the Restructuring Support Agreement). Such commitments under the Restructuring Support Agreement will remain in effect unless the Restructuring Support Agreement is terminated pursuant to its terms.

The Restructuring Support Agreement was approved by order of the Bankruptcy Court on January 16, 2013.

k. Board Changes

On February 5, 2013, the Debtors filed the Debtors’ Motion for Order Authorizing Appointment of Replacement Directors (the “**Board Motion**”), which sought approval of certain changes to the composition of the Board as agreed to by the Board, the Debtors and Delta. Among other things, the Board Motion contemplated reducing the size of the Board to seven members. The Board Motion was approved by order of the Bankruptcy Court on February 14, 2013. After implementation of the corporate actions contemplated by the Board Motion, the members of the Board are John Spanjers, Donald J. Breeding, Thomas S. Schreier, Jr., Ryan

Gumm, Donald T. Bornhorst, Loren Neuenschwander and Barry Wilbur. The members of the Board of Reorganized Pinnacle Holdings will be disclosed in a Plan Supplement.

ARTICLE 5

SUMMARY OF THE PLAN OF REORGANIZATION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will obtain a recovery from the Debtors' estates equal to or greater than the recovery that they would receive if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern, which will maximize the recovery of Creditors and preserve ongoing employment for certain of the Debtors' employees.

The Plan is annexed hereto as Appendix A and forms a part of this Disclosure Statement.

Section 5.1 Overview of the Plan of Reorganization

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying Claims against, and Interests in, a debtor. Confirmation of a plan of reorganization makes the plan binding upon the debtor, any issuer of securities under the plan and any Creditor of, or equity holder in, the debtor, whether or not such Creditor or equity holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any Claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not unimpaired will be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS ARTICLE PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, INCLUDING ANY SUPPLEMENTS AND SCHEDULES THERETO AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF CONTROLS THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE OR LIMIT ANY RIGHTS, CLAIMS OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

Section 5.2 Structure of the Plan

The Plan is premised upon the consolidation of the Estates of the Debtors with one another, such consolidation to be effected solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distributions.

a. Order Granting Plan Consolidation

Unless previously approved by prior order of the Bankruptcy Court, the Plan will serve as a motion seeking entry of an order approving the Plan Consolidation.

b. Plan Consolidation

Solely for the purposes specified in the Plan (including voting, Confirmation and distributions) and subject to the next paragraph, (i) all assets and liabilities of the Debtors will be treated as though they were merged, (ii) all guarantees of any Debtor of the obligations of any other Debtor will be eliminated so that any Claim against any Debtor, any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors will be one obligation of the Debtors and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases against any of the Debtors will be deemed filed against the Debtors collectively and will be one Claim against and one obligation of the Debtors.

The Plan Consolidation effected pursuant to Section 2.2 of the Plan will not affect (i) the legal or organizational structure of the Debtors, (ii) pre- or post-Petition Date Liens or security interests, (iii) pre- or post-Petition Date guarantees that are required to be maintained (A) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (B) pursuant to the Plan, (iv) defenses to any Cause of Action or (v) distributions out of any insurance policies or proceeds of such policies.

c. Confirmation in the Event of Partial or No Plan Consolidation

In the event that the Bankruptcy Court orders only partial Plan Consolidation, or does not order the Plan Consolidation, the Debtors reserve the right, with the consent of Delta and the Creditors' Committee (which consent shall not be unreasonably withheld), (i) to proceed with no or a partial Plan Consolidation, (ii) to propose one or more Sub-plans with respect to one or more Debtors, (iii) to proceed with the Confirmation of one or more Sub-plans to the exclusion of other Sub-plans and/or (iv) to withdraw some or all of the Sub-plans. Subject to the preceding sentence, the Debtors' inability to confirm the Plan or any Sub-plan or the Debtors' election to withdraw the Plan Consolidation or any Sub-plan will not impair the Confirmation of any other Sub-plan or the consummation of any such Sub-plan.

In the event that the Bankruptcy Court does not order the Plan Consolidation, with the consent of Delta and the Creditors' Committee (which consent shall not be unreasonably withheld) or further order of the Court, (i) Claims against the individual Debtors will be treated as separate Claims with respect to such Debtor's Estate for all purposes and such Claims will be administered as provided in the applicable Sub-plan and (ii) the Debtors will not, nor will they be required to, re-solicit votes with respect to the Plan or any applicable Sub-plan, and such votes will be counted as provided in Section 5.1 of the Plan.

Section 5.3 Classification and Treatment of Claims and Interests

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims and Interests. Under the Plan, Claims against, and Interests in, the Debtors are divided into different Classes. Under the Bankruptcy Code, claims and equity interests are classified beyond mere "creditors" or "shareholders" because such entities may hold claims or equity interests in more than one class. If the Plan is confirmed by the Bankruptcy Court and

consummated, on the Effective Date or as soon as reasonably practicable thereafter (but subject to Article 13 of the Plan), the Debtors will make distributions in respect of certain Classes of Claims as provided in the Plan.

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors.

Prior to the Debtors' formulation of the Plan, the Debtors engaged in negotiations with several key constituencies to resolve the Debtors' labor, fleet and liquidity needs. Certain of these negotiations resulted in inter-related transactions among the Debtors, ALPA, Delta and the Creditors' Committee, in which the parties agreed that (i) Pinnacle would amend its collective bargaining agreement with ALPA, (ii) Delta and Pinnacle Holdings would provide certain career advancement opportunities, furlough payments and benefits, and transition payments to certain of Pinnacle's pilots under the Bridge Agreement, (iii) Delta and the Debtors would amend the Debtors' DIP Facility to provide incremental liquidity, (iv) Delta, Pinnacle and Pinnacle Holdings would amend the Delta Connection Agreements to restructure Pinnacle's fleet and (v) the parties would enter into a restructuring support agreement setting forth certain principal terms for a plan of reorganization whereby Delta would fund the Debtors' emergence from chapter 11 in exchange for 100% of the New Common Stock. The Bankruptcy Court approved these inter-related transactions on January 16, 2013.

The Plan is consistent with the comprehensive agreements approved by the Bankruptcy Court and is supported by the Creditors' Committee and Delta.

a. Summary of Administrative Claims and Priority Tax Claims

1. Treatment of Administrative Claims

Administrative Claims are Claims for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Such claims include, but are not limited to DIP Facility Claims, Other Administrative Claims and Professional Fee Claims.

(i) DIP Facility Claims

All DIP Facility Claims will be Allowed as provided in the DIP Orders. On the Effective Date, each holder of a DIP Facility Claim, in complete satisfaction of such Claim, will receive a pro rata share of (i) the Exit Note and (ii) a percentage of New Common Stock that combined with the New Common Stock received by Delta on account of the Cash provided by Delta pursuant to Section 6.1 of the Plan will result in Delta receiving 100% of the New Common Stock on the Effective Date.

(ii) Other Administrative Claims

Except to the extent that the applicable Creditor agrees to less favorable treatment with Delta or the Reorganized Debtors, each holder of an Allowed Other Administrative Claim

against any of the Debtors will be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date of Allowance (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims with respect to assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court will be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

(iii) Professional Fee Claims

Each holder of a Professional Fee Claim will be paid in full in Cash pursuant to the provisions of Section 8.1 of the Plan.

2. Treatment of Priority Tax Claims

Except to the extent that the applicable Creditor has been paid by the Debtors prior to the Effective Date, or Delta or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors will receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date or 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors will have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

b. Summary of Claims and Interests

The categories of Claims and Interests listed below classify Claims and Interests in or against the Debtors for all purposes, including voting, Confirmation and distribution, pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article 3 of the Plan.

As summarized in Article 2 of the Plan, the Plan is predicated on the Plan Consolidation. If the Plan Consolidation is not ordered pursuant to Article 2 of the Plan, the Claims and Interests against and in the Debtors will be classified, treated and voted as specified in that Article.

1. Treatment of Claims and Interests

(i) Other Priority Claims (Class 1)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 of the Plan) with Delta or the applicable Reorganized Debtor, each holder of an Allowed Other Priority Claim against any of the Debtors will receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim will otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any applicable agreement between the Reorganized Debtors and the holder of such Claim.

(ii) CIT Facility Claims (Class 2)

On the Effective Date, the CIT Facility will be Reinstated with the Reorganized Debtors as the “loan parties” thereunder. The CIT Facility Claims will be satisfied, settled, waived or resolved by the Reorganized Debtors pursuant to the terms of the Reinstated CIT Facility.

(iii) EDC Facilities Claims (Class 3)

Upon the Effective Date, the Debtors and EDC will enter into the Amended EDC Facilities and the Reorganized Debtors will perform all of the obligations thereunder. The EDC Facilities Claims will be satisfied, settled, waived or resolved by the Reorganized Debtors pursuant to the terms of the Amended EDC Facilities.

(iv) Other Secured Claims (Class 4)

Each holder of an Allowed Other Secured Claim against any of the Debtors will receive, at the sole option of Delta and the applicable Reorganized Debtor, and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder with respect to such Allowed Other Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder’s secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event that an Other Secured Claim is satisfied under clause (i), (iii), (iv) or (v) above, the Liens securing such Other Secured Claim will be deemed released without further action by any party.

Any distributions made pursuant to Section 4.2 of the Plan will be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

For convenience of identification, the Plan classifies the Allowed Claims in Class 4 (Other Secured Claims) as a single Class. However, this Class is actually a group of subclasses, depending on the Collateral securing each such Allowed Claim.

(v) Union Claims (Class 5)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 of the Plan), each holder of an Allowed Union Claim against any of the Debtors will receive in full satisfaction, release and discharge of such Claim, on or as soon as reasonably practicable after the Effective Date, its Ratable Share of the Senior Trust Interests.

(vi) Other General Unsecured Claims (Class 6)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 of the Plan), each holder of an Allowed Other General Unsecured Claim against any of the Debtors will receive in full satisfaction, release and discharge of such Claim, on or as soon as reasonably practicable after the later of (x) the Effective Date and (y) the date the Other General Unsecured Claim becomes an Allowed Other General Unsecured Claim, its Ratable Share of the Senior Trust Interests. On the Effective Date, Delta will be irrevocably deemed to have waived any distribution on the Delta Unsecured Claims. Delta will neither receive any distributions nor retain any property on account of Delta Unsecured Claims pursuant to the Plan.

(vii) Punitive Damages Claims (Class 7)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 of the Plan), each holder of an Allowed Punitive Damages Claim against any of the Debtors will receive in full satisfaction, release and discharge of such Claim, on or as soon as reasonably practicable after the later of (x) the Effective Date and (y) the date the Punitive Damages Claim becomes an Allowed Punitive Damages Claim, such Claim's Ratable Subordinated Trust Interest; *provided* that if the Bankruptcy Court so orders, each holder of an Allowed Punitive Damages Claim will be treated as part of Class 6 (Other General Unsecured Claims). The Subordinated Trust Interests are subordinate to the Senior Trust Interests, such that holders of Allowed Punitive Damages Claims will not be entitled to receive any distributions from the Unsecured Claims Trust unless and until all holders of Allowed Union Claims and Other General Unsecured Claims have received payment on account of such Claims in full.

(viii) Section 510(b) Claims (Class 8)

The holders of Section 510(b) Claims will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Section 510(b) Claims will be cancelled and extinguished.

(ix) Interests in Pinnacle Holdings (Class 9a)

The holders of Interests in Pinnacle Holdings will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Pinnacle Holdings will be cancelled and extinguished.

(x) Interests in Subsidiary Debtors (Class 9b)

The Interests in the Subsidiary Debtors will be, at Delta's option, Reinstated or canceled as part of the restructuring transactions described in Section 6.7 of the Plan.

2. Treatment of Intercompany Claims

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors retain the right to, at the direction of Delta, eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise.

Section 5.4 Acceptance or Rejection of the Plan

a. Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 4 of the Plan will be entitled to vote to accept or reject the Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

In the event that the Bankruptcy Court does not approve the Plan Consolidation: (a) the Debtors will not, and will not be required to, re-solicit any votes with respect to the Plan; (b) the vote by a holder of a Claim will be counted as a vote in a single, respective, separate Class with respect to the appropriate Sub-plan; and (c) the vote by a holder of a Claim to accept or reject the Plan will be deemed as the vote of the holder of such Claim to accept or reject the Sub-plan, as the case may be, in the single, respective, separate Class with respect to the appropriate Sub-plan.

b. Presumed Acceptance of Plan

Other Priority Claims (Class 1), CIT Facility Claims (Class 2), Other Secured Claims (Class 4) and Interests in Subsidiary Debtors (Class 9b) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such holders will not be solicited.

c. Presumed Rejection of Plan

Section 510(b) Claims (Class 8) and Interests in Pinnacle Holdings (Class 9a) shall not receive any distribution under the Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims and Interests in such Classes are conclusively presumed to have rejected the Plan and the votes of such holders will not be solicited.

d. Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Plan have voted to accept the Plan. EDC Facilities Claims (Class 3), Union Claims (Class 5), Other General Unsecured Claims (Class 6) and Punitive Damages Claims (Class 7) are Impaired, and the votes of holders of Claims in such Classes will be solicited. If holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject the Plan, but no holders of Claims in such Impaired Class of Claims voted to accept or reject the Plan, then such Class of Claims will be deemed to have accepted the Plan.

e. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing will be deemed eliminated from the Plan solely for purposes of (i) voting to accept or reject the Plan and (ii) determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

f. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date.

g. Nonconsensual Confirmation

If any Impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority required by section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to (i) re-classify any Claim or Interest, including re-classifying any Impaired Claim or Interest as Unimpaired, (ii) amend the Plan in accordance with Article 14 of the Plan and/or (iii) undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

Section 5.5 Implementation of the Plan

a. Sources of Cash for Plan Distributions

Sufficient Cash to fund the timely payment of Allowed Professional Fee Claims, Other Administrative Claims, Priority Tax Claims and Other Priority Claims when due pursuant to the Plan and to fund the Unsecured Claims Trust pursuant to Section 6.8(b) of the Plan will be obtained from Cash of the Debtors and Cash provided by Delta on the Effective Date. In exchange for Delta providing such Cash and for the treatment of its DIP Claims under the Plan, Delta will receive 100% of the New Common Stock on the Effective Date.

b. Continued Corporate Existence

Except as otherwise provided in the Plan and subject to the restructuring transactions described in Section 6.7 of the Plan, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.

As of the Effective Date, Reorganized Pinnacle Holdings will become a wholly-owned direct or indirect subsidiary of Delta.

c. Section 1145 Exemption

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance and distribution of the New Common Stock will be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities. In addition, to the maximum extent provided by section 1145 of the Bankruptcy Code, any securities contemplated by the Plan and any and all agreements incorporated therein, including the New Common Stock, will be subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act; (ii) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments; (iii) the restrictions, if any, on the transferability of such securities and instruments, including those set forth in the New Certificate of Incorporation; and (iv) applicable regulatory approval, if any.

d. Authorization of New Common Stock

Without further act or action under applicable law, regulation, order or rule, Reorganized Pinnacle Holdings is authorized to issue the New Common Stock to Delta on the Effective Date pursuant to the terms of the Plan, free and clear of all Liens, Claims and other Interests. Each share of the New Common Stock issued and distributed pursuant to the Plan will be duly authorized, validly issued, and fully paid and non-assessable.

e. Cancellation of Existing Securities and Related Agreements

On the Effective Date, all rights of any holder of Claims against, or Interest in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors, will be cancelled; *provided, however*, that Interests in the Subsidiary Debtors will be, at Delta's option, Reinstated or cancelled as part of the restructuring transactions described in Section 6.7 of the Plan. With respect to the Indenture and any related note, guaranty, bond, certificate or similar instrument (together the "**Indenture Documents**"), the obligations of the Debtors thereunder and in any way related thereto will be fully satisfied, released and discharged in exchange for the treatment provided under the Plan for Allowed Other General Unsecured Claims, if any, arising under the Indenture Documents; *provided that* the satisfaction, release and discharge of the Debtors' obligations with respect to the Indenture Documents will not alter the obligations or rights of any non-Debtor third parties vis-à-vis one another with respect to such Indenture Documents.

f. Hart-Scott-Rodino Compliance

Any shares of New Common Stock to be distributed under the Plan to any Person or Entity required to file a "Premerger Notification and Report Form" under the HSR Act will not be distributed until the notification and waiting periods applicable (if any) under such Act to such Person or Entity will have expired or been terminated.

g. Restructuring Transactions

On or after the Effective Date, including subsequent to the cancellation and discharge of all Claims pursuant to the Plan and prior to the issuance of the New Common Stock, the Reorganized Debtors may engage in or take such actions as may be necessary or appropriate to effect corporate restructurings of their respective businesses, including actions necessary to simplify, reorganize and rationalize the overall reorganized organizational structure of the Reorganized Debtors. The transactions may include (a) dissolving companies or creating new companies (including limited liability companies), (b) merging, dissolving, transferring assets or otherwise consolidating any of the Debtors in furtherance of the Plan or engaging in any other transaction in furtherance of the Plan, (c) filing appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law and (d) any other action reasonably necessary or appropriate in connection with such organizational restructurings. In each case in which the surviving, resulting or acquiring Entity in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring Entity will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan, including paying or otherwise satisfying the Allowed Claims to be paid by such Reorganized Debtor. Implementation of any restructuring transactions will not affect any distributions, discharges, exculpations, releases or injunctions set forth in the Plan.

h. Unsecured Claims Trust

1. Establishment of the Unsecured Claims Trust

On the Effective Date, the Unsecured Claims Trust will be established pursuant to the Unsecured Claims Trust Agreement for the sole purposes of liquidating the Unsecured Claims Trust Assets on account of Trust Interests, resolving all Disputed General Unsecured Claims, and making all distributions to holders of Allowed General Unsecured Claims, in each case in accordance with the Plan and the Unsecured Claims Trust Agreement. The Unsecured Claims Trust is intended to qualify as a liquidating trust pursuant to United States Treasury Regulation section 301.7701-4(d).

2. Funding of the Unsecured Claims Trust

On the Effective Date (i) Delta will fund the Unsecured Claims Trust with \$2.25 million minus any fees and costs incurred by the Creditors' Committee's advisors through the Effective Date in connection with any investigation conducted by the Creditors' Committee with respect to the Trustee Causes of Action and ultimately paid and (ii) the Debtors and the Creditors' Committee will transfer to the Unsecured Claims Trust all right, title and interest to the Trustee Causes of Action and any proceeds therefrom ((i) and (ii) together, the "**Unsecured Claims Trust Assets**"). Any recoveries on account of the Unsecured Claims Trust Assets will be distributed to holders of Trust Interests in accordance with the Plan and the Unsecured Claims Trust Agreement. Upon funding of the Unsecured Claims Trust, Delta, its affiliates, the Debtors and the Reorganized Debtors will not have any further liability or obligation with respect to Unsecured Claims. In no event will Delta, its affiliates, the Debtors or the Reorganized Debtors be deemed to have any fiduciary or other duty to the Unsecured Claims Trust, nor any responsibilities for administering the Unsecured Claims Trust Assets, reconciling, objecting to or resolving Unsecured Claims, or distributing any funds or other assets to holders of Allowed Unsecured Claims.

3. Nontransferability of Liquidating Trust Interests

The Trust Interests will not be certificated and will not be transferable.

4. The Unsecured Claims Trustee

The Unsecured Claims Trustee will be appointed by the Creditors' Committee and will, upon direction by the Unsecured Claims Trust Board and in the exercise of its reasonable business judgment, be solely responsible for reconciling, objecting to, and resolving Unsecured Claims, administering the Unsecured Claims Trust Assets and for distributing (in accordance with the Plan) the funds remaining in the Unsecured Claims Trust to holders of Allowed Unsecured Claims.

Subject to the terms of the Plan (including Section 6.8(e) of the Plan), the Unsecured Claims Trust Agreement will generally provide for, among other things: (i) the payment of reasonable compensation to the Unsecured Claims Trustee; (ii) the payment of other expenses of

the Unsecured Claims Trust, including the cost of pursuing the Trustee Causes of Action; (iii) the retention by the Unsecured Claims Trustee of counsel, accountants, financial advisors or other professionals and the payment of their compensation; (iv) the investment of Cash by the Unsecured Claims Trustee within certain limitations; (v) the preparation and filing of appropriate tax returns and other reports on behalf of the Unsecured Claims Trust and the payment of taxes or other obligations owed by the Unsecured Claims Trust; (vi) the orderly liquidation of the Unsecured Claims Trust Assets; and (vii) the prosecution, compromise and settlement, abandonment or dismissal of any or all Trustee Causes of Action.

In connection with the Trustee Causes of Action, any confidentiality obligations, attorney-client privilege, work-product privilege or other privilege or immunity attaching to any documents or communications will vest in the Unsecured Claims Trustee and its representatives and the Unsecured Claims Trustee and its representatives shall not otherwise waive such confidentiality, privilege or immunity without prior notice and hearing before the Bankruptcy Court. The Debtors or the Reorganized Debtors, as the case may be, the Unsecured Claims Trustee and the Creditors' Committee are authorized to take all necessary actions to effectuate the transfer of such privileges, and any such documents or communications that would otherwise be protected from discovery by virtue of any applicable privilege or immunity will remain so protected. The Confirmation Order will provide that the Unsecured Claims Trustee's receipt of transferred privileges will be without waiver in recognition of the joint and/or successorship interest in prosecuting claims on behalf of the Debtors' estates. The Creditors' Committee will be permitted to share any discovery obtained prior to the Effective Date with the Unsecured Claims Trustee and the Unsecured Claims Trust Board. Any documents or communications received by the Unsecured Claims Trustee or its representatives will be used solely in connection with the Unsecured Claims Trustee's efforts to investigate, prosecute, compromise or settle the Trustee Causes of Action. If any privileged documents are inadvertently produced to third parties, such production will not be deemed to destroy any privilege or be deemed a waiver of any confidentiality protections afforded to such privileged documents.

The Unsecured Claims Trustee, upon direction by the Unsecured Claims Trust Board, will have the absolute right to pursue or not to pursue any and all Trustee Causes of Action as it determines is in the best interests of the beneficiaries of the Unsecured Claims Trust and consistent with the purposes of the Unsecured Claims Trust, and will have no liability for the outcome of its decision except for any damages caused by willful misconduct or gross negligence. The Unsecured Claims Trustee may incur any reasonable and necessary expenses in liquidating and converting the Unsecured Claims Trust Assets to Cash and, subject to Section 6.8(e) of the Plan, will be reimbursed in accordance with the provisions of the Unsecured Claims Trust Agreement.

5. Fees and Expenses of the Unsecured Claims Trust

All fees, expenses, and costs expended or incurred by or on behalf of the Unsecured Claims Trustee or with respect to the Unsecured Claims Trust, the Unsecured Claims Trust Agreement or any Allowed Unsecured Claims will be paid solely from the funds of the

Unsecured Claims Trust and in accordance with the Plan and the Unsecured Claims Trust Agreement.

6. Reports to Be Filed by the Unsecured Claims Trust

The Unsecured Claims Trustee, on behalf of the Unsecured Claims Trust, will file with the Bankruptcy Court (and provide to any other party entitled to receive such report pursuant to the Unsecured Claims Trust Agreement) quarterly reports regarding the administration of property subject to its ownership and control pursuant to the Plan, distributions made by it and other matters relating to the implementation of the Plan.

7. Expenses for Professionals of the Unsecured Claims Trust

Subject to Section 6.8(e) of the Plan, the Unsecured Claims Trustee, on behalf of the Unsecured Claims Trust, may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out its duties under the Plan and may compensate and reimburse the expenses of these professionals without further order of the Bankruptcy Court from the funds of the Unsecured Claims Trust in accordance with the Plan and the Unsecured Claims Trust Agreement.

8. Indemnification

The Unsecured Claims Trust Agreement may include reasonable and customary indemnification provisions; *provided* that any such indemnification will be the sole responsibility of the Unsecured Claims Trust and payable solely from the funds of the Unsecured Claims Trust.

9. Federal Income Tax Treatment of the Unsecured Claims Trust

The transfer of each of the Unsecured Claims Trust Assets to the Unsecured Claims Trust will be treated for U.S. federal income tax purposes as a transfer of the Unsecured Claims Trust Assets to the holders of the Trust Interests, followed by a transfer of the Unsecured Claims Trust Assets by the holders of the Trust Interests to the Unsecured Claims Trust. For federal income tax purposes, the holders of Trust Interests will be treated as grantors, deemed owners and beneficiaries of the Unsecured Claims Trust. The Unsecured Claims Trustee will file federal income tax returns for the Unsecured Claims Trust as a grantor trust in accordance with United States Treasury Regulation section 1.671-4 and report, but not pay tax on, the Trust Tax Items. The holders of Trust Interests will report such Trust Tax Items on their federal income tax returns and pay any resulting tax liability. Upon the transfer of the Unsecured Claims Trust Assets, the Unsecured Claims Trust will succeed to all of the Debtors' rights, title and interest in the Unsecured Claims Trust Assets, and the Debtors will have no further interest in or with respect to the Unsecured Claims Trust Assets.

10. Disputed Unsecured Claims Reserve

The Unsecured Claims Trustee, in its sole discretion, may elect to distribute any funds of the Unsecured Claims Trust prior to the Unsecured Claims Trust Distribution Date to the holders

of Allowed Unsecured Claims in accordance with the Unsecured Claims Trust Agreement; *provided* that the Unsecured Claims Trustee establishes a reserve (the “**Disputed Unsecured Claims Reserve**”) on account of holders of Disputed Unsecured Claims sufficient to pay such holders their Ratable Share of the funds then being distributed to the holders of Allowed Unsecured Claims if such Disputed Unsecured Claims were ultimately Allowed; *provided further* that on the next subsequent distribution of funds from the Unsecured Claims Trust after any such Disputed Unsecured Claim becomes Allowed (including any distributions made on the Unsecured Claims Trust Distribution Date), the Unsecured Claims Trustee will remit to the holder of such Allowed Unsecured Claim an amount of funds from the Disputed Unsecured Claims Reserve equal to the amount that would have been distributed from the Effective Date through and including the date of such distribution had such Unsecured Claim been Allowed on the Effective Date.

It is expected that the Unsecured Claims Disbursing Agent will (i) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Unsecured Claims Reserve as a “disputed ownership fund” within the meaning of that section and (ii) allocate taxable income or loss to the Disputed Unsecured Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Unsecured Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Unsecured Claims). The affected holders of the Disputed Unsecured Claims will be bound by such election, if made by the Unsecured Claims Disbursing Agent. The Unsecured Claims Trustee will treat any assets previously allocated to or retained on account of Disputed Unsecured Claims as a distribution from the Disputed Unsecured Claims Reserve to the Unsecured Claims Trust when, and to the extent, such Claims are subsequently resolved. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Unsecured Claims Disbursing Agent will, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Disputed Unsecured Claims will report, for income tax purposes, consistently with the foregoing.

11. Unsecured Claims Trust Distributions

On or as soon as reasonably practicable after the Unsecured Claims Trust Distribution Date, the Unsecured Claims Trustee will distribute any remaining funds of the Unsecured Claims Trust to the holders of Allowed Unsecured Claims in accordance with the Unsecured Claims Trust Agreement.

12. Dissolution of the Unsecured Claims Trust

The Unsecured Claims Trust will be dissolved no later than five years after the Effective Date; *provided* that the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Unsecured Claims Trust for a finite period if (i) such extension is necessary to the purpose of the Unsecured Claims Trust, (ii) the Unsecured Claims Trustee receives an opinion of counsel or a ruling from the IRS stating that such extension would not adversely affect the status of the Unsecured Claims Trust as a liquidating trust for U.S. federal income tax purposes and

(iii) such extension is obtained within the six-month period prior to the fifth anniversary of the Effective Date or the end of the immediately preceding extension period, as applicable. Upon dissolution of the Unsecured Claims Trust, any remaining Cash or other assets will be distributed to the holders of the Trust Interests in accordance with the Unsecured Claims Trust Agreement.

i. Exclusivity Period

Subject to Article 14 of the Plan and the rights of the parties to the Restructuring Support Agreement, the Debtors will retain the exclusive right to amend or modify the Plan and to solicit acceptances of any amendments to or modifications of the Plan, through and until the Effective Date.

Section 5.6 Provisions Governing Distributions

a. Disbursing Agents

The Unsecured Claims Disbursing Agent will make all distributions to Allowed Unsecured Claims under the Plan, except with respect to a holder of an Unsecured Claim whose distribution is to be administered by a Servicer, which distributions will be deposited with the appropriate Servicer for distribution to such Creditors in accordance with the provisions of the Plan and the terms of the governing agreement. Distributions on account of such Unsecured Claims will be deemed complete upon delivery to the appropriate Servicer; *provided, however*, that if any such Servicer is unable to make such distributions, the Unsecured Claims Disbursing Agent, with the cooperation of such Servicer, will make such distributions to the extent reasonably practicable to do so. All distributions required under the Plan that are not on account of Allowed Unsecured Claims will be made by the Plan Disbursing Agent. The Disbursing Agents will not be required to give any bond or surety or other security for the performance of their duties unless otherwise ordered by the Bankruptcy Court.

The Reorganized Debtors and the Unsecured Claims Trustee, as applicable, will be authorized, without further Bankruptcy Court approval, but not directed to reimburse any Servicer for its reasonable, documented, actual and customary out-of-pocket expenses incurred in providing postpetition services directly related to distributions pursuant to the Plan. These reimbursements must be made on terms agreed to with the Reorganized Debtors or the Unsecured Claims Trustee, as applicable.

b. Delivery of Distributions

1. De Minimis Distributions

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer, the Unsecured Claims Trustee nor any Disbursing Agent will have any obligation to make a particular distribution to a specific holder of an Allowed Claim if (i) such Allowed Claim has an economic value less than \$50 and (ii) such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer, the Unsecured Claims Trustee nor any Disbursing Agent will have any obligation to make any distributions under the Plan with a value of less than \$25, unless a written request therefor is received by the Unsecured Claims Disbursing Agent or the Plan Disbursing Agent, as applicable, from the relevant recipient at the addresses set forth in Section 16.15 of the Plan within 120 days after the later of the (a) Effective Date and (b) date such Claim becomes an Allowed Claim. De minimis distributions for which no such request is timely received will revert to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

2. Delivery of Distributions

With respect to all holders of Allowed Claims, distributions will only be made to the record holders of such Allowed Claims as of the Distribution Record Date. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Reorganized Debtors, Servicers, the Disbursing Agents and each of the foregoing's respective agents, successors and assigns with respect to Claims will be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Plan. The Debtors, Reorganized Debtors, Servicers, Unsecured Claims Trustee, Disbursing Agents and all of their respective agents, successors and assigns will have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they will be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agents will make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a holder of an Allowed Claim that is entitled to receive a distribution pursuant to the Plan, the applicable Disbursing Agent or Servicer may, in lieu of making such distribution to such person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim may be made by the applicable Disbursing Agent, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors or the Unsecured Claims Trustee, as applicable, have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the applicable Disbursing Agent after the date of any related Proof of Claim, (iii) to the address set forth on the Schedules filed with the Bankruptcy Court, if no Proof of Claim has been filed and the applicable Disbursing Agent has not received a

written notice of an address change, (iv) in the case of a holder whose Claim is governed by an agreement and administered by a Servicer, to the address contained in the official records of such Servicer or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

c. Manner of Payment under Plan

At the option of the Disbursing Agents, any Cash payment to be made under the Plan may be made by check, wire transfer or any other customary payment method.

The Disbursing Agents will make distributions of New Common Stock, Trust Interests or Cash as required under the Plan. Where the applicable Reorganized Debtor is a Reorganized Subsidiary Debtor, Reorganized Pinnacle Holdings will be deemed to have made a direct capital contribution to the applicable Reorganized Subsidiary Debtor of an amount of Cash to be distributed to the Creditors of such Reorganized Debtor, but only at such time as, and to the extent that, such amounts are actually distributed to holders of Allowed Claims. Any distributions by the Plan Disbursing Agent of New Common Stock or Cash that revert to the Reorganized Pinnacle Holdings or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) will revert solely in Reorganized Pinnacle Holdings and no other Reorganized Debtor will have (nor will it be considered to ever have had) any ownership interest in the amounts distributed.

1. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution will be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

2. Compliance Matters

In connection with the Plan, each Debtor, each Reorganized Debtor and each Disbursing Agent will comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions under the Plan will be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and each Disbursing Agent will be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Reorganized Debtors, as applicable, believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors, Reorganized Debtors and each Disbursing Agent, as applicable, reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

3. Foreign Currency Exchange Rate

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars will be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, Eastern Edition, on the day after the Petition Date.

d. Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable, no further distributions to such Creditor will be made unless and until the appropriate Disbursing Agent or Servicer is notified in writing of such holder's then-current address, at which time the undelivered distribution will be made to such holder without interest or dividends. Undeliverable distributions will be returned to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable, until such distributions are claimed. All distributions under the Plan that remain unclaimed for one year after distribution will indefeasibly revert to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims will be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the applicable Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) will be automatically discharged and forever barred, and such funds will revert to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable, notwithstanding any federal or state escheat laws to the contrary.

e. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor will, within 30 calendar days of receipt thereof, repay and/or return the distribution to Reorganized Pinnacle Holdings, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

The Claims Agent will expunge any Claim from the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full on account of such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party will have a 30-calendar-day grace period to notify the Claims Agent of such subrogation rights.

2. Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agrees (or if and to the extent any such insurer is required by a court or other tribunal of competent jurisdiction) to satisfy any Punitive Damages Claim or other Claim, then immediately upon such court or other tribunal determination or insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon or determined satisfaction) on the official claims register by the Claims Agent without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

Section 5.7 Filing of Administrative Claims

a. Professional Fee Claims

1. Final Fee Applications

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 25 calendar days after the Effective Date. Such requests will be filed with the Bankruptcy Court and served as required by the Case Management Orders; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Reorganized Debtors at least three Business Days prior to the deadline, and the Debtors' attorneys will file such request with the Bankruptcy Court. The objection deadline relating to the final requests will be 4:00 p.m. (prevailing Eastern Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Orders with respect to a given request, or all timely objections are subsequently resolved, such Professional will submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections will be determined by the Bankruptcy Court at a hearing to be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims will be made as soon as reasonably practicable after such Claims become Allowed.

2. Payment of Interim Amounts

Professionals will be paid pursuant to the “Monthly Statement” process set forth in the Interim Compensation Order with respect to all calendar months ending prior to the Effective Date.

3. Effective Date Fees

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals in the ordinary course of business (including with respect to the month in which the Effective Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

b. Other Administrative Claims

A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court’s docket and (ii) posted on the Debtors’ Case Information Website (located at <http://dm.epiq11.com/Pinnacle>). No other notice of the Other Administrative Claim Bar Date will be provided.

All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 8.1 of the Plan) must be filed with the Claims Agent and served on counsel for the Debtors and Reorganized Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to Section 8.2 of the Plan that are not properly filed and served by the Other Administrative Claim Bar Date will not appear on the register of claims maintained by the Claims Agent and will be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

The Reorganized Debtors, in their sole and absolute discretion, will have exclusive authority to settle Other Administrative Claims in the ordinary course of business without further Bankruptcy Court approval.

Unless the Debtors or the Reorganized Debtors object to a timely filed and properly served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim will be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement, which will in any event be acceptable to Delta, and, failing that, the Bankruptcy Court will determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed with respect to Other Administrative Claims that (i) are for goods or services

provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court, including the DIP Orders, (iii) are for Cure amounts, (iv) are on account of postpetition taxes (including any related penalties or interest) owed by the Debtors or the Reorganized Debtors to any governmental unit (as defined in section 101(27) of the Bankruptcy Code) or (v) the (a) Debtors and Delta or (b) Reorganized Debtors have otherwise agreed in writing do not require such a filing.

Section 5.8 Disputed Claims

a. Objections to Claims

After the Effective Date, the Unsecured Claims Trustee will have the sole authority to object to Unsecured Claims and the Reorganized Debtors will have the sole authority to object to all Administrative Claims, Priority Claims and Secured Claims; *provided, however*, that neither the Unsecured Claims Trustee nor the Reorganized Debtors will be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Unsecured Claims Trustee or the Reorganized Debtors will be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

Claims objections filed before, on or after the Effective Date will be filed, served and administered in accordance with the Claims Objection Procedures Order, which will remain in full force and effect; *provided, however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Orders; *provided further* that the Unsecured Claims Trustee will have the same rights as the Debtors under the Claims Objection Procedures Order for purposes of objections to Unsecured Claims.

b. Resolution of Disputed Claims

On and after the Effective Date, the Unsecured Claims Trustee will have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to Unsecured Claims and to compromise, settle or otherwise resolve any Disputed Unsecured Claims without notice to or approval by the Bankruptcy Court or any other party, and the Reorganized Debtors will have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Administrative Claims, Priority Claims and Secured Claims and to compromise, settle or otherwise resolve any Disputed Administrative Claims, Disputed Priority Claims or Disputed Secured Claims without notice to or approval by the Bankruptcy Court or any other party.

c. Estimation of Claims and Interests

The Unsecured Claims Trustee may, in its sole and absolute discretion, determine, resolve and otherwise adjudicate Contingent Unsecured Claims, Unliquidated Unsecured Claims and Disputed Unsecured Claims in the Bankruptcy Court or such other court of the Unsecured Claims Trustee's choice having jurisdiction over the validity, nature or amount thereof, and the Debtors or the Reorganized Debtors may, in their sole and absolute discretion, determine, resolve

and otherwise adjudicate all other Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors', with the consent of Delta, or the Reorganized Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Unsecured Claims Trustee may at any time request that the Appropriate Court estimate any Contingent Unsecured Claim, Unliquidated Unsecured Claim or Disputed Unsecured Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether the Unsecured Claims Trustee has previously objected to such Unsecured Claim or whether the Appropriate Court has ruled on any such objection. The Reorganized Debtors may at any time request that the Appropriate Court estimate any other Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Appropriate Court has ruled on any such objection. The Appropriate Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Appropriate Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount will constitute the maximum limitation on such Claim and the Debtors with the consent of Delta or the Reorganized Debtors or the Unsecured Claims Trustee, as applicable, may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however*, that such limitation will not apply to Claims requested by the Debtors to be estimated for voting purposes at only \$1.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Appropriate Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event will any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Appropriate Court.

d. Payments and Distributions with Respect to Disputed Claims

Notwithstanding any other provision in the Plan, no payments or distributions will be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

e. No Amendments to Claims

An Unsecured Claim may be amended prior to the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. Any Claim other than an Unsecured Claim may be amended prior to the Confirmation Date only as agreed upon by the Debtors, Delta and the holder of such Claim or as otherwise permitted by the Bankruptcy Court,

the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or the Unsecured Claims Trustee (with respect to Unsecured Claims) or Reorganized Debtors (with respect to any Claims other than Unsecured Claims) to file or amend a Claim. Any new or amended Claim (other than Claims filed by the Rejection Bar Date that are related to executory contracts or unexpired leases rejected pursuant to the Plan or an order of the Bankruptcy Court consistent with the terms of the Bar Date Order) filed after the Confirmation Date without such prior authorization will not appear on the register of claims maintained by the Claims Agent and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

f. No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan, the Confirmation Order or the DIP Facility, postpetition interest will not accrue or be paid on Claims and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest will not accrue or be paid on any Claim or Disputed Claim with respect to the period from and after the Effective Date; *provided, however*, that nothing in Section 9.6 of the Plan will limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

Section 5.9 Executory Contracts and Unexpired Leases

a. Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party will be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease that, with the consent of Delta (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) is the subject of a motion to assume or reject pending on the Effective Date, (iii) is assumed, rejected or otherwise treated pursuant to Section 10.3 or Section 10.4 of the Plan, (iv) is listed on Schedule 10.2(a) or 10.2(b) of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned schedules will be of no effect.

b. Schedules of Executory Contracts and Unexpired Leases

Schedules 10.2(a) and 10.2(b) of the Plan will be filed by the Debtors as specified in Section 16.8 of the Plan as Plan Supplements and will represent the Debtors' then-current good

faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. Such schedules will be acceptable to Delta. The Debtors reserve the right, on or prior to 3:00 p.m. (prevailing Eastern Time) on the Business Day immediately prior to the commencement of the Confirmation Hearing only with the consent of Delta (i) to amend Schedules 10.2(a) and 10.2(b) of the Plan in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right will be extended to 3:00 p.m. on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso will apply in the case of any and all subsequent adjournments of the Confirmation Hearing; *provided further* that (a) with respect to Intercompany Contracts and agreements proposed to be rejected as of the above deadline, the Debtors reserve the right to make amendments at any time prior to Confirmation with the consent of Delta and (b) the Debtors may amend Schedules 10.2(a) and 10.2(b) of the Plan in order to add, delete or reclassify any executory contracts or unexpired leases or amend proposed assignments after such date to the extent agreed with the relevant counterparties with the consent of Delta. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (x) each of the executory contracts and unexpired leases listed on Schedule 10.2(a) of the Plan will be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party will be the Cure and will be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (y) each of the executory contracts and unexpired leases listed on Schedule 10.2(b) of the Plan will be deemed rejected effective as of the Rejection Effective Date specified thereon.

The Debtors will file initial versions of Schedules 10.2(a) and 10.2(b) of the Plan and any amendments thereto with the Bankruptcy Court and will serve all notices thereof only on the relevant Assumption Parties and Rejection Parties. With respect to any executory contract or unexpired lease first listed on Schedule 10.2(b) of the Plan later than the date that is 10 calendar days prior to the Voting Deadline, the Debtors will use their best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) of the Plan later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties will have five calendar days from the date of such amendment to Schedule 10.2(b) of the Plan to object to Confirmation of the Plan. With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) of the Plan later than the date that is five calendar days prior to the Confirmation Hearing, affected Rejection Parties will have until the Confirmation Hearing to object to Confirmation of the Plan.

The listing of any contract or lease on Schedule 10.2(a) or 10.2(b) of the Plan is not an admission that such contract or lease is an executory contract or unexpired lease. The Debtors reserve the right to assert that any of the agreements listed on Schedule 10.2(a) or 10.2(b) of the Plan are not executory contracts or unexpired leases.

c. Categories of Executory Contracts and Unexpired Leases To Be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories will be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each will be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10.2(a) or 10.2(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

1. Insurance Plans, Intercompany Contracts, Interline Agreements, Letters of Credit, Surety Bonds and Workers' Compensation Plans

Subject to the terms of the first paragraph of Section 10.3 of the Plan, each Insurance Plan, Intercompany Contract, Interline Agreement, Letter of Credit, Surety Bond and Workers' Compensation Plan will be deemed assumed effective as of the Effective Date. Nothing contained in Section 10.3(a) of the Plan will constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by Section 10.3(a) of the Plan will be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

Notwithstanding any provision of the Plan to the contrary: (i) the following insurance policies will be deemed assumed effective as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars): (a) the Directors and Officers Liability Insurance Policy No. DOP0052185-00 issued by Arch Insurance Company on November 1, 2012, and excess follow form policies issued by Federal Insurance Co., Zurich Assurance Co. and Allied World National Assurance Co.; (b) the Directors and Officers Liability Insurance Policy No. 14-MGU-11-A25108 issued by U.S. Specialty Insurance Company on November 1, 2011, and excess follow form policies issued by Federal Insurance Co., Axis Insurance Co. and Allied World National Assurance Co.; and (c) the Tail Policy (as defined in Section 16.3 of the Plan) (collectively, the **"Insurance Policies"**); (ii) solely to the extent necessary to preserve the right to pursue insurance coverage under the Insurance Policies, any right to indemnification pursuant to any pre-Effective Date charter, bylaw or certificate of incorporation of the Debtors will not be affected by the Plan; *provided* that the Reorganized Debtors will have no obligation to provide any such indemnification except to the extent the Reorganized Debtors' indemnification obligation is covered by the Insurance Policies and is necessary to preserve the right to pursue

insurance coverage under the Insurance Policies; *provided further* that the Reorganized Debtors shall have no obligation to provide any such indemnification in excess of any available insurance coverage; and (iii) the Debtors and the Reorganized Debtors will (x) use its reasonable efforts to timely provide notices and information to the carriers of the Insurance Policies as soon as reasonably practicable after becoming aware of any matter requiring such notice and (y) generally use its reasonable efforts (with no obligation to incur out of pocket costs) to cooperate with counsel appointed by the carriers of the Insurance Policies in order to assure the availability of insurance coverage under the Insurance Policies. Operation of this provision is intended to preserve the right to facilitate recovery under the Insurance Policies.

2. Collective Bargaining Agreements

Subject to the terms of the first paragraph of Section 10.3 of the Plan, each Collective Bargaining Agreement, as amended, will be deemed assumed effective as of the Effective Date; *provided, however*, that nothing in Section 10.3 of the Plan or otherwise in the Plan will be deemed to effect an assumption of any employee benefit plan that was rejected, discontinued or terminated; *provided further* that nothing in Section 10.3 of the Plan or otherwise in the Plan will be deemed to effect an assumption of any prepetition grievance pursuant to any Collective Bargaining Agreement and that the Debtors and the Reorganized Debtors reserve the right, except as otherwise agreed by the Debtors with the consent of Delta, to seek adjudication of any Collective Bargaining Agreement related dispute that concerns distributions, Claims, restructuring transactions or other aspects of the Plan between the Debtors and the relevant Union in the Bankruptcy Court. Upon assumption of the Collective Bargaining Agreements, all Proofs of Claim filed by Union-represented employees pertaining, in each case, to rights collectively bargained for or disposed of pursuant to the Collective Bargaining Agreements, including, without limitation, Claims on account of grievances, reinstatement and pension obligations, will be deemed withdrawn, disallowed and forever barred from assertion automatically and without any further notice to or action, order or approval of the Bankruptcy Court; *provided, however*, that any liability on account of prepetition grievances under the ALPA JCBA will not be considered waived or withdrawn and will be an Other General Unsecured Claim subject to the priority scheme of the Bankruptcy Code and will be subject to resolution pursuant to an expedited dispute resolution process in Letter Agreement 34 between the parties; *provided further* that any outstanding discharge grievances under the AFA CBA filed before January 4, 2012, will not be considered waived or withdrawn, and may be processed by AFA or the relevant flight attendant to the System Board of Adjustment pursuant to the terms of the AFA CBA, but such discharge grievances will only constitute Other General Unsecured Claims. Each Collective Bargaining Agreement assumed pursuant to Section 10.3(b) of the Plan will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan or any order of the Bankruptcy Court previously entered with respect to such Collective Bargaining Agreement. Nothing contained in Section 10.3 of the Plan will affect the treatment of any Claim to the extent previously Allowed by a Final Order of the Bankruptcy Court.

d. Other Categories of Agreements and Policies

1. Employee Agreements

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into prior to the Petition Date will be deemed rejected effective as of the Effective Date.

2. Employee Benefits

As of the Effective Date, whether or not such employee benefits are provided for in an Employee Agreement that has been rejected in these Chapter 11 Cases (by operation of the Plan or otherwise), the Reorganized Debtors, in their sole and absolute discretion, may honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, expense reimbursement, health care benefits, disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time; *provided, however*, that this provision does not address Collective Bargaining agreements or the terms of employment of employees represented by Unions. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code and the Reorganized Debtors have elected in writing to honor such above-listed contracts, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars.

3. Certain Retiree Benefits

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors will continue to pay any retiree health and welfare benefits (if any) to any covered individuals of the Debtors covered by section 1114 of the Bankruptcy Code at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code at any time prior to confirmation of the Plan, and for the duration of the period for which the Debtors have obligated themselves to provide such benefits. The Reorganized Debtors may unilaterally modify or terminate any retiree benefits (including health and welfare benefits) in accordance with the terms of the plan, program, policy or document under which such benefits are established or maintained; *provided, however*, that nothing in the Plan will be construed to enlarge the Reorganized Debtors' rights to modify such retiree benefits (including such retiree benefits that are vested, if any) under applicable non-bankruptcy law.

e. Assumption and Rejection Procedures and Resolution of Treatment Objections

1. Proposed Assumptions

With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code will be deemed fully satisfied by the Proposed Cure, if any, which will be the Cure.

Any objection to the assumption or assignment of an executory contract or unexpired lease that is not timely filed and properly served will be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption or assignment will be forever barred from assertion and will not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) will be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

2. Proposed Rejections

With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served will be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

3. Resolution of Treatment Objections

Both on and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with Delta and the Bankruptcy Court, will schedule a hearing on such Treatment Objection and provide at least 14 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection will be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

Any Cure will be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption (and, if applicable, assignment), unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 10.5(d) of the Plan.

No Cure will be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

4. Reservation of Rights

If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Reorganized Debtors, Delta and the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection, assignment or Cure with respect to such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

f. Rejection Claims

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors, the Reorganized Debtors or the Unsecured Claims Trustee, as applicable, may contest any Rejection Claim in accordance with Section 9.1 of the Plan.

g. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan will remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of

the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

h. Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order by the Bankruptcy Court will, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default will be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan will be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

i. Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, will include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature

of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

Section 5.10 Provisions Regarding Corporate Governance of the Reorganized Debtors

a. Corporate Action

On and after the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby with respect to each of the Reorganized Debtors, including the restructuring transactions contemplated by Section 6.7 of the Plan, will be deemed authorized and approved in all respects.

All matters provided for under the Plan involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

b. Certificates of Incorporation and Organizational Documents

The New Certificate of Incorporation shall be amended or deemed amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. The New Certificate of Incorporation will be amended or deemed amended to, among other purposes, (i) authorize the New Common Stock and (ii) pursuant to section 1123(a)(6) of the Bankruptcy Code, add a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their Certificates of Incorporation, organizational documents or other analogous documents as permitted by applicable law.

After the Effective Date, any of the Reorganized Debtors may file amended and restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

c. Directors and Officers of the Reorganized Debtors

Subject to the restructuring transactions described in Section 6.7 of the Plan, on the Effective Date, the management, control and operation of each Reorganized Debtor will become the general responsibility of the board of directors of such Reorganized Debtor or other governing body as provided in the applicable governing documents.

On the Effective Date, the term of the members of the Board will expire and such members will be replaced by the New Board. The classification and composition of the New Board will be consistent with the New Certificate of Incorporation. The Debtors will disclose prior to the Confirmation Hearing any information required to be disclosed pursuant to the Bankruptcy Code.

Section 5.11 Effect of Confirmation

a. Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property (including all interests, rights and privileges with respect thereto) of each of the Debtors will vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in the Plan. All Liens, Claims, encumbrances, charges and other interests will be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan. As of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

b. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates will be fully released, settled, discharged and compromised and all rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates will revert to the Reorganized Debtors and their successors and assigns. The Reorganized Debtors will be authorized to file any necessary or desirable documents to evidence such release in the name of the party secured by such pre-Effective Date mortgages, deeds of trust, Liens, pledges or other security interests.

c. Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(d) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral element of the transactions incorporated into the Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their Estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors and (f) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

d. Discharge and Injunction

Except as otherwise specifically provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made under the Plan will discharge all existing debts, Causes of Action and Claims, and will terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided in the Plan or in the Confirmation Order, upon the Effective Date, all existing Claims and Causes of Action against the Debtors and Interests in the Debtors will be, and will be deemed to be, discharged and terminated, and all holders of Claims, Causes of Action and Interests (and all representatives, trustees or agents on behalf of each holder) will be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim, Cause of Action or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order will be a judicial determination of the discharge of all Claims or Causes of Action against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.

Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise provided in the Plan, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim, Cause of Action or Interest and any Affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Causes of Action, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons

will be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim or Cause of Action against, or terminated Interest in, the Debtors.

Except as otherwise expressly provided in the Plan, all persons or entities who have held, hold or may hold Claims, Causes of Action or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Section 510(b) Claim), Cause of Action or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors other than to enforce any right to a distribution pursuant to the Plan or (iv) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim, Cause of Action or Interest. Such injunction will extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

For the avoidance of doubt, the Plan does not contain an injunction with respect to any Cause of Action or Claim against any third party that is not a Released Party or Exculpated Party.

e. Term of Injunction or Stays

Unless otherwise provided in the Plan, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

f. Exculpation

Pursuant to the Plan and to the maximum extent permitted by applicable law, none of the Exculpated Parties will have or incur any liability to any holder of a Claim, Cause of Action or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or, agreement, contract, instrument, release or document created or entered into in connection with the Plan or in

the Chapter 11 Cases (including the Restructuring Support Agreement, the DIP Facility and documents related thereto), the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued pursuant to the Plan, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors or the administration of the Plan or the property to be distributed under the Plan, except for any act or omission that is determined in a final order to have constituted willful misconduct or gross negligence. Each Exculpated Party will be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan.

g. Release by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, to the maximum extent permitted by applicable law, and except as otherwise specifically provided in the Plan (including Section 12.12(c) of the Plan), on and after the Effective Date, in exchange for their cooperation, the Released Parties will be deemed released and discharged by the Debtors, the Reorganized Debtors and their Estates from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, their estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity or that any holder of a Claim or Interest or other entity would have been legally entitled to assert for or on behalf of the Debtors, their estates or the Reorganized Debtors, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the related Plan Supplements, or related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence; *provided, however*, that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, then the release set forth in Section 12.7 of the Plan (but not any release or indemnification or any other rights or claims granted under any other section of the Plan or under any other document

or agreement) will automatically and retroactively be null and void *ab initio* with respect to such Released Party bringing or asserting such Claim or Cause of Action; *provided further* that the immediately preceding clause will not apply to any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to (i) enforce such Released Party's rights against the Debtors and/or the Reorganized Debtors under the Plan, the Confirmation Order, any postpetition or assumed contract, including, but not limited to, the Insurance Policies (to the extent provided for in Section 10.3(a) of the Plan), or (ii) prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors, in each case, however, the Debtors will retain all defenses related to such action.

h. Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan (including Section 12.12(c) of the Plan), for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, holders of Claims that (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph will be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Debtors, the Reorganized Debtors and the Released Parties from any and all claims, equity interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the related Plan Supplement or related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct or gross negligence; *provided* that any holder of a Claim that elects to opt out of the releases contained in this paragraph will not receive the benefit of the releases set forth in this paragraph (even if for any reason otherwise entitled).

i. Bankruptcy Court Jurisdiction to Evaluate Scope of Release and Exculpation and Related Injunction

Following entry of the Confirmation Order, the Bankruptcy Court will retain exclusive jurisdiction to consider any and all Claims or Causes of Action subject to the exculpations and releases in Section 12.6, Section 12.7 or Section 12.8 of the Plan for the purpose of determining whether such claims belong to the Debtors' Estates or third parties and all parties will be enjoined from pursuing any such Claims or Causes of Action prior to the Bankruptcy Court making such determination. In the event it is determined that any such Claims or Causes of Action belong to third parties, then, subject to any applicable subject matter jurisdiction limitations, the Bankruptcy Court will have exclusive jurisdiction with respect to any such litigation, subject to any determination by the Bankruptcy Court to abstain and consider whether such litigation should more appropriately proceed in another forum. Except as otherwise provided in the Plan and to the maximum extent permitted by law, all entities who have held, hold or may hold Claims, Interests, Causes of Action or liabilities that (1) have been released pursuant to Section 12.7 of the Plan, (2) have been released pursuant to Section 12.8 of the Plan or (3) are subject to exculpation pursuant to Section 12.6 of the Plan (such Claims, Interests, Causes of Action or liabilities described in clauses (1) to (3), the "Enjoined Causes of Action") are permanently enjoined and precluded, from and after the Effective Date, from commencing or continuing in any manner any such Enjoined Causes of Action against, as applicable, any Released Party or Exculpated Party, including, with respect thereto, (i) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Exculpated Parties or the Released Parties (or property of any Exculpated Party or Released Party), (ii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Exculpated Parties or the Released Parties or against the property or interests in property of the Exculpated Parties or the Released Parties or (iii) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Exculpated Parties or the Released Parties or against the property or interests in property of the Exculpated Parties or the Released Parties, with respect to any such Claim, Cause of Action or Interest. Such injunction of the Enjoined Causes of Action will, to the maximum extent permitted by law, extend to any successors or assignees of the Exculpated Parties or the Released Parties and their respective properties and interest in properties.

j. Set-off and Recoupment

The Debtors and Reorganized Debtors may, but will not be required to, set-off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim under the Plan will constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of

Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

k. Avoidance Actions

Subject to Section 12.12(c) of the Plan, on the Effective Date, the Reorganized Debtors will be deemed to waive and release all avoidance claims against any Vendor accruing to the Debtors under section 547 of the Bankruptcy Code (collectively, the “**Avoidance Actions**”).

l. Preservation of Causes of Action

Except as expressly provided in Article 12 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Debtors’ Estates. A non-exclusive list of retained Causes of Action is attached to the Plan as Schedule 12.12 of the Plan.

Except as set forth in Article 12 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or with respect to any Claim left Unimpaired by the Plan. The Reorganized Debtors will have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors’ legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any Causes of Action that are brought by the Creditors’ Committee in the Bankruptcy Court prior to the Effective Date against (i) management members who are not employees of the Debtors as of January 1, 2013 or (ii) current or former board members of Pinnacle Holdings (other than board members who are also employees as of January 1, 2013), in each of cases (i) and (ii) solely to the extent based on prepetition actions or omissions by those parties, it being understood and agreed that (1) the Creditors’ Committee will have sole standing to investigate, commence, prosecute and settle any such causes of action, (2) any recovery with respect to such causes of action will be limited to available insurance proceeds and (3) any such causes of action commenced by the Creditors’ Committee in the Bankruptcy Court prior to the Effective Date will be assigned to the Unsecured Claims Trust and the proceeds of any such causes of action will go into the Unsecured Claims Trust (collectively, the “**Trustee Causes of Action**”).

Except as set forth in Article 12 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in a Plan Supplement) executed to implement the Plan.

m. Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan will constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan will also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole and absolute discretion, and after the Effective Date, such right will pass to the Reorganized Debtors and, with respect to all Unsecured Claims, the Unsecured Claims Trustee.

Section 5.12 Conditions Precedent to Confirmation and Effectiveness of the Plan

a. Conditions to Effectiveness

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 13.2 of the Plan:

1. The Confirmation Order, in form and substance acceptable to the Debtors, Delta and the Creditors' Committee, will have been entered;
2. All actions, documents and agreements necessary to implement the Plan will have been effected or executed as determined by the Debtors and Delta, each in their sole and absolute discretion;
3. The Debtors will have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order;

4. There will be no existing Event of Default under the DIP Facility as of the Effective Date;

5. No Material Adverse Effect (as defined in the DIP Facility) will have occurred (excluding any Material Adverse Effect caused by the material breach by Delta of its obligations under a Delta Connection Agreement or the Bridge Agreement or a material reduction in the number of block hours flown by the Debtors under the Delta Connection Agreements (excluding the 2007 CRJ-900 Agreement));

6. The Restructuring Support Agreement will be in full force and effect as of the Effective Date;

7. Each of the New Certificate of Incorporation and the Reorganized Subsidiary Debtors' Certificates of Incorporation, each in form and substance acceptable to the Reorganized Debtors and Delta, will be in full force and effect as of the Effective Date; and

8. The Plan Documents will have been executed and delivered by all of the parties thereto.

b. Waiver of Conditions to Confirmation or Effectiveness

The Debtors, with the consent of Delta, may waive any of the conditions set forth in Section 13.1 of the Plan at any time, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan; *provided* that waiver of (i) the condition set forth in Section 13.1(a) and Section 13.1(f) of the Plan will require the consent of the Creditors' Committee, which consents shall not be unreasonably withheld, and (ii) the condition set forth in Section 13.1(h) of the Plan, solely with respect to the Unsecured Claims Trust Agreement, will require the consent of the Creditors' Committee, which consent shall not be unreasonably withheld. The failure to satisfy any condition prior to the Confirmation Date or the Effective Date may be asserted by the Debtors, with the consent of Delta, as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights will not be deemed a waiver of any other rights and each such right will be deemed an ongoing right, which may be asserted at any time.

Section 5.13 Modification, Revocation or Withdrawal of the Plan

a. Plan Modifications

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, with the consent of Delta and the Creditors' Committee, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy

Code. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

Prior to the Effective Date, the Debtors, with the consent of Delta and the Creditors' Committee, may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, *provided* that such technical adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

b. Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date

The Debtors reserve the right to revoke, withdraw or delay consideration of the Plan prior to the Confirmation Date, either entirely or with respect to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Plan is revoked, withdrawn or delayed with respect to fewer than all of the Debtors, such revocation, withdrawal or delay will not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan in its entirety, if Confirmation does not occur or if the Effective Date does not occur on or prior to 120 calendar days after the Confirmation Date (and the Debtors file a notice of revocation on the Bankruptcy Court's docket), then, absent further order of the Bankruptcy Court (a) the Plan will be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, will be deemed null and void and (c) nothing contained in the Plan will (1) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (2) prejudice in any manner the rights of such Debtors or any other Person or (3) constitute an admission of any sort by the Debtors or any other Person.

In the event that the Effective Date does not occur, the Bankruptcy Court will retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases.

Section 5.14 Retention of Jurisdiction by the Bankruptcy Court

On and after the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

- a. To hear and determine all matters with respect to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

- b. To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;
- c. To hear and determine all matters with respect to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;
- d. To ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;
- e. To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;
- f. To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- g. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Unsecured Claims Trust Agreement, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;
- h. To hear and determine disputes arising in connection with Section 12.9 of the Plan;
- i. To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;
- j. To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan;
- k. To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;
- l. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);
- m. To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;

- n. To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplements;
- o. To recover all assets of the Debtors and property of the Debtors' Estates, which, except for the Trustee Causes of Action, will be for the benefit of the Reorganized Debtors, wherever located;
- p. To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;
- q. To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory, which, except for the Trustee Causes of Action, will be for the benefit of the Reorganized Debtors;
- r. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;
- s. To hear any other matter not inconsistent with the Bankruptcy Code; and
- t. To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims.

Section 5.15 Miscellaneous

a. Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, including aircraft, aircraft equipment or spare parts, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Common Stock, the Trust Interests and any agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, FAA filing or recording fee or other similar tax or governmental assessment in the United States. The

Confirmation Order will direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

b. Expedited Tax Determination

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods ending on or before the Effective Date.

c. Insurance

The Debtors are authorized to use (a) any discount or credit with respect to the Debtors' current director and officer liability insurance policy that is available solely for the purchase of a directors and officers "tail" liability insurance policy (a "**Tail Policy**"), (b) incremental funds (including any accrued but unpaid or foregone directors' fees) other than from or otherwise attributable to the Debtors and (c) funds of the Debtors as approved in writing by Delta, in each case, for the purchase of a Tail Policy with respect to the period on and after the Effective Date.

d. Payment of Claims Agent Fees

Subject to receipt of supporting documentation and the Unsecured Claims Trustee's review thereof, following the Effective Date, the Unsecured Claims Trust will be responsible for, and authorized to pay, the reasonable actual fees and expenses of the Claims Agent that are allocable to or on account of the Unsecured Claims Trust's work regarding the reconciliation of Unsecured Claims and its other duties.

e. Payment of Delta's Professional Fees

Subject to receipt of supporting documentation and the Debtors' review thereof, upon the Effective Date, the Debtors will be authorized to pay the reasonable actual fees and expenses of counsel and advisors to Delta related to the Chapter 11 Cases.

f. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court, will be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

g. Dissolution of the Creditors' Committee

Upon the Effective Date, the Creditors' Committee will dissolve automatically and its members will be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code.

h. Plan Supplements

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan will, where expressly so provided for in the Plan, be contained in Plan Supplements filed from time to time. Unless otherwise expressly provided in the Plan, the Debtors, with the consent of Delta and the Creditors' Committee will remain free to modify or amend any such documents after such date. Upon filing with the Bankruptcy Court, the Plan Supplements may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may also obtain a copy of the Plan Supplements on the Debtors' Case Information Website (located at <http://dm.epiq11.com/Pinnacle>) or the Bankruptcy Court's Website (located at www.nysb.uscourts.gov).

i. Claims Against Other Debtors

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith will constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

j. Substantial Consummation

On the Effective Date, the Plan will be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

k. Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors will be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

l. Severability

In the event that any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the

terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

m. Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit hereto or a schedule or Plan Document provide otherwise, the rights, duties and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

n. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, the Unsecured Claims Trustee, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

o. Notices

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee, the United States Trustee or the Unsecured Claims Trustee must be in writing and, unless otherwise expressly provided in the Plan, will be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

Pinnacle Airlines Corp.
One Commerce Square
40 S. Main St., 13th Floor
Memphis, Tennessee 38103
Attn: Brian T. Hunt
Facsimile: (901) 348-4102

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Damian S. Schaible
Telephone: (212) 450-4000
Facsimile: (212) 607-7984

If to the Creditors' Committee:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104
Attn: Brett H. Miller
Lorenzo Marinuzzi
Erica J. Richards
Telephone: (212) 468-8000
Facsimile: (212) 468-7900

If to the United States Trustee:

Office of the United States Trustee
33 Whitehall Street, Suite 2100
New York, New York 10004
Attn: Richard Morrissey
Susan D. Golden

If to the Unsecured Claims Trustee:

[TO COME]

If to Delta:

Delta Air Lines, Inc.
Department 009
7500 Airline Drive, C009
Minneapolis, Minnesota 55450-1101
Attn: Senior Vice President – Delta Connection
Facsimile: (612) 727-4104

with a copy to:

Delta Air Lines, Inc.
Department 981
1030 Delta Blvd.
Atlanta, Georgia 30354
Attn: General Counsel
Facsimile: (404) 715-2233

If to the Reorganized Debtors:

[TO COME]

p. Reservation of Rights

Except as expressly set forth in the Plan, the Plan will have no force or effect unless the Bankruptcy Court will enter the Confirmation Order. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan or the taking of any action by the Debtors with respect to the Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors of any kind, including with respect to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

q. Further Assurances

The Debtors, Reorganized Debtors and all holders of Claims receiving distributions under the Plan and all other parties in interest may and will, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

r. Case Management Orders

Except as otherwise provided in the Plan, the Case Management Orders will remain in full force and effect, and all "Court Papers" (as defined in the Debtor Case Management Order) will be filed and served in accordance with the procedures set forth in the Case Management Orders; *provided* that on and after the Effective Date, "Court Papers" (as defined in the Debtor Case Management Order) need only be served on (i) the chambers of the Honorable Robert E. Gerber, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408 (by a hard copy, with all exhibits, unless the Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Damian S. Schaible, (iii) [the Unsecured Claims Trustee, ADDRESS], (iv) the attorneys for Delta, Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: David R. Seligman, Chad J. Husnick and William A. Guerrieri and (v) Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, New York, New York 10017, Attn: Pinnacle Team; *provided further* that final requests for payment of Professional Fee Claims filed pursuant to Section 8.1(a) of the Plan (and all "Court Papers" related thereto) will also be served on the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, New York 10004, Attn: Richard Morrissey and Susan D. Golden.

ARTICLE 6
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Plan Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

Section 6.1 The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR APRIL 17, 2013 AT 9:45 A.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE ROBERT E. GERBER, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, LOCATED AT ONE BOWLING GREEN, 5TH FLOOR, NEW YORK, NY 10004-1408. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT THEREOF.

OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE APRIL 10, 2013 AT 4:00 P.M. PREVAILING EASTERN TIME IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE APPROVAL ORDER, THE CONFIRMATION HEARING NOTICE AND THE VOTING PROCEDURES, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Section 6.2 Confirmation Standards

To confirm the Plan, the Bankruptcy Court must find that the requirements of section 1129 of the Bankruptcy Code have been satisfied. The Debtors believe that section 1129 has been satisfied because, among other things:

- a. The Plan complies with the applicable provisions of the Bankruptcy Code;
- b. The Debtors, as Plan proponents, have complied with the applicable provisions of the Bankruptcy Code;
- c. The Plan has been proposed in good faith and not by any means forbidden by law;

- d. Any payment made or promised under the Plan for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;
- e. The Debtors will disclose the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Debtors, an affiliate of the Debtors participating in the Plan with the Debtor or a successor to the Debtors under the Plan. The appointment to, or continuance in, such office of such individuals will be consistent with the interests of Claim and Interest holders and with public policy, and the Debtors will have disclosed the identity of any insider that the Reorganized Debtors will employ or retain and the nature of any compensation for such insider;
- f. With respect to each Class of Impaired Claims or Interests, either each holder of a Claim or Interest in such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (see the “**Best Interests Test**” Section below);
- g. Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to section 1129(b) of the Bankruptcy Code;
- h. Except to the extent that the holder of a particular Claim has agreed or will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative Claims will be paid in full in Cash on the Effective Date;
- i. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement or understanding between the applicable Debtor and the holder of such Claim;
- j. Except to the extent that the applicable Creditor has been paid by the Debtors prior to the Effective Date or the applicable Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (i) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date or 20 calendar days after the date such Claim is Allowed, (ii) regular installment payments in accordance with section 1129(a)(9)(C) of the

Bankruptcy Code or (iii) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim;

- k. At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;
- l. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan (see Section 6.4 below);
- m. All fees payable under section 1930 of title 28 of the United States Code will be paid as of the Effective Date; and
- n. The Plan provides for the continuation after the Effective Date of the payment of all retiree benefits.

Section 6.3 Best Interests Test

a. Explanation of the Best Interests Test

Pursuant to section 1129(a)(7) of the Bankruptcy Code, Confirmation requires that, with respect to each Class of Impaired Claims or Interests, each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (this latter clause is often called the “**Best Interests Test**”).

To determine the probable distribution to holders of Claims and Interests in each Impaired Class if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors’ assets and properties in the context of a chapter 7 liquidation.

The Debtors’ liquidation value would consist primarily of the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors’ remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by the costs and expenses of the chapter 7 liquidation and any additional Administrative Claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional Administrative Claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases, including the Delta Connection Agreements. Such

Administrative Claims and other Administrative Claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and Administrative Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to holders of Claims or Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the holders of Claims or Interests in such Impaired Class.

b. Estimated Recovery under the Plan

Pursuant to the Plan, holders of Class 5 Claims (Union Claims) and Class 6 Claims (Other General Unsecured Claims) will each receive their Ratable Share of the Senior Trust Interests. Barclays estimates the recovery to the Class 5 and Class 6 holders to be 0.32% to 0.40%. Holders of Class 7 Claims (Punitive Damages Claims) will each receive their Ratable Share of the Subordinated Trust Interests, which are subordinate to the Senior Trust Interests, such that holders of Allowed Punitive Damages Claims shall not be entitled to receive any distributions from the Unsecured Claims Trust unless and until all holders of Allowed Union Claims and Other General Unsecured Claims have received payment on account of such Claims in full; *provided* that if the Bankruptcy Court so orders, each holder of an Allowed Punitive Damages Claim shall be treated as part of Class 6 (Other General Unsecured Claims). Based on this, Barclays estimates the recovery to the Class 7 holders to be 0%, unless the Bankruptcy Court orders that each holder of an Allowed Punitive Damages Claim shall be treated as part of Class 6.¹¹ This recovery may change based on further refinements of Allowed Claims as the Debtors' claim objection and reconciliation process continues. This summary does not purport to be a complete description of the analyses performed by Barclays and has been provided solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the Class 5, Class 6 and Class 7 holders to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

¹¹ In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

c. Liquidation Analyses of the Reorganized Debtors

Amounts that a holder of Claims and Interests in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"). The Liquidation Analysis is attached to this Disclosure Statement as Appendix B.

As described in Appendix B, the Debtors developed the Liquidation Analysis for the consolidated Debtors based on the unaudited book values as of December 31, 2012, unless otherwise noted in the Liquidation Analysis. The recoveries may change based on further refinements of Allowed Claims, as the Debtors' claim objection and reconciliation process continues.

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analyses might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

d. Application of the Best Interests Test to the Liquidation Analysis of the Debtors

Notwithstanding the difficulties in quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, comparing the Plan to the Liquidation Analysis, the Plan meets the Best Interests Test. As the following table indicates, members of each Impaired Class will receive more under the Plan than they would in liquidation in a hypothetical chapter 7 case.¹²

¹² The projected recovery ranges listed herein for Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims) are based on an estimated \$400 million to \$550 million of Allowed Other General Unsecured Claims, \$163,098,184 of Allowed Union Claims and no further recoveries for or fees paid by the Unsecured Claims Trust. Actual recoveries in Classes 5 and 6 may be different than projected recoveries based upon, among other things: (a) the actual amount of Allowed Other General Unsecured Claims against the Debtors, (b) the value realized by the Unsecured Claims Trust on account of the Trustee Causes of Action, (c) whether the Bankruptcy Court upholds the separate classification of Class 7 (Punitive Damages Claims) and (d) the fees and expenses of the Unsecured Claims Trustee. In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be (...continued)

Class	Recovery under Liquidation Analysis	Recovery under the Plan
Union Claims	0%	0.32% to 0.40%
Other General Unsecured Claims	0%	0.32% to 0.40%
Punitive Damages Claims	0%	0% ¹³

Accordingly, the Debtors believe that the continued operation of the Debtors as a going concern rather than a forced liquidation will allow the realization of greater value for the Impaired Classes, and thus satisfies the Best Interests Test.

Section 6.4 Financial Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to Confirmation, that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of demonstrating that the Plan meets this “feasibility” standard, the Debtors, with the assistance of Barclays, have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses, taking into account the Debtors’ Financial Projections included as Appendix C hereto (the “**Financial Projections**”). These Financial Projections were prepared by the Debtors’ management with the assistance of their financial advisors.

As noted in Appendix C, the Financial Projections present information with respect to all the Reorganized Debtors on a consolidated basis. These Financial Projections do not reflect the full impact of “fresh start reporting” in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 “Financial Reporting by Entities in Reorganization under the Bankruptcy Code.” Fresh start reporting may have a material impact on the analysis.

The Debtors have prepared the Financial Projections solely for the purpose of providing “adequate information” under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

(continued...)

treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

¹³ In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

In addition to the cautionary notes contained elsewhere in this Disclosure Statement and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined in the Financial Projections) may vary from the Financial Projections and the variations may be material. Also as noted above, the Financial Projections currently do not reflect the full impact of any “fresh start reporting,” and its impact on the Reorganized Debtors’ “Consolidated Balance Sheets” and prospective “Results of Operations” may be material. All holders of Claims in the Impaired Classes are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of, and voting on, the Plan.

Based upon the Financial Projections, the Debtors believe that they will be able to make all distributions and payments under the Plan (including Cures) and, that Confirmation of the Plan is not likely to be followed by liquidation of the Debtors or the need for further restructuring.

Section 6.5 Acceptance by Impaired Classes

Except as described in Section 6.6 below, the Bankruptcy Code also requires, as a condition to Confirmation, that each Impaired Class accept the Plan. A Class of Claims or Interests that is Unimpaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required. A Class is Impaired unless the Plan (i) leaves unaltered the legal, equitable and contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest or (ii) cures any default and reinstates the original terms of the obligation and does not otherwise alter the legal, equitable or contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of the Plan by an Impaired Class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that Class; only those holders that actually vote to accept or reject the Plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a Class of Interests has accepted the Plan if holders of such Interests holding at least two-thirds in amount that actually vote have voted to accept the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

Section 6.6 Confirmation without Acceptance by All Impaired Classes

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with

respect to each impaired, nonaccepting class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cram down” tests for secured creditors, unsecured creditors and equity holders, as follows:

- Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.
- Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.
- Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

A plan of reorganization does not “discriminate unfairly” with respect to a nonaccepting class if the value of the Cash and/or securities to be distributed to the nonaccepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the nonaccepting class.

The Debtors believe and will demonstrate at the Confirmation Hearing that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, nonaccepting Class.

Section 6.7 Classification

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, a debtor into separate classes based upon their legal nature. Pursuant to section 1122 of the Bankruptcy Code, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the Plan classifies all Claims and Interests in compliance with the provisions of the Bankruptcy Code because valid business, factual and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. Accordingly, the classification of Claims and Interests in the Plan complies with section 1122 of the Bankruptcy Code.

However, a holder of a Claim or Interest could challenge the Debtors' classification and the Bankruptcy Court could determine that different bankruptcy classification is required. For example, the Court could determine that Class 7 (Punitive Damage Claims) should be treated in Class 6 (General Unsecured Claims). If the Bankruptcy Court were to make such determination, Punitive Damages Claims could substantially dilute recoveries to Other General Unsecured Claims and likely significantly delay cash distributions on account of Trust Interests.

ARTICLE 7

VOTING PROCEDURES

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the nonacceptance by one or more such Classes. On March 7, 2013, the Bankruptcy Court entered its Approval Order that, among other things, approved this Disclosure Statement, approved procedures for soliciting votes on the Plan, approved the form of the solicitation documents and various other notices, set the Voting Record Date, the Voting Deadline and the date of the Confirmation Hearing, and established the relevant objection deadlines and procedures associated with Confirmation of the Plan.

A copy of the Approval Order is hereby incorporated by reference as though fully set forth herein. **THE APPROVAL ORDER SHOULD BE READ IN CONJUNCTION WITH THIS Article 7 OF THE DISCLOSURE STATEMENT.**

If you have any questions about (i) the procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (ii) the amount of your Claim or Interest, please contact the Debtors' Solicitation Agent at (646) 282-2400. If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement or other solicitation documents, you can obtain them from the Debtors' case information website at <http://dm.epiq11.com/PinnacleAirlines> or by requesting a copy from the Debtors' Solicitation Agent, which can be reached at (646) 282-2400.

Section 7.1 Who Is Entitled to Vote on the Plan?

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest. The holders of Claims in the following Classes are entitled to vote on the Plan:

- EDC Facilities Claims (Class 3)

- Union Claims (Class 5)
- Other General Unsecured Claims (Class 6)
- Punitive Damages Claims (Class 7)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Other Priority Claims (Class 1)
- CIT Facility Claims (Class 2)
- Other Secured Claims (Class 4)
- Interests in Subsidiary Debtors (Class 9b)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the Plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Section 510(b) Claims (Class 8)
- Interests in Pinnacle Holdings (Class 9a)

For a more detailed discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, please review the Approval Order.

Section 7.2 Solicitation Packages for Voting Classes

The Debtors propose that the solicitation packages distributed in these chapter 11 cases (the “**Solicitation Packages**”) should include:

- (a) a cover letter describing the contents of the Solicitation Package, the contents of the enclosed CD-ROM and instructions for obtaining printed copies of any materials provided on the CD-ROM at no charge;
- (b) a CD-ROM containing the following:
 - (i) the Disclosure Statement (with the Plan annexed thereto and other exhibits); and
 - (ii) the Approval Order (without exhibits);
- (c) the Confirmation Hearing Notice (as defined in the Approval Motion);

- (d) a Ballot or Beneficial Ballot, as appropriate, together with a pre-addressed postage-paid envelope;
- (e) a letter from the Creditors' Committee regarding acceptance of the Plan, to the extent such letter is provided to the Debtors by the Creditors' Committee sufficiently in advance of production of the Solicitation Packages to allow inclusion; and
- (f) such other materials as the Court may direct.

Section 7.3 Solicitation and Solicitation Packages for Non-Voting Classes

a. Unimpaired Classes of Claims and Interests Not Eligible to Vote

Under section 1126(f) of the Bankruptcy Code, classes that are not impaired under a plan of reorganization are deemed to accept the plan. The following Classes are Unimpaired under the Plan and deemed under section 1126(f) of the Bankruptcy Code to accept the Plan: Class 1, Class 2, Class 4 and Class 9b. Their votes to accept or reject the Plan will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a Ballot but shall instead contain a "Notice of Non-Voting Status with Respect to Unimpaired Classes Deemed to Accept the Plan."

b. Impaired Class of Interests Not Eligible to Vote

Under section 1126(g) of the Bankruptcy Code, classes that are not entitled to receive or retain any property under a plan of reorganization are deemed to reject the plan. Class 8 and Class 9a receive no property under the Plan and are deemed under section 1126(g) of the Bankruptcy Code to reject the Plan. The votes of holders of Interests in Class 8 and Class 9a will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a Ballot but shall instead contain a "Notice of Non-Voting Status with Respect to Impaired Classes Deemed to Reject the Plan."

Section 7.4 Voting Procedures

BALLOTS MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:

If by U.S. mail:

Pinnacle Airlines Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
FDR Station, P.O. Box 5014
New York, NY 10150-5014

If by courier/hand delivery:

Pinnacle Airlines Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017

**IF YOU HAVE ANY QUESTIONS REGARDING VOTING PROCEDURES,
PLEASE CALL THE SOLICITATION AGENT AT (646) 282-2400.**

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a Claim or Interest. Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed Ballots are required. Delivery of a Ballot to the Solicitation Agent by facsimile, e-mail or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, their agents (other than the Solicitation Agent), any indenture trustee (unless specifically instructed to do so) or the Debtors' financial or legal advisors, and if so sent will not be counted. If no holders of Claims in a particular Class that is entitled to vote on the Plan vote to accept or reject the Plan, then such Class shall be deemed to accept the Plan.

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, with the consent of Delta and the Creditors' Committee, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes of the Plan.

Section 7.5 Releases under the Plan

Each Ballot advises Creditors in bold and capitalized print that Creditors who (a) vote to accept or reject the Plan and (b) do not elect to opt out of the release provisions contained in Section 12.8 of the Plan shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties from any and all Causes of Action. Creditors who do not grant the releases contained in Section 12.8 of the Plan will not receive the benefit of the releases set forth in Section 12.8 of the Plan.

**ARTICLE 8
CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING**

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE

DOCUMENTS DELIVERED TOGETHER HERewith, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

Section 8.1 Certain Bankruptcy Considerations

a. Plan Confirmation

The Debtors can make no assurances that they will receive the requisite acceptances to confirm the Plan. Further, if the requisite acceptances are not received, the Debtors may seek to accomplish an alternative restructuring of their capitalization and obligations to Creditors and obtain acceptances to an alternative plan of reorganization for the Debtors, or otherwise, that may not have the support of the Creditors and/or may be required to liquidate these estates under chapter 7 or 11 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to Creditors as those proposed in the Plan.

Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the Plan “does not discriminate unfairly” and is “fair and equitable” to nonaccepting Classes. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization.

b. Objections to Classification of Claims

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such holder was initially a member, or any other Class

under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

c. Failure to Consummate the Plan

As of the date of this Disclosure Statement, there can be no assurance that the conditions to consummation will be satisfied or waived. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

d. The Bankruptcy Court Might Not Order Plan Consolidation

The Plan is premised upon the consolidation of the Debtors solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, confirmation and distributions. The Debtors can provide no assurance, however, that a holder or holders will not object to the Plan Consolidation, or that the Bankruptcy Court will determine that the Plan Consolidation is appropriate.

As set forth more fully in Section 2.3 of the Plan, in the event that the Bankruptcy Court orders only partial Plan Consolidation, or does not order the Plan Consolidation, the Debtors reserve the right, with the consent of Delta and the Creditors' Committee (which consent shall not be unreasonably withheld), (i) to proceed with no or a partial Plan Consolidation, (ii) to propose one or more Sub-plans with respect to one or more Debtors, (iii) to proceed with the Confirmation of one or more Sub-plans to the exclusion of other Sub-plans and/or (iv) to withdraw some or all of the Sub-plans. Subject to the preceding sentence, the Debtors' inability to confirm the Plan or any Sub-plan or the Debtors' election to withdraw the Plan Consolidation or any Sub-plan will not impair the Confirmation of any other Sub-plan or the consummation of any such Sub-plan.

In the event that the Bankruptcy Court does not order the Plan Consolidation, with the consent of Delta and the Creditors' Committee (which consent shall not be unreasonably withheld) or further order of the Court, (i) Claims against the individual Debtors will be treated as separate Claims with respect to such Debtor's Estate for all purposes and such Claims shall be administered as provided in the applicable Sub-plan and (ii) the Debtors will not, nor will they be required to, re-solicit votes with respect to the Plan or any applicable Sub-plan, and such votes will be counted as provided in Section 5.1 of the Plan

e. Undue Delay in Confirmation May Disrupt Operations of the Debtors

Although the Plan is designed to minimize the length of the bankruptcy proceeding, it is impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy or to assure parties-in-interest that the Plan will be confirmed.

The continuation of the Chapter 11 Cases, particularly if the Plan is not approved or confirmed in the time frame currently contemplated, could adversely affect operations and relationships with the Debtors' customers, vendors, employees, regulators and partners. If

Confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased costs for professional fees and similar expenses. In addition, prolonged Chapter 11 Cases may make it more difficult to retain and attract management and other key personnel and would require senior management to spend a significant amount of time and effort dealing with the Debtors' financial reorganization instead of focusing on the operation of the Debtors' businesses.

f. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims under the Plan

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual allowed amounts of Claims may differ from the estimates. The estimated amounts are based on certain assumptions with respect to a variety of factors. Should these underlying assumptions prove incorrect, the actual allowed amounts of Claims may vary from those estimated herein. Because distributions to holders of Unsecured Claims under the Plan are linked to the amount and value of Allowed Unsecured Claims, any material increase in the amount of Allowed Unsecured Claims over the amounts estimated by the Debtors would materially reduce the recovery to holders of Unsecured Claims under the Plan.

g. Treatment of Punitive Damages Claims May Materially Dilute or Delay the Recovery to Holders of General Unsecured Claims under the Plan

As set forth more fully in Section 4.2(g) of the Plan, the Plan separately classifies Allowed Punitive Damages Claims from Allowed Other General Unsecured Claims. However, there can be no assurance that the Bankruptcy Court will uphold this classification. Under the Plan, the Bankruptcy Court may order that each holder of an Allowed Punitive Damages Claim be treated as part of Class 6 (Other General Unsecured Claims). The inclusion of Allowed Punitive Damages Claims in Class 6 (Other General Unsecured Claims), if so ordered by the Bankruptcy Court, could materially reduce the recovery to holders of General Unsecured Claims under the Plan.

Furthermore, should the Bankruptcy Court order holders of Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), distributions to holders of Allowed General Unsecured Claims may be materially delayed pending a final liquidation or estimation, in accordance with the Bankruptcy Code, of the amount of Allowed Punitive Damages Claims.

h. Plan Releases May Not Be Approved

There can be no assurance that the Plan releases, as provided in Article 12 of the Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of reorganization that differs from the Plan.

Section 8.2 Factors Affecting the Value of the Securities To Be Issued under the Plan

a. The Reorganized Debtors May Not Be Able to Achieve Their Projected Financial Results

Actual financial results may differ materially from the Financial Projections set forth in Appendix C hereto. If the Reorganized Debtors do not achieve projected revenue or cash flow levels, the Reorganized Debtors may lack sufficient liquidity to continue operating their businesses consistent with the Financial Projections after the Effective Date. The Financial Projections represent management's view based on currently known facts and hypothetical assumptions about their future operations; they do not guarantee the Reorganized Debtors' future financial performance.

b. The Debtors' Financial Projections Are Subject to Inherent Uncertainty Due to the Numerous Assumptions upon Which They Are Based

The Financial Projections are based on numerous assumptions including, without limitation: the timing, Confirmation and consummation of the Plan in accordance with its terms; the anticipated future performance of the Reorganized Debtors; newspaper and media industry performance; general business and economic conditions; and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize, particularly given the current difficult economic environment. In addition, unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement by the Bankruptcy Court, including, without limitation, any natural disasters, terrorism or health epidemics, may affect the actual financial results of the Reorganized Debtors' operations. Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as an assurance of the actual results that will occur.

Except with respect to the Financial Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that might occur subsequent to the date hereof. Such events could have a material impact on the information contained in this Disclosure Statement. Neither the Debtors nor the Reorganized Debtors intend to update the Financial Projections. The Financial Projections, therefore, will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

c. Applicable Securities Laws May Restrict Transfers or Sales of the New Common Stock

The Plan contemplates that Delta, in complete satisfaction of its DIP Facility Claims, shall receive (i) the Exit Note and (ii) a percentage of New Common Stock that combined with the New Common Stock received by Delta on account of the Cash provided by Delta pursuant to Section 6.1 of the Plan will result in Delta receiving 100% of the New Common Stock on the Effective Date, such that, subject to the restructuring transactions described in Section 6.7 of the Plan, upon emergence from Chapter 11, Pinnacle Holdings and the Subsidiary Debtors will be

wholly-owned subsidiaries of Delta. To the extent that the New Common Stock is issued under the Plan and is covered by section 1145(a)(1) of the Bankruptcy Code, it may be resold by a holder thereof without registration unless, as more fully described below, the holder is an “underwriter” with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as any person who:

- (i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest;

- (ii) offers to sell securities offered under a plan for the holders of such securities;

- (iii) offers to buy such securities from the holders of such securities, if the offer to buy is:

- (A) with a view to distributing such securities; and

- (B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or

- (iv) is an “issuer” with respect to the securities, as the term “issuer” is defined in section 2(11) of the Securities Act.

Under section 2(11) of the Securities Act, an “issuer” includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that Delta is deemed to be an “underwriter” as defined in section 1145(b) of the Bankruptcy Code, resales of New Common Stock by Delta would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Sales of New Common Stock would be permitted to sell New Common Stock without registration if they comply with the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. However, Reorganized Pinnacle Holdings has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of Reorganized Pinnacle Holdings’ securities to avail themselves of Rule 144.

Whether or not any particular person would be deemed to be an “underwriter” with respect to the New Common Stock would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New Common Stock would be an “underwriter” with respect to such New Common Stock.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to

trade in the New Common Stock. The Debtors recommend that potential recipients of the New Common Stock consult their own counsel concerning whether they may freely trade New Common Stock without compliance with the Securities Act, the Exchange Act or similar state and federal laws.

Reorganized Pinnacle Holdings has no current plans to register at a later date, post-bankruptcy, the resale of any of its securities under the Securities Act or under equivalent state securities laws such that the recipients of the New Common Stock would be able to resell their securities pursuant to an effective registration statement.

See Article 9, "Securities Law Matters," for additional information regarding restrictions on resale of the New Common Stock.

d. Due to Fresh-Start Accounting Rules, the Reorganized Debtors' Financial Statements Will Not Be Comparable to the Debtors' Historical Financial Statements.

Due to fresh-start accounting rules, the Reorganized Debtors' financial statements will not be comparable to the consolidated historical financial statements of the Debtors.

As a result of the consummation of the Plan and the transactions contemplated thereby, the Reorganized Debtors will be subject to the fresh-start accounting rules in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code." Accordingly, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in the consolidated historical financial statements of the Debtors.

In addition, the financial projections contained in Appendix C do not currently reflect the full impact of fresh start reporting, which may have a material impact on the Financial Projections.

STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE DEBTORS' ESTIMATES, EXPECTATIONS, BELIEFS, INTENTIONS, PROJECTIONS OR STRATEGIES FOR THE FUTURE, MAY BE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL EXPERIENCE OR THE DEBTORS' PRESENT EXPECTATIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. THE DEBTORS UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS DISCLOSURE STATEMENT.

ARTICLE 9
SECURITIES LAW MATTERS

Section 9.1 General

The Plan contemplates that Delta, in complete satisfaction of its DIP Facility Claims, shall receive (i) the Exit Note and (ii) a percentage of New Common Stock that combined with the New Common Stock received by Delta on account of the Cash provided by Delta pursuant to Section 6.1 of the Plan will result in Delta receiving 100% of the New Common Stock on the Effective Date, such that, subject to the restructuring transactions described in Section 6.7 of the Plan, upon emergence from Chapter 11, Pinnacle Holdings and the Subsidiary Debtors will be wholly-owned subsidiaries of Delta. The Reorganized Debtors will issue this New Common Stock to Delta pursuant to Section 3.1(a) of the Plan.

The Debtors believe that the New Common Stock is a “security,” as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws.

Section 9.2 Bankruptcy Code Exemptions from Registration Requirements for the New Common Stock

a. Issuance of New Common Stock

The Debtors believe that the offer and sale of the New Common Stock pursuant to the Plan will be exempt from federal and state securities registration requirements under various provisions of the Securities Act and the Bankruptcy Code. Section 1145 of the Bankruptcy Code provides that Section 5 of the Securities Act and any state law requirements for the offer and sale of a security do not apply to the offer or sale of stock, options, warrants or other securities by a debtor if (i) the offer or sale occurs under a plan of reorganization, (ii) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor, and (iii) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property. In reliance upon section 1145 of the Bankruptcy Code, the transfer of the New Common Stock by Pinnacle Holdings to Delta will not be registered under the Securities Act or any state securities laws. Accordingly, certificates for shares of the New Common Stock will bear the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE
HAVE NOT BEEN REGISTERED UNDER THE SECURITIES
ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES
LAWS OR OTHER JURISDICTION WITHIN THE UNITED
STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED
OR OTHERWISE TRANSFERRED EXCEPT IN
ACCORDANCE WITH THE REGISTRATION
REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS
AMENDED, OR AN EXEMPTION THEREFROM AND, IN

EACH CASE, IN COMPLIANCE WITH APPLICABLE STATE
SECURITIES LAWS.

b. Resale of New Common Stock

The Debtors further believe that subsequent transfers of the New Common Stock by a holder thereof that is not an “underwriter,” as defined in Section 2(a)(11) of the Securities Act and Section 1145(b)(1) of the Bankruptcy Code, will be exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code and applicable state securities laws. In addition, the New Common Stock generally may be able to be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of those states; however, the availability of such exemptions cannot be known unless individual state securities laws are examined. Therefore, potential recipients of the New Common Stock are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as one who, except with respect to “ordinary trading transactions” of an entity that is not an “issuer,” (i) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest, (ii) offers to sell securities offered or sold under a plan for the holders of such securities, (iii) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan, or (iv) is an issuer of the securities within the meaning of Section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer’s securities could also be considered an underwriter within the meaning of Section 2(a)(11) of the Securities Act.

The definition of an “issuer” for purposes of whether a Person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to Section 2(a)(11) of the Securities Act, includes as “statutory underwriters” all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to “issuer,” as used in the definition of “underwriter” contained in Section 2(a)(11), is intended to cover “controlling persons” of the issuer of the securities. “Control,” as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a “controlling person” of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor’s or its successor’s voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten

percent (10%) or more of a class of securities of a reorganized debtor may be presumed to be a “controlling person” and, therefore, an underwriter.

Resales of New Common Stock by Persons deemed to be “underwriters” (which definition includes “controlling person”) are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of New Common Stock who are deemed to be “underwriters” may potentially resell their New Common Stock pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations, manner of sale requirements and certain other conditions are met. However, the Reorganized Debtors do not presently intend to make publicly available the requisite information regarding the Reorganized Debtors and, as a result, Rule 144 is not expected to be available for resales of New Common Stock by Persons deemed to be underwriters.

Whether any particular Person would be deemed to be an “underwriter” (including whether such Person is a “controlling person”) with respect to the New Common Stock would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an “underwriter” with respect to the New Common Stock. In view of the complex nature of the question of whether a particular Person may be an underwriter, the Debtors make no representations concerning the right of any Person to freely resell New Common Stock.

Accordingly, the Debtors recommend that potential recipients of New Common Stock consult their own counsel concerning whether they may freely trade such securities without compliance with the federal and state securities laws.

ARTICLE 10

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Section 10.1 Introduction

The following summarizes certain U.S. federal income tax consequences expected to result from the consummation of the Plan as they relate to the Debtor and to beneficial owners of Claims (each, a “**Holder**”) entitled to vote on the Plan. This summary is intended for general information purposes only, is not a complete analysis of all potential federal income tax consequences that may be relevant to any particular Holder and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws.

This discussion is based on the Internal Revenue Code, United States Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, all as in effect on the date of this Disclosure Statement. These authorities may change, possibly with retroactive effect, resulting in federal income tax

consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This summary does not apply to Holders that are not United States persons for U.S. federal income tax purposes or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass through entities, tax exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and Holders based upon their particular circumstances. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of the consummation of the Plan, as well as any tax consequences arising under any state, local or foreign tax laws, or any other federal tax laws.

This discussion is limited to the federal tax issues addressed herein. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of consummation of the Plan. This discussion was written in connection with the promotion or marketing by the Debtor of the Plan, and it cannot be used by any person for the purpose of avoiding penalties that may be asserted against the person under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax advisor.

Section 10.2 Certain U.S. Federal Income Tax Consequences to Reorganized Debtors

a. Cancellation of Debt and Reduction of Attributes

The discharge of a debt obligation for an amount less than the remaining amount due on the obligation (as determined for U.S. federal income tax purposes) generally will give rise to cancellation of indebtedness (“COD”) income that must be included in the debtor’s income, subject to certain exceptions. In particular, under Section 108 of the Internal Revenue Code, COD income will not be included in a debtor’s income if the discharge of the debt obligation occurs in a case brought under the Bankruptcy Code, the debtor is under the court’s jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the “**Bankruptcy Exception**”). As a result of the Plan, the amount of the Debtors’ aggregate outstanding indebtedness will be substantially reduced. Therefore, the Debtors expect that the consummation of the Plan will produce a significant amount of COD.

Under the Internal Revenue Code, a debtor that excludes COD from income under the Bankruptcy Exception generally must reduce certain tax attributes by a corresponding amount. Attributes subject to reduction include consolidated attributes (such as consolidated net operating losses (“NOLs”), NOL carryforwards and certain other losses, credits and carryforwards) attributable to the debtor, attributes that arose in separate return limitation years of the debtor and

the debtor's tax basis in its assets (including stock of subsidiaries). A debtor's tax basis in its assets generally may not be reduced below the amount of its liabilities remaining immediately after the discharge of indebtedness. The Debtors expect that attribute reduction required by reason of COD produced pursuant to consummation of the Plan will effectively eliminate NOL carryforwards, if any, otherwise available to them.

b. Section 382 Limitation on Net Operating Losses

Section 382 of the Internal Revenue Code generally imposes an annual limitation on the use of NOLs (and certain other tax attributes) if a corporation or a consolidated group with NOLs (a "**loss corporation**") undergoes an "ownership change." In general, an ownership change occurs if the percentage of the value of the loss corporation's stock (including the parent corporation in a consolidated group) owned by one or more direct or indirect "five-percent shareholders" increases by more than fifty percentage points over the lowest percentage of value owned by the five-percent shareholders at any time during the applicable testing period. The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent ownership change of the corporation. The Debtors expect that the consummation of the Plan will result in an ownership change on the Effective Date.

In general, the amount of the annual limitation on a loss corporation's use of its pre-change NOLs (and certain other tax attributes) is equal to the product of the long-term tax-exempt rate (as published by the IRS for the month in which the ownership change occurs) and the value of the loss corporation's outstanding stock immediately before the ownership change, which value is determined under special rules if the ownership change occurs in a case brought under the Bankruptcy Code (the "**Section 382 Limitation**").

In certain cases however, unless the corporation elects otherwise, a special exception under section 382(l)(5) of the Internal Revenue Code will prevent application of the annual limitation provided that at least 50% of the stock of the debtor is owned by the shareholders and certain qualified creditors immediately following the reorganization. Under this rule, NOL carryforwards would be subject to a one time reduction and a second ownership change within two years following the first ownership change would eliminate the Debtors' ability to utilize any NOLs from periods before the first ownership change. A debtor may also elect not to apply section 382(l)(5) to an ownership change that otherwise satisfies its requirements. This election must be made on the debtor's federal income tax return for the taxable year in which the ownership change occurs. The Debtors expect that any NOL carryforwards not utilized prior to consummation of the Plan will effectively be eliminated because of the attribute reduction required in connection with the COD produced pursuant to consummation of the Plan, and so do not expect to benefit from NOL carryforwards following consummation of the Plan.

If the exchanges contemplated by the Plan do not qualify under section 382(l)(5) or if Reorganized Debtors elect not to use that provision, Reorganized Debtors use of their NOLs to offset taxable income earned after consummation of the Plan will be subject to the Section 382 Limitation. However, in that case, section 382(l)(6) of the Internal Revenue Code provides that

Reorganized Debtors may elect to have the value of their stock, for the purpose of calculating its Section 382 Limitation, generally determined by reference to the net equity value of the stock immediately after the ownership change has occurred (rather than immediately before the ownership change, as is the case under the general rule for non-bankruptcy ownership changes). In addition, under an applicable IRS notice, a corporation whose assets in the aggregate have a fair market value greater than their tax basis (a “**Net Unrealized Built-in Gain**”) is permitted to increase its annual Section 382 Limitation during the five years immediately after the ownership change by an amount determined with reference to the depreciation deductions that a purchaser of the Debtors’ assets would have been permitted to claim if it had acquired the Debtors’ assets in a taxable transaction. The Debtors have not yet determined whether they will be eligible for or rely on the special rule under section 382(l)(5) or the special rule under section 382(l)(6).

c. Transfer of Trustee Causes of Action to the Unsecured Claims Trust

As discussed below, the Unsecured Claims Trust is intended to qualify as a liquidating trust pursuant to United States Treasury Regulations section 301.7701-4(d) and the following discussion assumes that the Unsecured Claims Trust will be respected as a liquidating trust for U.S. federal income tax purposes. The transfer of assets to a liquidating trust is generally treated for U.S. federal income tax purposes as a taxable transfer of the assets from a debtor to the creditors followed by a transfer by the creditors to the trust. Accordingly, the Debtors may be required to recognize taxable gain upon the transfer of the Trustee Causes of Action.

Section 10.3 Certain U.S. Federal Income Tax Consequences to the Holders of Claims and Interests

a. Consequences to Holders of Secured Claims, Other Priority Claims and Unsecured Claims

1. Other Priority Claims

The receipt of Cash by a holder of Other Priority Claims generally will be treated as a taxable exchange of such holder’s Claims for Cash. Accordingly, such holders generally will recognize gain or loss equal to the difference between: (x) Cash received in exchange for the Claims and (y) the holder’s adjusted basis, if any, in the Claims. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder’s hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash allocable to accrued interest may be relevant and are summarized below.

2. CIT Facility Claims and Other Secured Claims

The holders of CIT Facility Claims and Other Secured Claims may recognize income, gain or loss for U.S. federal income tax purposes with respect to the discharge of their Claims, depending on whether their Claims are Reinstated or, if not Reinstated, on the outcome of their

negotiations with the Debtors. A holder whose Claim is Reinstated pursuant to the Plan generally will not realize income, gain or loss unless either (i) such holder is treated as having received interest, damages or other income in connection with the Reinstatement or (ii) such Reinstatement is considered a “significant modification” of the Claim. Holders of CIT Facility Claims and Other Secured Claims should consult their own tax advisors to determine whether or not a “significant modification” has occurred and its impact to such holder. A holder who receives Cash or other property in exchange for its Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash or the fair market value of the other property received in exchange for its Claim and (ii) the holder’s adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder’s hands, whether the Claim constitutes a capital asset in the hands of the holder, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash or other property allocable to accrued interest may be relevant and are summarized below.

3. Holders of Unsecured Claims

The holders of Unsecured Claims will receive Trust Interests. The Unsecured Claims Trust is intended to qualify as, and the discussion below assumes that the Unsecured Claims Trust will be respected as, a liquidating trust for U.S. federal income tax purposes pursuant to United States Treasury Regulations section 301.7701-4(d). In general, a liquidating trust is not a separate taxable entity for U.S. federal income tax purposes, but is instead treated as a grantor trust, i.e., a pass-through entity. In Revenue Procedure 94-45, the IRS set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a Chapter 11 Bankruptcy plan. The Unsecured Claims Trust has been structured with the intention of complying with such general criteria. However, no ruling has been requested from the IRS, and no opinion of counsel has been requested, concerning the tax status of the Unsecured Claims Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. Were the IRS to successfully challenge such classification, the U.S. federal income tax consequences to the Debtors, the Unsecured Claims Trust and the holders of Trust Interests could vary significantly from those discussed herein, including with respect to the potential for an entity level tax on the Unsecured Claims Trust’s income.

For U.S. federal income tax purposes, all parties (including the Debtors, the Unsecured Claims Trustee and the holders of Trust Interests) must treat the transfer of the Unsecured Claims Trust Assets to the Unsecured Claims Trust as a transfer of the Unsecured Claims Trust Assets directly to the holders of Trust Interests, followed by a transfer of such assets by the holders of Trust Interests to the Unsecured Claims Trust. Accordingly, the holders of Trust Interests generally will recognize gain or loss equal to the difference between: (x) the fair market value of their allocable share of the Unsecured Claims Trust Assets received in exchange for their Claims and (y) their adjusted basis, if any, in their Claims. The Unsecured Claims Trustee will determine the fair market value of the Unsecured Claims Trust Assets as soon as possible after the Effective Date, and all parties must consistently use this valuation for all U.S. federal

income tax purposes, including for determining gain, loss or tax basis. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder's hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Claim.

The Unsecured Claims Trustee shall file federal income tax returns for the Unsecured Claims Trust as a grantor trust in accordance with United States Treasury Regulations section 1.671-4 and report, but not pay tax on, the Trust Tax Items. The holders of Trust Interests shall report such Trust Tax Items on their U.S. federal income tax returns and pay any resulting tax liability. The character of Trust Tax Items and the holder's ability to benefit from any deductions or losses may depend on upon such holder's particular situation. A holder of Trust Interests may incur a tax liability with respect to its allocable share of the Trust Tax Items even if the Unsecured Claims Trust has not made a concurrent distribution. In general, a distribution by the Unsecured Claims Trust will not be taxable to the holder of a Trust Interest as such holder will already be regarded for U.S. federal income tax purposes as owning the underlying assets or realizing the income of the Unsecured Claims Trust.

4. Disputed Unsecured Claims Reserve

The Disputed Unsecured Claims Reserve is intended to be treated, for U.S. federal income tax purposes, as a "disputed ownership fund" within the meaning of United States Treasury Regulations section 1.468B-9. Amounts earned by the Disputed Unsecured Claims Reserve will generally be subject to an entity level tax on amounts earned on a current basis. The Disputed Unsecured Claims Reserve will be taxed in a manner similar to either a corporation or a qualified settlement fund, depending on the type of assets transferred to it. In general, in determining the Disputed Unsecured Claims Reserve's taxable income, (1) any amounts transferred to the Disputed Unsecured Claims Reserve would be excluded from its income, (2) any sale or exchange of property (including recoveries with respect to the Trustee Causes of Action) by the Disputed Unsecured Claims Reserve would result in the recognition of gain or loss equal to the difference between the amount received on such disposition and the Disputed Unsecured Claims Reserve's adjusted basis in such property and (3) any interest income or other earnings with respect to the Disputed Unsecured Claims Reserve's assets would be included in income.

The Unsecured Claims Trustee will allocate taxable income or loss to the Disputed Unsecured Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Unsecured Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Unsecured Claims). The Unsecured Claims Trustee will treat any assets previously allocated to or retained on account of Disputed Unsecured Claims as a distribution from the Disputed Unsecured Claims Reserve to the Unsecured Claims Trust when, and to the extent, such Claims are subsequently resolved.

5. Accrued but Untaxed Interest

To the extent that any holder of a Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and has any accrued but unpaid interest thereon, any distribution received shall be allocated first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest (including any accrued original issue discount). Any such amount attributable to accrued but unpaid interest should be taxable to the holder as interest income, if such amount has not been previously included in the holder's gross income for U.S. federal income tax purposes. Conversely, a holder may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest (including any original issue discount) was previously included in the holder's gross income but was not paid in full by the Debtors.

b. Consequences to Holders of Interests in Pinnacle Holdings

Holders of Interests in Pinnacle Holdings, which are being cancelled under the Plan, generally will be entitled to claim a worthless stock deduction (assuming that the holder held the stock as a capital asset and the taxable year that includes the Plan is the same taxable year in which the stock first became worthless) in an amount equal to the holder's adjusted basis in the stock. A worthless stock deduction is a deduction allowed to a holder of a corporation's stock (that is a capital asset in the hands of such holder) for the taxable year in which such stock becomes worthless, for the amount of the loss resulting therefrom. A worthless stock deduction is treated as a loss from the sale or exchange of a capital asset.

c. Information Reporting and Backup Withholding

Distributions or payments made pursuant to the Plan may be subject to backup withholding unless the Holder to which distribution or payment is made: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against the Holder's U.S. federal income tax liability, provided required information is furnished to the IRS.

Each Debtor and Disbursing Agent will withhold all amounts required by law to be withheld from payments of interest. Each Debtor and Disbursing Agent will comply with all applicable reporting requirements of the Internal Revenue Code.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX

SITUATION. ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE 11
RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the holders than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. The Creditors' Committee also supports the Plan. In addition, any alternative other than Confirmation of the Plan could result in extensive delays, increased administrative expenses or potential liquidation, resulting in smaller distributions to the holders of Claims. **Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.**

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Dated: New York, New York
March 7, 2013

Respectfully submitted,

PINNACLE AIRLINES CORP. (for itself and on
behalf of Pinnacle Airlines, Inc., Mesaba
Aviation, Inc., Colgan Air, Inc. and Pinnacle
East Coast Operations Inc.)

By: /s/ John Spanjers

Name: John Spanjers

Title: President and Chief Executive Officer

APPENDIX A

**DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11
OF THE BANKRUPTCY CODE**

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PINNACLE AIRLINES CORP., *et al.*,

Debtors.

Chapter 11

Case No. 12-11343 (REG)

(Jointly Administered)

**DEBTORS' JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: March 7, 2013

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INTRODUCTION

Pursuant to section 1121(a) of the Bankruptcy Code,¹ the Debtors in the above-captioned jointly administered Chapter 11 Cases respectfully propose the Plan. The Debtors are the proponents of the Plan under section 1129 of the Bankruptcy Code.

A complete list of the Debtors is set forth below. The list identifies each Debtor by its case number in these Chapter 11 Cases and Employer Identification Number.

<u>Debtor</u>	<u>Case Number</u>	<u>EI No.</u>
Colgan Air, Inc.	12-11344	54-1397506
Mesaba Aviation, Inc.	12-11345	41-1399425
Pinnacle Airlines Corp.	12-11343	03-0376558
Pinnacle Airlines, Inc.	12-11346	58-1605378
Pinnacle East Coast Operations Inc.	12-11342	45-4130877

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors.

Prior to the Debtors' formulation of the Plan, the Debtors engaged in negotiations with several key constituencies to resolve the Debtors' labor, fleet and liquidity needs. Certain of these negotiations resulted in inter-related transactions among the Debtors, ALPA, Delta and the Creditors' Committee, in which the parties agreed that (i) Pinnacle would amend its collective bargaining agreement with ALPA, (ii) Delta and Pinnacle Holdings would provide certain career advancement opportunities, furlough payments and benefits, and transition payments to certain of Pinnacle's pilots under the Bridge Agreement, (iii) Delta and the Debtors would amend the Debtors' DIP Facility to provide incremental liquidity, (iv) Delta, Pinnacle and Pinnacle Holdings would amend the Delta Connection Agreements to restructure Pinnacle's fleet and (v) the parties would enter into a restructuring support agreement setting forth certain principal terms for a plan of reorganization whereby Delta would fund the Debtors' emergence from chapter 11 in exchange for 100% of the New Common Stock. The Bankruptcy Court approved these inter-related transactions on January 16, 2013.

The Plan is consistent with the comprehensive agreements approved by the Bankruptcy Court and is supported by the Creditors' Committee and Delta.

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Section 1.1 of the Plan.

The Plan is premised upon the limited consolidation of the Estates of the Debtors with one another, such consolidation to be effected solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distributions.

Pursuant to section 1125(b) of the Bankruptcy Code, votes to accept or reject a plan of reorganization cannot be solicited from holders of Claims or Interests entitled to vote on a plan until a disclosure statement has been approved by a bankruptcy court and distributed to such holders. On March 7, 2013, the Bankruptcy Court entered the Approval Order that, among other things, approved the Disclosure Statement, set voting procedures and scheduled the Confirmation Hearing. The Disclosure Statement that accompanies the Plan contains, among other things, a discussion of the Debtors' history, businesses, properties and operations, projections for those operations, risk factors associated with the Debtors' businesses and the Plan, and a summary and analysis of the Plan and certain related matters.

ARTICLE 1

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1 Definitions

Unless the context requires otherwise, the following terms used in the Plan shall have the following meanings:

1. **"2007 CRJ-900 Agreement"** means the Delta Connection Agreement dated as of April 27, 2007 by and among Pinnacle Holdings, Pinnacle and Delta, as amended, modified or supplemented.
2. **"Administrative Claim"** means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, but not limited to, DIP Facility Claims, Other Administrative Claims and Professional Fee Claims.
3. **"AFA"** means the Association of Flight Attendants-CWA.
4. **"AFA CBA"** means the agreement, effective October 24, 2011 until October 24, 2016, between Pinnacle and AFA as successor to the United Steelworkers Union Local 09-0772 representing the flight attendants, as amended, modified or supplemented prior to the date hereof.
5. **"AFA Claims"** means the allowed non-priority general unsecured Claims of AFA against Pinnacle, Mesaba and Colgan on account of the AFA CBA, each in the amount of \$24,300,000.
6. **"Affiliate"** has the meaning set forth in section 101(2) of the Bankruptcy Code.

7. **“Allowed”** means, when used in reference to a Claim, all or that portion, as applicable, of any Claim against any Debtor (i) that has been listed by the Debtors in the Schedules, as such Schedules may be amended by the Debtors from time to time, as liquidated in amount and not disputed or contingent, and for which no contrary or superseding Proof of Claim has been filed, (ii) that has been expressly allowed by Final Order or under the Plan, (iii) that has been compromised, settled or otherwise resolved pursuant to the Claims Settlement Procedures Order, another Final Order of the Bankruptcy Court or Section 9.2 of the Plan or (iv) that the Debtors or the Unsecured Claims Trustee, as applicable, do not timely object to in accordance with Section 9.1 of the Plan; *provided, however*, that Claims allowed solely for the purpose of voting to accept or reject the Plan shall not be considered “Allowed” for any other purpose under the Plan or otherwise, except if and to the extent otherwise determined to be Allowed as provided herein. Unless otherwise specified under the Plan, under the Bankruptcy Code, by order of the Bankruptcy Court or as otherwise agreed by the Debtors, Allowed Claims shall not, for any purpose under the Plan, include any interest, costs, fees or charges on such Claims from and after the Petition Date.
8. **“ALPA”** means the Air Line Pilots Association, International.
9. **“ALPA Claims”** means the allowed non-priority general unsecured Claims of ALPA against Pinnacle, Mesaba and Colgan on account of the ALPA JCBA, each in the amount of \$138,558,184.
10. **“ALPA JCBA”** means the agreement, effective February 18, 2011 between Pinnacle, Mesaba and Colgan, and the pilots in the service of those carriers, as represented by ALPA (as amended, modified or supplemented prior to the date hereof, including as amended by the Letter of Agreement approved by the Bankruptcy Court on January 16, 2013).
11. **“Amended EDC Facilities”** means the EDC Facilities as amended by agreement among the Debtors, Delta and EDC to permanently waive existing non-monetary defaults and cross-defaults and such other modifications as the parties shall agree, which shall be substantially consistent with the term sheet set forth in a Plan Supplement.
12. **“Appropriate Court”** means, for a particular Claim, the Bankruptcy Court or, if the Bankruptcy Court does not have competent jurisdiction over the validity, nature or amount of such Claim, as applicable, such other court having the necessary competent jurisdiction.
13. **“Approval Motion”** means the Debtors’ Motion for Entry of Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Establishing Procedures for Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures, filed on February 1, 2013.

14. **“Approval Order”** means the Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Establishing Procedures for Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures, entered by the Bankruptcy Court on March 7, 2013 [ECF No. ____].
15. **“Assumption Effective Date”** means the date upon which the assumption of an executory contract or unexpired lease under the Plan is deemed effective, which in no case shall be later than the Effective Date unless otherwise agreed by the relevant Assumption Party.
16. **“Assumption Party”** means a counterparty to an executory contract or unexpired lease to be assumed and/or assigned by the Debtors under the Plan.
17. **“Avoidance Actions”** has the meaning set forth in Section 12.11 of the Plan.
18. **“Ballot”** means the voting form distributed to each holder of an Impaired Claim entitled to vote, on which the holder is to indicate acceptance or rejection of the Plan in accordance with the Voting Instructions and make any other elections or representations required pursuant to the Plan or the Approval Order.
19. **“Bankruptcy Code”** means title 11 of the United States Code, as now in effect or hereafter amended, to the extent applicable to the Chapter 11 Cases.
20. **“Bankruptcy Court”** means the United States Bankruptcy Court for the Southern District of New York with jurisdiction over the Chapter 11 Cases.
21. **“Bankruptcy Court Case Management Order”** means the Case Management Order #1, entered by the Bankruptcy Court on April 2, 2012 [ECF No. 32].
22. **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, each as now in effect or as hereafter amended, to the extent applicable to the Chapter 11 Cases.
23. **“Bar Date Order”** means the Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof, entered by the Bankruptcy Court on June 25, 2012 [ECF No. 448].
24. **“Beneficial Ballots”** means the ballots upon which Beneficial Holders shall indicate to Nominees their acceptance or rejection of the Plan in accordance with the Voting Instructions.
25. **“Beneficial Holder”** or **“Beneficial Ownership”** means, with respect to any security, having “beneficial ownership” of such security (as determined pursuant to Rule 13d-3 of the Securities Exchange Act of 1934).

26. **“Board”** means, as of any date, the then-existing board of directors of Pinnacle Holdings, including any duly-formed committee thereof.
27. **“Bridge Agreement”** means the Pinnacle Airlines Bridge Agreement by and among Delta, ALPA, Pinnacle Holdings and the Pinnacle Master Executive Council approved by the Bankruptcy Court on January 16, 2013.
28. **“Business Day”** means any day other than a Saturday, a Sunday, a “legal holiday” (as defined in Bankruptcy Rule 9006(a)), or any other day on which banking institutions in New York, New York or Memphis, Tennessee are required or authorized to close by law or executive order.
29. **“Case Management Orders”** means the Debtor Case Management Order and the Bankruptcy Court Case Management Order.
30. **“Cash”** means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer or any other customary payment method.
31. **“Cause of Action”** means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, Claims, counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.
32. **“Chapter 11 Cases”** means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the Petition Date, with case numbers as set forth in the Introduction to the Plan, that are jointly administered in the case styled *In re Pinnacle Airlines Corp.*, Case No. 12-11343 (REG).
33. **“CIT Facility”** means that certain Amended and Restated Credit Agreement (as amended, modified or supplemented prior to the date hereof), dated as of May 15, 2012, among the Debtors as Borrowers, C.I.T. Leasing Corporation and the other lenders signatory thereto from time to time.
34. **“CIT Facility Claims”** means any Claims against a Debtor arising pursuant to the CIT Facility.
35. **“Claim”** means a “claim,” as defined in section 101(5) of the Bankruptcy Code.

- 36. **“Claims Agent”** means Epiq Bankruptcy Solutions, LLC, which is located at 757 Third Avenue, New York, NY 10017.
- 37. **“Claims Objection Deadline”** means 11:59 p.m. (prevailing Eastern Time) on the 365th calendar day after the Effective Date, subject to further extensions and/or exceptions as may be ordered by the Bankruptcy Court.
- 38. **“Claims Objection Procedures Order”** means the Order Establishing Procedures for Claims Objections, entered by the Bankruptcy Court on October 11, 2012 [ECF No. 705].
- 39. **“Claims Settlement Procedures Order”** means the Order Authorizing and Approving Procedures for Compromise and Settlement of Certain Claims, Litigations and Causes of Action, entered by the Bankruptcy Court on April 23, 2012 [ECF No. 170].
- 40. **“Class”** means any group of Claims or Interests classified by the Plan pursuant to section 1122(a) of the Bankruptcy Code.
- 41. **“Colgan”** means Colgan Air, Inc., a Virginia corporation.
- 42. **“Collateral”** means any property or interest in property of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance and is not otherwise invalid under the Bankruptcy Code or other applicable law.
- 43. **“Collective Bargaining Agreements”** means, collectively, (i) the ALPA JCBA, (ii) the AFA CBA, (iii) the TWU CBA and (iv) the Dormant CBA.
- 44. **“Confirmation”** means confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.
- 45. **“Confirmation Date”** means the date on which the Confirmation Order is entered by the Bankruptcy Court on its docket.
- 46. **“Confirmation Hearing”** means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.
- 47. **“Confirmation Order”** means the order of the Bankruptcy Court entered pursuant to section 1129 of the Bankruptcy Code confirming the Plan.
- 48. **“Contingent”** means, when used in reference to a Claim, any Claim, the liability for which attaches or is dependent upon the occurrence or happening of, or is triggered by, an event that has not yet occurred as of the date on which such Claim is sought to be estimated or on which an objection to such Claim is filed, whether or not such event is within the actual or presumed contemplation of the holder of such Claim and whether or not a relationship between the holder of such Claim and the applicable Debtor now or hereafter exists or previously existed.

- 49. **“Creditor”** means any holder of a Claim.
- 50. **“Creditors’ Committee”** means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, as constituted from time to time.
- 51. **“CRJ-200 Agreement”** means the Fourth Amended and Restated Airline Services Agreement dated as of May 13, 2012 by and among Pinnacle Holdings, Pinnacle and Delta (as amended, modified or supplemented prior to the date hereof).
- 52. **“CRJ-900 Agreement”** means the Amended and Restated 2010 Delta Connection Agreement dated as of April 1, 2012 by and among Pinnacle Holdings, Pinnacle and Delta (as amended, modified or supplemented prior to the date hereof).
- 53. **“Cure”** means a distribution made in the ordinary course of business following the Effective Date pursuant to an executory contract or unexpired lease assumed under section 365 or 1123 of the Bankruptcy Code (i) in an amount equal to the Proposed Cure (including if such Proposed Cure is zero dollars) or (ii) if a Treatment Objection is filed with respect to the applicable Proposed Cure, then in an amount equal to the unpaid monetary obligations owing by the Debtors and required to be paid pursuant to section 365(b) of the Bankruptcy Code, as may be (x) determined by Final Order or (y) otherwise agreed upon by the parties and Delta.
- 54. **“Debtor Case Management Order”** means, prior to the Effective Date, the Order Establishing Notice, Case Management and Administrative Procedures, entered by the Bankruptcy Court on April 3, 2012 [ECF No. 42], and, on and after the Effective Date, such order as modified by Section 16.18 of the Plan.
- 55. **“Debtors”** means each of Pinnacle Holdings, Pinnacle, PECO, Colgan and Mesaba. To the extent that the context requires any reference to the Debtors after the Effective Date, Debtors shall mean the Reorganized Debtors.
- 56. **“Delta”** means Delta Air Lines, Inc., a Delaware corporation.
- 57. **“Delta Connection Agreements”** means, collectively, the CRJ-200 Agreement, the 2007 CRJ-900 Agreement and the CRJ-900 Agreement.
- 58. **“Delta Unsecured Claims”** means the Class 6 Other General Unsecured Claims of Delta, which shall be allowed in the following amounts: (a) \$95,400,000.00 against Pinnacle Holdings, as set forth in proof of claim number 1114; (b) \$95,884,914.01 against Pinnacle, as set forth in proof of claim number 1115; (c) \$8,470.52 against Mesaba as set forth in proof of claim number 1111; (d) \$3,891.41 against Mesaba, as set forth in proof of claim number 1110; (e) \$91,029.74 against Mesaba, as set forth in proof of claim number 1113; (f) \$7,087.81 against Pinnacle, as set forth in proof of claim number 1109; and (g) \$1,557.75 against Colgan, as set forth in proof of claim number 1112.

- 59. **“DIP Agent”** means Delta in its capacity as administrative agent under the DIP Facility.
- 60. **“DIP Facility”** means that certain Senior Secured Super-Priority Debtor In Possession Credit Agreement, dated as of May 18, 2012, among the Debtors as Borrower and Credit Parties, the lenders signatory thereto from time to time and the DIP Agent, as approved by the Bankruptcy Court pursuant to the DIP Orders, as the same has been and may be further amended, restated, modified or extended.
- 61. **“DIP Facility Claim”** means a Claim against a Debtor arising pursuant to the DIP Facility and/or the DIP Orders.
- 62. **“DIP Lender”** means any lender under the DIP Facility as of or after the Effective Date.
- 63. **“DIP Orders”** means, collectively, the (a) Order Pursuant to Sections 105, 361, 362, 364, 365, 502, 1107, and 1108 of the Bankruptcy Code (i) Authorizing Debtors to Obtain Post-Petition Financing, (ii) Granting Liens and Providing Super-Priority Administrative Expense Status, (iii) Granting Adequate Protection to Prepetition Secured Parties, (iv) Authorizing Debtors to Assume Connection Agreements with Delta Air Lines, Inc., and (v) Allowing General Unsecured Claim, entered by the Bankruptcy Court on May 17, 2012 [ECF No. 316], and (b) Order (i) Authorizing Debtors to Obtain Additional Post-Petition Financing, (ii) Increasing the Amount of Indebtedness Secured by Liens and Granted Super-Priority Administrative Expense Status, (iii) Granting Adequate Protection to Secured Parties, (iv) Authorizing Debtors to Amend Connection Agreements With Delta Air Lines, Inc., and (v) Authorizing Debtors to Enter into Bridge Agreement, entered by the Bankruptcy Court on January 16, 2013 [ECF No. 898].
- 64. **“Disallowed”** means, when used in reference to a Claim, all or that portion, as applicable, of any Claim against any Debtor that (i) has been disallowed by a Final Order of the Bankruptcy Court, (ii) is listed in the Schedules as “\$0,” contingent, disputed or unliquidated and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, (iii) has been agreed to be equal to “\$0” or to be expunged pursuant to the Claims Settlement Procedures Order or otherwise or (iv) is not listed on the Schedules and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.
- 65. **“Disbursing Agents”** means each of the Plan Disbursing Agent and the Unsecured Claims Disbursing Agent.
- 66. **“Disclosure Statement”** means the disclosure statement relating to the Plan, including all exhibits and schedules thereto, as amended, supplemented or modified from time to time, in each case, as approved pursuant to section 1125 of the Bankruptcy Code by the Bankruptcy Court in the Approval Order.

- 67. **“Disputed”** means, when used in reference to a Claim, any Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim.
- 68. **“Disputed Unsecured Claims Reserve”** has the meaning set forth in Section 6.8(j) of the Plan.
- 69. **“Distribution Record Date”** means the Confirmation Date.
- 70. **“Dormant CBA”** means the agreement, effective May 24, 2010, between Pinnacle and the United Steel Workers Union representing the fleet and passenger service employees (as amended, modified or supplemented prior to the date hereof).
- 71. **“EDC”** means Export Development Canada.
- 72. **“EDC Facilities”** means all loan agreements, indentures, loan certificates, guarantees or other financing documents (each as amended, supplemented or modified prior to the date hereof) between EDC and the Debtors related to the financing of aircraft (including any associated engines) with tail numbers: (i) 146PQ; (ii) 147PQ; (iii) 153PQ; (iv) 161PQ; (v) 162PQ; (vi) 166PQ; (vii) 170PQ; (viii) 176PQ; (ix) 181PQ; (x) 186PQ; (xi) 187PQ; (xii) 195PQ; (xiii) 197PQ; (xiv) 200PQ; (xv) 228PQ and (xvi) 232PQ.
- 73. **“EDC Facilities Claims”** means any Claims against a Debtor arising pursuant to the EDC Facilities.
- 74. **“Effective Date”** means the Business Day selected by the Debtors and Delta that is (i) on or after the Confirmation Date and on which no stay of the Confirmation Order is in effect and (ii) on or after the date on which the conditions to effectiveness of the Plan specified in Section 13.1 of the Plan have been either satisfied or waived as set forth herein.
- 75. **“Employee Agreement”** means any agreement (other than a Collective Bargaining Agreement or standard form acknowledgement or undertaking by newly-hired employees for the benefit of any of the Debtors) between, or any offer letter issued by, any of the Debtors and/to any current or former directors, officers or employees of any of the Debtors.
- 76. **“Entity”** or **“entity”** means an entity as defined in section 101(15) of the Bankruptcy Code.
- 77. **“Estate”** means, individually, the estate of each of the Debtors and collectively, the estates of all of the Debtors created under section 541 of the Bankruptcy Code.
- 78. **“Exculpated Parties”** means (a) the Administrative Agent (as defined in the DIP Facility); (b) the lenders under the DIP Facility; (c) Delta; (d) the Creditors’ Committee and its members; (e) AFA; (f) ALPA; (g) TWU; (h) with respect to each of the foregoing entities in clauses (a) through (g), such entities’ predecessors, successors and assigns,

subsidiaries, Affiliates, managed accounts or funds, and their current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other Professionals (in each case, solely in their capacity as such); and (i) the Debtors' and the Reorganized Debtors' current and former employees, their current and former directors, officers, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals, and such persons' respective heirs, executors, estates, servants and nominees (in each clause (a) through (i), solely in their capacity as such).

- 79. **"Exit Facility"** means the "Exit Facility" as defined in the DIP Facility.
- 80. **"Exit Loan Documents"** means the "Exit Loan Documents" as defined in the DIP Facility.
- 81. **"Exit Note"** means the "Exit Note" as defined in the DIP Facility with an aggregate principal amount on the Effective Date of \$45 million.
- 82. **"FAA"** means the Federal Aviation Administration.
- 83. **"Final Order"** means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction that has not been reversed, stayed, modified or amended, and as to which the time to appeal, seek reconsideration under Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure, seek a new trial, reargument or rehearing and, where applicable, petition for certiorari has expired and no appeal, motion for reconsideration under Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure, motion for a new trial, reargument or rehearing or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought, or as to which any motion for reconsideration that has been filed pursuant to Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure or any motion for a new trial, reargument or rehearing has been resolved by the court in which such motion was filed; *provided, however*, that the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024, or any analogous rule, may be filed relating to such order or judgment shall not cause such order or judgment not to be a Final Order.
- 84. **"General Unsecured Claims"** means, collectively, Union Claims and Other General Unsecured Claims.
- 85. **"HSR Act"** means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.
- 86. **"Impaired"** means, when used in reference to a Claim, any Claim that is impaired within the meaning of section 1124 of the Bankruptcy Code.

- 87. **“Indenture”** means that certain Trust Indenture dated as of December 1, 1986, as amended and supplemented by a First Supplemental Indenture dated as of November 1, 1997 (and as further amended, supplemented or modified prior to the date hereof) between Memphis-Shelby County Airport Authority and The Bank of New York Mellon Trust Company, N.A., providing for the issuance of the Special Facilities Revenue Bonds, Refunding Series 1997.
- 88. **“Indenture Documents”** has the meaning set forth in Section 6.5 of the Plan.
- 89. **“Insurance Plans”** means the Debtors’ insurance policies (including the Insurance Policies) and any agreements, documents or instruments relating thereto entered into prior to the Petition Date.
- 90. **“Insurance Policies”** has the meaning set forth in Section 10.3(a) of the Plan.
- 91. **“Intercompany Claim”** means any Claim by a Debtor against another Debtor.
- 92. **“Intercompany Contract”** means a contract solely between two or more Debtors entered into prior to the Petition Date.
- 93. **“Interest”** means any equity security within the meaning of section 101(16) of the Bankruptcy Code including, without limitation, all issued, unissued, authorized or outstanding shares of stock or other equity interests (including common and preferred), together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire any such equity interests at any time and all rights arising with respect thereto.
- 94. **“Interim Compensation Order”** means the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, entered by the Bankruptcy Court on April 23, 2012 [ECF No. 172].
- 95. **“Interline Agreements”** means “Honored Contracts” as such term is defined in the Debtors’ Motion for an Order (i) Authorizing Debtors to Honor Interline Agreements, Clearinghouse Agreements, and Code Share Agreements and Prepetition Obligations Related Thereto, (ii) Modifying the Automatic Stay Solely to the Extent Necessary to Effectuate the Intended Relief and (iii) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers, filed on April 2, 2012 [ECF No. 13].
- 96. **“Internal Revenue Code”** means the Internal Revenue Code of 1986, as amended.
- 97. **“IRS”** means the Internal Revenue Service of the United States of America.
- 98. **“Letter of Credit”** means a documentary or standby letter of credit issued for the account of any of the Debtors, and any reimbursement agreement or similar agreement entered into prior to the Petition Date in connection therewith.

- 99. **“Lien”** means a “lien,” as defined in section 101(37) of the Bankruptcy Code.
- 100. **“Master Ballots”** means the master ballots upon which the Nominees of Beneficial Holders shall indicate acceptances and rejections of the Plan in accordance with the Voting Instructions.
- 101. **“Mesaba”** means Mesaba Aviation, Inc., a Minnesota corporation.
- 102. **“New Board”** means the board of directors of Reorganized Pinnacle Holdings on the Effective Date. Details of the composition of the New Board shall be disclosed in a Plan Supplement to the extent required under the Bankruptcy Code.
- 103. **“New Certificate of Incorporation”** means the certificate of incorporation or other analogous organizational document of Reorganized Pinnacle Holdings or, if Reorganized Pinnacle Holdings is merged into another entity pursuant to the restructuring transactions in Section 6.7, then the surviving entity of such merger, which shall be acceptable to Delta and shall be substantially in the form set forth in a Plan Supplement.
- 104. **“New Common Stock”** means the shares of common stock, par value \$0.01 per share, of Reorganized Pinnacle Holdings to be authorized and issued hereunder or for purposes specified herein.
- 105. **“Nominee”** means any broker, dealer, commercial loans institution, financial institution or other nominee in whose name securities are registered or held of record on behalf of a Beneficial Holder.
- 106. **“Notice of Intent to Assume or Reject”** means a notice delivered by the Debtors with the consent of Delta or by the Reorganized Debtors pursuant to Article 10 of the Plan stating an intent to assume or reject an executory contract or unexpired lease and including a proposed Assumption Effective Date or Rejection Effective Date, as applicable, and, if applicable, a Proposed Cure and/or a proposed assignment.
- 107. **“Ordinary Course Professionals Order”** means the Order Authorizing the Debtors to Employ Ordinary Course Professionals *Nunc Pro Tunc* to the Petition Date, entered by the Bankruptcy Court on April 23, 2012 [ECF No. 183].
- 108. **“Other Administrative Claim”** means an Administrative Claim, including any of the following (to the extent the same constitutes an Administrative Claim): (i) the actual, necessary costs and expenses of preserving the Estates and operating the businesses of the Debtors incurred on or after the commencement of the Chapter 11 Cases, including Cure amounts and other liabilities incurred by the Debtors in the ordinary course of their businesses, (ii) reclamation claims under section 546(c) of the Bankruptcy Code and Uniform Commercial Code section 2-702, (iii) except with respect to Professionals, compensation for legal, financial advisory, accounting and other services and reimbursement of expenses that would be awarded or Allowed pursuant to sections 327, 328, 330 or 331 of the Bankruptcy Code or otherwise for the period commencing on or

after the Petition Date and ending on or before the Effective Date, (iv) claims under section 503(b)(9) of the Bankruptcy Code and (v) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4) or (5) of the Bankruptcy Code. Other Administrative Claims shall not include DIP Facility Claims, CIT Facility Claims, EDC Facilities Claims, Professional Fee Claims or fees and charges assessed against the Debtors' Estates pursuant to section 1930 of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code (which shall be paid pursuant to Section 16.6 of the Plan).

- 109. **"Other Administrative Claim Bar Date"** means the date that is 30 calendar days after the Effective Date.
- 110. **"Other General Unsecured Claim"** means any prepetition Claim against any of the Debtors that is not a DIP Facility Claim, Other Administrative Claim, Priority Tax Claim, Other Priority Claim, CIT Facility Claim, EDC Facilities Claim, Other Secured Claim, Union Claim, Punitive Damages Claim, Section 510(b) Claim or Intercompany Claim, including any unsecured claims under section 506(a)(1).
- 111. **"Other Priority Claim"** means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.
- 112. **"Other Secured Claim"** means any Secured Claim other than the CIT Facility Claims, EDC Facilities Claims and DIP Facility Claims.
- 113. **"PECO"** means Pinnacle East Coast Operations Inc., a New York corporation.
- 114. **"Person"** or **"person"** means a person as defined in section 101(41) of the Bankruptcy Code.
- 115. **"Petition Date"** means April 1, 2012, the date on which the Debtors commenced the Chapter 11 Cases, and, where relevant, the time of the filing of the Debtors' chapter 11 petitions on such date.
- 116. **"Pinnacle"** means Pinnacle Airlines, Inc., a Georgia corporation.
- 117. **"Pinnacle Holdings"** means Pinnacle Airlines Corp., a Delaware Corporation.
- 118. **"Plan"** means this Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, including all Plan Supplements and all exhibits, supplements, appendices and schedules to any of the foregoing, as any of them may be amended or modified from time to time hereunder or in accordance with applicable law.
- 119. **"Plan Consolidation"** means the deemed consolidation of the Estates of the Debtors with one another, solely for the purposes associated with the confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distribution.

120. **“Plan Disbursing Agent”** means Reorganized Pinnacle Holdings or any Person or Entity designated or retained by the Reorganized Debtors, in their sole discretion and without the need for any further order of the Bankruptcy Court, to serve as disbursing agent for Claims other than Unsecured Claims pursuant to Section 7.1 of the Plan.
121. **“Plan Documents”** means the agreements, instruments and documents to be executed, delivered, assumed and/or performed in conjunction with the consummation of the Plan on and after the Effective Date, including, without limitation, (i) the Exit Loan Documents, (ii) the Unsecured Claims Trust Agreement and (iii) any other instruments and documents listed in the Plan Supplements.
122. **“Plan Supplements”** means, collectively, the documents, agreements, instruments, schedules and exhibits and forms thereof to be filed as specified in Section 16.8 of the Plan as a Plan Supplement, as each such document, agreement, instrument, schedule and exhibit and form thereof may be altered, restated, modified or replaced from time to time, including subsequent to the filing of any such documents, and each such document must be acceptable to Delta and the Creditors’ Committee. Subsequent to their initial filing pursuant to Section 16.8, the Debtors shall, with the consent of Delta and the Creditors’ Committee, be free to modify any such documents without further filings or notice to any party. Each such document, agreement, instrument, schedule or exhibit or form thereof is referred to herein as a “Plan Supplement.” For the avoidance of doubt, Schedules 10.2(a) and 10.2(b) hereto shall not be deemed to be “Plan Supplements.”
123. **“Priority Claims”** means, collectively, Priority Tax Claims and Other Priority Claims.
124. **“Priority Tax Claim”** means a Claim (whether secured or unsecured) of a governmental unit entitled to priority pursuant to section 507(a)(8) or specified under section 502(i) of the Bankruptcy Code.
125. **“Professional”** means a person retained in the Chapter 11 Cases by separate Bankruptcy Court order pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise, but not including any person retained pursuant to the Ordinary Course Professionals Order.
126. **“Professional Fee Claims”** means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred during the period from the Petition Date through the last day of the calendar month immediately preceding the Confirmation Date.
127. **“Proof of Claim”** means a proof of claim filed by a holder of a Claim in accordance with the Bar Date Order.
128. **“Proposed Cure”** means, with respect to a particular executory contract or unexpired lease, the consideration that the Debtors with the consent of Delta propose (which may be zero or some amount greater than zero) on a Notice of Intent to Assume or Reject as full satisfaction of the Debtors’ obligations with respect to such executory contract or unexpired lease pursuant to section 365(b) of the Bankruptcy Code.

129. **“Punitive Damages Claims”** means any prepetition Claim on account of a tort action for (i) multiple, exemplary or punitive damages or (ii) any other amount sought as a sanction for wrongful conduct or to deter similar wrongful conduct in the future other than on account of actual pecuniary loss suffered by the holder of such Claim.
130. **“Ratable Share”** means:
- (i) With respect to an Allowed General Unsecured Claim, the ratio of the Allowed General Unsecured Claim to the aggregate amount of (a) all Allowed General Unsecured Claims as of such date (excluding the Delta Unsecured Claims) and (b) the estimated aggregate value of all Disputed General Unsecured Claims, on such date, as reasonably determined by the Unsecured Claims Trustee.
 - (ii) With respect to an Allowed Punitive Damages Claim, the ratio of the Allowed Punitive Damages Claim to the aggregate amount of (a) all Allowed Punitive Damages Claims as of such date and (b) the estimated aggregate value of all Disputed Punitive Damages Claims, on such date, as reasonably determined by the Unsecured Claims Trustee.
131. **“Reinstated”** or **“Reinstatement”** means (i) leaving unaltered the legal, equitable and contractual rights to which a Claim or Interest entitles the holder thereof so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) notwithstanding and without giving effect to any contractual provision or applicable law that entitles a Creditor to demand or receive accelerated payment of a Claim after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (B) reinstating the maturity of such Claim as such maturity existed before such default, (C) compensating the Creditor for any damages incurred as a result of any reasonable reliance by such Creditor on such contractual provision or such applicable law and (D) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Creditor; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, without limitation, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, “going dark” provisions and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated by the Plan or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to accomplish Reinstatement.
132. **“Rejection Bar Date”** means the deadline for filing Proofs of Claim arising from the rejection of an executory contract or unexpired lease, which deadline shall be 30 calendar days after the Debtors serve notice of the entry of an order (including, without limitation, the Confirmation Order) approving the rejection of such executory contract or unexpired lease.
133. **“Rejection Claim”** means a Claim under section 502(g) of the Bankruptcy Code.

- 134. **“Rejection Effective Date”** means the date upon which the rejection of an executory contract or unexpired lease under the Plan is deemed effective.
- 135. **“Rejection Party”** means a counterparty to an executory contract or unexpired lease to be rejected by the Debtors under the Plan.
- 136. **“Released Parties”** means (a) the DIP Agent (as defined in the DIP Facility); (b) the lenders under the DIP Facility; (c) Delta; (d) the Creditors’ Committee and its members; (e) AFA; (f) ALPA; (g) TWU; (h) with respect to each of the foregoing entities in clauses (a) through (g), such entities’ predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and their current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other Professionals (in each case, solely in their capacity as such); and (i) the Debtors’ and the Reorganized Debtors’ current and former employees, their current and former directors, officers, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals, and such persons’ respective heirs, executors, estates, servants and nominees (in each clause (a) through (i), solely in their capacity as such).
- 137. **“Reorganized Debtors”** means, collectively, each of the Debtors, and any successor thereto, whether by merger, consolidation or otherwise, on and after the Effective Date.
- 138. **“Reorganized Pinnacle Holdings”** means Pinnacle Holdings, and any successor thereto, whether by merger, consolidation or otherwise, on and after the Effective Date.
- 139. **“Reorganized Subsidiary Debtors”** means, collectively, each of the Reorganized Debtors other than Reorganized Pinnacle Holdings.
- 140. **“Reorganized Subsidiary Debtors’ Certificates of Incorporation”** means, collectively, the certificates of incorporation of each of the Reorganized Subsidiary Debtors or, if any Reorganized Subsidiary Debtor is merged into another entity pursuant to the restructuring transactions in Section 6.7, then the surviving entity of such merger.
- 141. **“Restructuring Support Agreement”** means that certain Restructuring Support Agreement approved by the Bankruptcy Court in the Order Authorizing Debtors to Enter into and Perform Under a Restructuring Support Agreement with Delta Air Lines, Inc. and the Official Committee of Unsecured Creditors entered on January 16, 2013 [ECF No. 900].
- 142. **“Schedules”** means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, as such schedules and statements have been or may be supplemented, modified or amended from time to time.

143. **“Section 510(b) Claims”** means any Claim or Cause of Action against any of the Debtors (i) arising from rescission of a purchase or sale of shares, notes or any other securities of any of the Debtors or an Affiliate of any of the Debtors, (ii) for damages arising from the purchase or sale of any such security, (iii) for violations of the securities laws, misrepresentations or any similar Claims related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, (iv) for reimbursement, contribution or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim, including Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the offer or sale of securities or (v) for attorneys’ fees, other charges or costs incurred on account of any of the foregoing Claims or Causes of Action.
144. **“Secured Claim”** means any Claim or portion thereof other than a Priority Tax Claim (i) that is reflected in the Schedules or a Proof of Claim as a secured claim and is secured by a Lien on Collateral, to the extent of the value of such Collateral, as determined in accordance with section 506(a) and, if applicable, section 1129(b) of the Bankruptcy Code or (ii) to the extent that the holder thereof has a valid right of set-off pursuant to section 553 of the Bankruptcy Code.
145. **“Securities Act”** means the Securities Act of 1933, as amended.
146. **“Senior Trust Interests”** means beneficial interests in the Unsecured Claims Trust granted to holders of Allowed General Unsecured Claims under the Plan.
147. **“Servicer”** means an indenture trustee, owner trustee, pass-through trustee, subordination agent, agent, servicer or any other authorized representative of Creditors recognized by the Debtors.
148. **“Solicitation Agent”** means Epiq Bankruptcy Solutions, LLC, the Debtors’ solicitation agent.
149. **“Subordinated Trust Interests”** means beneficial interests in the Unsecured Claims Trust subordinated in right of payment to the Senior Trust Interests.
150. **“Sub-plan”** means one or more sub-plans of reorganization described in Article 2 with respect to any individual Debtor.
151. **“Subsidiary Debtors”** means, collectively, each of Colgan, Mesaba, PECO and Pinnacle.
152. **“Surety Bonds”** means each of the surety bonds listed in Exhibit B to the Debtors’ Motion for an Order Authorizing the Debtors to Continue and Renew Letter of Credit and Surety Bond Programs [ECF No. 15].
153. **“Tail Policy”** shall have the meaning set forth in Section 16.3.

154. **“Transfer”** and words of like import mean, with respect to any security or the right to receive a security or to participate in any offering of any security (each, a **“security”** for purposes of this definition), the sale, transfer, pledge, hypothecation, encumbrance, assignment, constructive sale, participation in or other disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer, constructive sale or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing and whether or not directly or indirectly, to effect any of the foregoing. The term **“constructive sale”** for purposes of this definition means a short sale with respect to such security, entering into or acquiring an offsetting derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any transaction that has substantially the same effect as any of the foregoing.
155. **“Treatment Objection”** means an objection to the Debtors’ proposed assumption or rejection of an executory contract or unexpired lease pursuant to the provisions of the Plan (including an objection to the proposed Assumption Effective Date or Rejection Effective Date, the Proposed Cure and/or any proposed assignment, but not including an objection to any Rejection Claim) that is properly filed with the Bankruptcy Court and served in accordance with the Case Management Orders by the applicable Treatment Objection Deadline.
156. **“Treatment Objection Deadline”** means the deadline for filing and serving a Treatment Objection, which deadline shall be 4:00 p.m. (prevailing Eastern Time) on, (i) with respect to an executory contract or unexpired lease listed on Schedule 10.2(a) or 10.2(b), the 15th calendar day after the relevant schedule is filed and notice thereof is mailed, (ii) with respect to an executory contract or unexpired lease the proposed treatment of which has been altered by an amended or supplemental Schedule 10.2(a) or 10.2(b), the 15th calendar day after such amended or supplemental schedule is filed and notice thereof is mailed, (iii) with respect to an executory contract or unexpired lease for which a Notice of Intent to Assume or Reject is filed, the 15th calendar day after such notice is filed and notice thereof is mailed and (iv) with respect to any other executory contract or unexpired lease, including any to be assumed or rejected by category pursuant to Sections 10.1, 10.3 or 10.4 of the Plan (without being listed on Schedule 10.2(a) or 10.2(b)), the deadline for objections to Confirmation of the Plan established pursuant to the Approval Order or other order of the Bankruptcy Court.
157. **“Trust Interests”** means the Senior Trust Interests and the Subordinated Trust Interests.
158. **“Trust Tax Items”** means the items of income, gain, loss, deductions and credits of the Unsecured Claims Trust.
159. **“Trustee Causes of Action”** shall have the meaning set forth in Section 12.12.
160. **“TWU”** means the Transport Workers Union of America AFL-CIO.

- 161. **“TWU CBA”** means the agreement, effective January 1, 2008 until December 31, 2013, between Pinnacle and the TWU representing the dispatchers (as amended, modified or supplemented prior to the date hereof).
- 162. **“TWU Claims”** means the allowed non-priority general unsecured Claims of TWU against Pinnacle, Mesaba and Colgan on account of the TWU CBA, each in the amount of \$240,000.
- 163. **“Unimpaired”** refers to any Claim or Interest that is not Impaired.
- 164. **“Union Claims”** means, collectively, the ALPA Claims, the AFA Claims and the TWU Claims.
- 165. **“Unions”** means, collectively, each of ALPA, AFA and TWU.
- 166. **“United States Trustee”** means the United States Trustee for the Southern District of New York.
- 167. **“Unliquidated”** means, when used in reference to a Claim, any Claim, the amount of liability for which has not been fixed, whether pursuant to agreement, applicable law or otherwise, as of the date on which such Claim is sought to be estimated.
- 168. **“Unsecured Claims”** means, collectively, Union Claims, Punitive Damages Claims and Other General Unsecured Claims.
- 169. **“Unsecured Claims Disbursing Agent”** means the Unsecured Claims Trustee or any Person or Entity designated or retained by the Unsecured Claims Trustee, in its sole discretion and without the need for any further order of the Bankruptcy Court, to serve as disbursing agent for Unsecured Claims pursuant to Section 7.1 of the Plan.
- 170. **“Unsecured Claims Trust”** means the liquidating trust established under Section 6.8 of the Plan.
- 171. **“Unsecured Claims Trust Agreement”** means that certain Trust Agreement which shall be substantially in the form included in a Plan Supplement.
- 172. **“Unsecured Claims Trust Assets”** shall have the meaning set forth in Section 6.8(b).
- 173. **“Unsecured Claims Trust Board”** means the group of Persons to be disclosed in a Plan Supplement, or any replacements thereafter selected in accordance with the provisions of the Unsecured Claims Trust Agreement, who shall have the authority set forth in the Unsecured Claims Trust Agreement, initially consisting of three Persons selected by the Creditors’ Committee.
- 174. **“Unsecured Claims Trust Distribution Date”** means the date that (i) all Disputed Unsecured Claims have become either Allowed or Disallowed, (ii) all Trustee Causes of

Action have been fully and finally settled, resolved or abandoned and (iii) all fees, expenses and costs of the Unsecured Claims Trustee have been paid.

- 175. **“Unsecured Claims Trustee”** means the trustee to be appointed by the Creditors’ Committee (and identified in a Plan Supplement) to administer the Unsecured Claims Trust.
- 176. **“Vendor”** means any party that supplies goods or services to the Debtors in the ordinary course of business.
- 177. **“Voting Deadline”** means the date established by the Approval Order by which the Solicitation Agent must actually receive a valid Ballot properly voting on the Plan in order for such vote to count as a vote to accept or reject the Plan. Such deadline is 4:00 p.m. (prevailing Eastern Time) on April 10, 2013.
- 178. **“Voting Instructions”** means the instructions for voting on the Plan contained in the Approval Order, Article 7 of the Disclosure Statement and the Ballots, the Master Ballots and the Beneficial Ballots.
- 179. **“Voting Record Date”** means the record date for voting on the Plan, which shall be March 1, 2013.
- 180. **“Workers’ Compensation Plan”** means each of the Debtors’ written contracts, agreements, agreements of indemnity, qualified self-insurance workers’ compensation bonds, policies, programs and plans for workers’ compensation and workers’ compensation insurance entered into prior to the Petition Date.

Section 1.2 Rules of Interpretation

Unless otherwise specified, all article, section, exhibit, schedule or Plan Supplement references in the Plan are to the respective article in, section in, exhibit to, schedule to or Plan Supplement to the Plan, as the same may be amended, waived or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to the Plan as a whole and not to any particular article, section, subsection or clause contained herein. Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural and any pronoun stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter gender. Captions and headings in the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof. Whenever the words “include,” “includes” or “including” are used in the Plan, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. Any references herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions. In the event that a particular term of the Plan (including any exhibits,

schedules or Plan Supplement hereto) conflicts with a particular term of the definitive documentation required to be implemented pursuant to the terms of the Plan or any settlement or other agreement contemplated hereunder, the definitive documentation shall control and shall be binding on the parties thereto.

With respect to any reference in the Plan to a consent, approval or acceptance by any party that shall not unreasonably be withheld, or to an issue, agreement, order or other document (or the terms thereof) that shall be reasonably acceptable to any such party, such consent, approval or acceptance shall not be unreasonably conditioned, delayed or withheld.

Section 1.3 Computation of Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. In the event that any payment, distribution, act or deadline under the Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

Section 1.4 References to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

Section 1.5 Exhibits; Schedules; Plan Supplements

All exhibits and schedules to the Plan, including Plan Supplements, are incorporated into and are a part of the Plan as if set forth in full herein. Copies of such exhibits, schedules and Plan Supplements can be obtained by downloading such documents from the Debtors' Case Information Website (located at <http://dm.epiq11.com/Pinnacle>) or the Bankruptcy Court's Website (located at www.nysb.uscourts.gov). To the extent that any exhibit, schedule or Plan Supplement is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit, non-schedule or non-Plan Supplement portion of the Plan shall control.

ARTICLE 2 PLAN CONSOLIDATION

Section 2.1 Order Granting Plan Consolidation

Unless previously approved by prior order of the Bankruptcy Court, the Plan shall serve as a motion seeking entry of an order approving the Plan Consolidation.

Section 2.2 Plan Consolidation

(a) Solely for the purposes specified in the Plan (including voting, Confirmation and distributions) and subject to Section 2.2(b), (i) all assets and liabilities of the Debtors shall be treated as though they were merged, (ii) all guarantees of any Debtor of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor, any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be one obligation of the Debtors and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases against any of the Debtors shall be deemed filed against the Debtors collectively and shall be one Claim against and one obligation of the Debtors.

(b) The Plan Consolidation effected pursuant to this Section 2.2 shall not affect: (i) the legal or organizational structure of the Debtors, (ii) pre- or post-Petition Date Liens or security interests, (iii) pre- or post-Petition Date guarantees that are required to be maintained (x) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (y) pursuant to the Plan, (iv) defenses to any Cause of Action or (v) distributions out of any insurance policies or proceeds of such policies.

Section 2.3 Confirmation in the Event of Partial or No Plan Consolidation

(a) In the event that the Bankruptcy Court orders only partial Plan Consolidation, or does not order the Plan Consolidation, the Debtors reserve the right, with the consent of Delta and the Creditors' Committee (which consent shall not be unreasonably withheld), (i) to proceed with no or a partial Plan Consolidation, (ii) to propose one or more Sub-plans with respect to one or more Debtors, (iii) to proceed with the Confirmation of one or more Sub-plans to the exclusion of other Sub-plans and/or (iv) to withdraw some or all of the Sub-plans. Subject to the preceding sentence, the Debtors' inability to confirm the Plan or any Sub-plan or the Debtors' election to withdraw the Plan Consolidation or any Sub-plan shall not impair the Confirmation of any other Sub-plan or the consummation of any such Sub-plan.

(b) In the event that the Bankruptcy Court does not order the Plan Consolidation, with the consent of Delta and the Creditors' Committee (which consent shall not be unreasonably withheld) or further order of the Court, (i) Claims against the individual Debtors shall be treated as separate Claims with respect to such Debtor's Estate for all purposes and such Claims shall be administered as provided in the applicable Sub-plan and (ii) the Debtors shall not, nor shall they be required to, re-solicit votes with respect to the Plan or any applicable Sub-plan, and such votes shall be counted as provided in Section 5.1 of the Plan.

ARTICLE 3
TREATMENT OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

Section 3.1 Treatment of Administrative Claims

(a) DIP Facility Claims

All DIP Facility Claims shall be Allowed as provided in the DIP Orders. On the Effective Date, each holder of a DIP Facility Claim, in complete satisfaction of such Claim, shall receive a pro rata share of (i) the Exit Note and (ii) a percentage of New Common Stock that combined with the New Common Stock received by Delta on account of the Cash provided by Delta pursuant to Section 6.1 will result in Delta receiving 100% of the New Common Stock on the Effective Date.

(b) Other Administrative Claims

Except to the extent that the applicable Creditor agrees to less favorable treatment with Delta or the Reorganized Debtors, each holder of an Allowed Other Administrative Claim against any of the Debtors shall be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date of Allowance (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims with respect to assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

(c) Professional Fee Claims

Each holder of a Professional Fee Claim shall be paid in full in Cash pursuant to the provisions of Section 8.1 hereof.

Section 3.2 Treatment of Priority Tax Claims

Except to the extent that the applicable Creditor has been paid by the Debtors prior to the Effective Date, or Delta or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date or 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax

Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

ARTICLE 4

CLASSIFICATION AND TREATMENT OF OTHER CLAIMS AND INTERESTS

As summarized in Article 2 above, the Plan is predicated on the Plan Consolidation. If the Plan Consolidation is not ordered pursuant to Article 2 of the Plan, the Claims and Interests against and in the Debtors shall be classified, treated and voted as specified in that Article.

The following table designates the classes of Claims against and Interests in each of the Debtors and specifies which of those classes are (i) impaired or unimpaired by the Plan and (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code or deemed to accept or reject the Plan.

Section 4.1 Classes and Treatment of Claims and Interests

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
1	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
2	CIT Facility Claims	Reinstatement of CIT Facility.	Reinstated	Unimpaired	Deemed to Accept
3	EDC Facilities Claims	Upon the Effective Date, the Debtors and EDC will enter into the Amended EDC Facilities and the Reorganized Debtors will perform all of the obligations thereunder.	100%	Impaired	Entitled to Vote

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
4	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
5	Union Claims	Each holder of an Allowed Union Claim shall be entitled to its Ratable Share of the Senior Trust Interests.	0.32% to 0.40% ²	Impaired	Entitled to Vote
6	Other General Unsecured Claims	Each holder of an Allowed Other General Unsecured Claim shall be entitled to its Ratable Share of the Senior Trust Interests.	0.32% to 0.40% ²	Impaired	Entitled to Vote

² The projected recovery ranges listed herein for Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims) are based on an estimated \$400 million to \$550 million of Allowed Other General Unsecured Claims, \$163,098,184 of Allowed Union Claims and no further recoveries for or fees paid by the Unsecured Claims Trust, as more fully described in Section 6.3(b) of the Disclosure Statement. Actual recoveries in Classes 5 and 6 may be different than projected recoveries based upon, among other things: (a) the actual amount of Allowed Other General Unsecured Claims against the Debtors, (b) the value realized by the Unsecured Claims Trust on account of the Trustee Causes of Action, (c) whether the Bankruptcy Court upholds the separate classification of Class 7 (Punitive Damages Claims) and (d) the fees and expenses of the Unsecured Claims Trustee. In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
7	Punitive Damages Claims	Each holder of an Allowed Punitive Damages Claim shall be entitled to its Ratable Share of the Subordinated Trust Interests; <i>provided</i> that if the Bankruptcy Court so orders, each holder of an Allowed Punitive Damages Claim shall be treated as part of Class 6 (Other General Unsecured Claims).	0% ³	Impaired	Entitled to Vote
8	Section 510(b) Claims	No distribution.	0%	Impaired	Deemed to Reject
9a	Interests in Pinnacle Holdings	No distribution.	0%	Impaired	Deemed to Reject
9b	Interests in Subsidiary Debtors	Reinstatement of Interests.	Retained ⁴	Unimpaired	Deemed to Accept

Section 4.2 Treatment of Claims and Interests

(a) Other Priority Claims (Class 1)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 hereof) with Delta or the applicable Reorganized Debtor, each holder of an Allowed Other Priority Claim against any of the Debtors shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the latest of

³ In the event that the Bankruptcy Court orders that Allowed Punitive Damages Claims be treated as part of Class 6 (Other General Unsecured Claims), the Debtors are unable to estimate, at this time, to what extent Allowed Punitive Damages Claims would dilute or delay the recovery of Class 5 (Union Claims) and Class 6 (Other General Unsecured Claims).

⁴ Pursuant to the restructuring transactions in Section 6.7, the Interests in the Subsidiary Debtors may not be cancelled, but may be Reinstated, at Delta's option, for the benefit of the respective Reorganized Debtor that is the holder thereof, in exchange for the agreement of Reorganized Pinnacle Holdings to make distributions as Plan Disbursing Agent to holders of claims against the Subsidiary Debtors and to use certain funds and assets, to the extent authorized in the Plan, to satisfy certain obligations of the Subsidiary Debtors.

(i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any applicable agreement between the Reorganized Debtors and the holder of such Claim.

(b) CIT Facility Claims (Class 2)

On the Effective Date, the CIT Facility will be Reinstated with the Reorganized Debtors as the “loan parties” thereunder. The CIT Facility Claims shall be satisfied, settled, waived or resolved by the Reorganized Debtors pursuant to the terms of the Reinstated CIT Facility.

(c) EDC Facilities Claims (Class 3)

Upon the Effective Date, the Debtors and EDC will enter into the Amended EDC Facilities and the Reorganized Debtors will perform all of the obligations thereunder. The EDC Facilities Claims shall be satisfied, settled, waived or resolved by the Reorganized Debtors pursuant to the terms of the Amended EDC Facilities.

(d) Other Secured Claims (Class 4)

Each holder of an Allowed Other Secured Claim against any of the Debtors shall receive, at the sole option of Delta and the applicable Reorganized Debtor, and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder with respect to such Allowed Other Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder’s secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event that an Other Secured Claim is satisfied under clause (i), (iii), (iv) or (v) above, the Liens securing such Other Secured Claim shall be deemed released without further action by any party.

Any distributions made pursuant to this Section 4.2 shall be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

For convenience of identification, the Plan classifies the Allowed Claims in Class 4 (Other Secured Claims) as a single Class. However, this Class is actually a group of subclasses, depending on the Collateral securing each such Allowed Claim.

(e) Union Claims (Class 5)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 hereof), each holder of an Allowed Union Claim against any of the

Debtors shall receive in full satisfaction, release and discharge of such Claim, on or as soon as reasonably practicable after the Effective Date, its Ratable Share of the Senior Trust Interests.

(f) Other General Unsecured Claims (Class 6)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 hereof), each holder of an Allowed Other General Unsecured Claim against any of the Debtors shall receive in full satisfaction, release and discharge of such Claim, on or as soon as reasonably practicable after the later of (x) the Effective Date and (y) the date the Other General Unsecured Claim becomes an Allowed Other General Unsecured Claim, its Ratable Share of the Senior Trust Interests. On the Effective Date, Delta shall be irrevocably deemed to have waived any distribution on the Delta Unsecured Claims. Delta shall neither receive any distributions nor retain any property on account of Delta Unsecured Claims pursuant to the Plan.

(g) Punitive Damages Claims (Class 7)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as limited by Section 7.2 hereof), each holder of an Allowed Punitive Damages Claim against any of the Debtors shall receive in full satisfaction, release and discharge of such Claim, on or as soon as reasonably practicable after the later of (x) the Effective Date and (y) the date the Punitive Damages Claim becomes an Allowed Punitive Damages Claim, such Claim's Ratable Subordinated Trust Interest; *provided* that if the Bankruptcy Court so orders, each holder of an Allowed Punitive Damages Claim shall be treated as part of Class 6 (Other General Unsecured Claims). The Subordinated Trust Interests are subordinate to the Senior Trust Interests, such that holders of Allowed Punitive Damages Claims shall not be entitled to receive any distributions from the Unsecured Claims Trust unless and until all holders of Allowed Union Claims and Other General Unsecured Claims have received payment on account of such Claims in full.

(h) Section 510(b) Claims (Class 8)

The holders of Section 510(b) Claims shall neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Section 510(b) Claims shall be cancelled and extinguished.

(i) Interests in Pinnacle Holdings (Class 9a)

The holders of Interests in Pinnacle Holdings shall neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Pinnacle Holdings shall be cancelled and extinguished.

(j) Interests in Subsidiary Debtors (Class 9b)

The Interests in the Subsidiary Debtors shall be, at Delta's option, Reinstated or canceled as part of the restructuring transactions described in Section 6.7.

Section 4.3 Treatment of Intercompany Claims

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors retain the right to, at the direction of Delta, eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise.

ARTICLE 5 ACCEPTANCE OR REJECTION OF THE PLAN

Section 5.1 Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 4 of the Plan shall be entitled to vote to accept or reject the Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

In the event that the Bankruptcy Court does not approve the Plan Consolidation: (a) the Debtors shall not, and shall not be required to, re-solicit any votes with respect to the Plan; (b) the vote by a holder of a Claim shall be counted as a vote in a single, respective, separate Class with respect to the appropriate Sub-plan; and (c) the vote by a holder of a Claim to accept or reject the Plan shall be deemed as the vote of the holder of such Claim to accept or reject the Sub-plan, as the case may be, in the single, respective, separate Class with respect to the appropriate Sub-plan.

Section 5.2 Presumed Acceptance of Plan

Other Priority Claims (Class 1), CIT Facility Claims (Class 2), Other Secured Claims (Class 4) and Interests in Subsidiary Debtors (Class 9b) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such holders will not be solicited.

Section 5.3 Presumed Rejection of Plan

Section 510(b) Claims (Class 8) and Interests in Pinnacle Holdings (Class 9a) shall not receive any distribution under the Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims and Interests in such Classes are conclusively presumed to have rejected the Plan and the votes of such holders will not be solicited.

Section 5.4 Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Plan have voted to accept the Plan. EDC Facilities Claims (Class 3), Union Claims (Class 5), Other General Unsecured

Claims (Class 6) and Punitive Damages Claims (Class 7) are Impaired, and the votes of holders of Claims in such Classes will be solicited. If holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject the Plan, but no holders of Claims in such Impaired Class of Claims voted to accept or reject the Plan, then such Class of Claims shall be deemed to have accepted the Plan.

Section 5.5 Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan solely for purposes of (i) voting to accept or reject the Plan and (ii) determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

Section 5.6 Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

Section 5.7 Nonconsensual Confirmation

If any Impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority required by section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to (i) re-classify any Claim or Interest, including re-classifying any Impaired Claim or Interest as Unimpaired, (ii) amend the Plan in accordance with Article 14 of the Plan and/or (iii) undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

ARTICLE 6 IMPLEMENTATION OF THE PLAN

Section 6.1 Sources of Cash for Plan Distributions

Sufficient Cash to fund the timely payment of Allowed Professional Fee Claims, Other Administrative Claims, Priority Tax Claims and Other Priority Claims when due pursuant to the Plan and to fund the Unsecured Claims Trust pursuant to Section 6.8(b) of the Plan shall be obtained from Cash of the Debtors and Cash provided by Delta on the Effective Date. In exchange for Delta providing such Cash and for the treatment of its DIP Claims under the Plan, Delta shall receive 100% of the New Common Stock on the Effective Date.

Section 6.2 Continued Corporate Existence

(a) Except as otherwise provided in the Plan and subject to the restructuring transactions described in Section 6.7, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation

under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.

(b) As of the Effective Date, Reorganized Pinnacle Holdings will become a wholly-owned direct or indirect subsidiary of Delta.

Section 6.3 Section 1145 Exemption

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance and distribution of the New Common Stock shall be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities. In addition, to the maximum extent provided by section 1145 of the Bankruptcy Code, any securities contemplated by the Plan and any and all agreements incorporated therein, including the New Common Stock, shall be subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act; (ii) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments; (iii) the restrictions, if any, on the transferability of such securities and instruments, including those set forth in the New Certificate of Incorporation; and (iv) applicable regulatory approval, if any.

Section 6.4 Authorization of New Common Stock

Without further act or action under applicable law, regulation, order or rule, Reorganized Pinnacle Holdings is authorized to issue the New Common Stock to Delta on the Effective Date pursuant to the terms of the Plan, free and clear of all Liens, Claims and other Interests. Each share of the New Common Stock issued and distributed pursuant to the Plan shall be duly authorized, validly issued, and fully paid and non-assessable.

Section 6.5 Cancellation of Existing Securities and Related Agreements

On the Effective Date, all rights of any holder of Claims against, or Interest in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors, shall be cancelled; *provided, however*, that Interests in the Subsidiary Debtors shall be, at Delta's option, Reinstated or cancelled as part of the restructuring transactions described in Section 6.7. With respect to the Indenture and any related note, guaranty, bond, certificate or similar instrument (together the "**Indenture Documents**"), the obligations of the Debtors thereunder and in any way related thereto shall be fully satisfied, released and discharged in exchange for the treatment provided under the Plan for Allowed Other General Unsecured Claims, if any, arising under the Indenture Documents; *provided* that the satisfaction, release and discharge of the Debtors' obligations with respect to the Indenture Documents shall not alter the obligations or rights of any non-Debtor third parties vis-à-vis one another with respect to such Indenture Documents.

Section 6.6 Hart-Scott-Rodino Compliance

Any shares of New Common Stock to be distributed under the Plan to any Person or Entity required to file a “Premerger Notification and Report Form” under the HSR Act shall not be distributed until the notification and waiting periods applicable (if any) under such Act to such Person or Entity shall have expired or been terminated.

Section 6.7 Restructuring Transactions

On or after the Effective Date, including subsequent to the cancellation and discharge of all Claims pursuant to the Plan and prior to the issuance of the New Common Stock, the Reorganized Debtors may engage in or take such actions as may be necessary or appropriate to effect corporate restructurings of their respective businesses, including actions necessary to simplify, reorganize and rationalize the overall reorganized organizational structure of the Reorganized Debtors. The transactions may include (a) dissolving companies or creating new companies (including limited liability companies), (b) merging, dissolving, transferring assets or otherwise consolidating any of the Debtors in furtherance of the Plan, or engaging in any other transaction in furtherance of the Plan, (c) filing appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law and (d) any other action reasonably necessary or appropriate in connection with such organizational restructurings. In each case in which the surviving, resulting or acquiring Entity in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring Entity will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan, including paying or otherwise satisfying the Allowed Claims to be paid by such Reorganized Debtor. Implementation of any restructuring transactions shall not affect any distributions, discharges, exculpations, releases or injunctions set forth in the Plan.

Section 6.8 Unsecured Claims Trust

(a) Establishment of the Unsecured Claims Trust

On the Effective Date, the Unsecured Claims Trust shall be established pursuant to the Unsecured Claims Trust Agreement for the sole purposes of liquidating the Unsecured Claims Trust Assets on account of Trust Interests, resolving all Disputed General Unsecured Claims and making all distributions to holders of Allowed General Unsecured Claims, in each case in accordance with the Plan and the Unsecured Claims Trust Agreement. The Unsecured Claims Trust is intended to qualify as a liquidating trust pursuant to United States Treasury Regulation section 301.7701-4(d).

(b) Funding of the Unsecured Claims Trust

On the Effective Date (i) Delta shall fund the Unsecured Claims Trust with \$2.25 million minus any fees and costs incurred by the Creditors’ Committee’s advisors through the Effective Date in connection with any investigation conducted by the Creditors’ Committee with respect to the Trustee Causes of Action and ultimately paid and (ii) the Debtors and the Creditors’ Committee shall transfer to the Unsecured Claims Trust all right, title and interest to the Trustee

Causes of Action and any proceeds therefrom ((i) and (ii) together, the “**Unsecured Claims Trust Assets**”). Any recoveries on account of the Unsecured Claims Trust Assets shall be distributed to holders of Trust Interests in accordance with the Plan and the Unsecured Claims Trust Agreement. Upon funding of the Unsecured Claims Trust, Delta, its affiliates, the Debtors and the Reorganized Debtors shall not have any further liability or obligation with respect to Unsecured Claims. In no event shall Delta, its affiliates, the Debtors or the Reorganized Debtors be deemed to have any fiduciary or other duty to the Unsecured Claims Trust, nor any responsibilities for administering the Unsecured Claims Trust Assets, reconciling, objecting to or resolving Unsecured Claims, or distributing any funds or other assets to holders of Allowed Unsecured Claims.

(c) **Nontransferability of Liquidating Trust Interests.** The Trust Interests shall not be certificated and shall not be transferable.

(d) **The Unsecured Claims Trustee**

The Unsecured Claims Trustee shall be appointed by the Creditors’ Committee and shall, upon direction by the Unsecured Claims Trust Board and in the exercise of its reasonable business judgment, be solely responsible for reconciling, objecting to, and resolving Unsecured Claims, administering the Unsecured Claims Trust Assets and for distributing (in accordance with the Plan) the funds remaining in the Unsecured Claims Trust to holders of Allowed Unsecured Claims.

Subject to the terms of the Plan (including Section 6.8(e)), the Unsecured Claims Trust Agreement will generally provide for, among other things: (i) the payment of reasonable compensation to the Unsecured Claims Trustee; (ii) the payment of other expenses of the Unsecured Claims Trust, including the cost of pursuing the Trustee Causes of Action; (iii) the retention by the Unsecured Claims Trustee of counsel, accountants, financial advisors or other professionals and the payment of their compensation; (iv) the investment of Cash by the Unsecured Claims Trustee within certain limitations; (v) the preparation and filing of appropriate tax returns and other reports on behalf of the Unsecured Claims Trust and the payment of taxes or other obligations owed by the Unsecured Claims Trust; (vi) the orderly liquidation of the Unsecured Claims Trust Assets; and (vii) the prosecution, compromise and settlement, abandonment or dismissal of any or all Trustee Causes of Action.

In connection with the Trustee Causes of Action, any confidentiality obligations, attorney-client privilege, work-product privilege or other privilege or immunity attaching to any documents or communications shall vest in the Unsecured Claims Trustee and its representatives and the Unsecured Claims Trustee and its representatives shall not otherwise waive such confidentiality, privilege or immunity without prior notice and hearing before the Bankruptcy Court. The Debtors or the Reorganized Debtors, as the case may be, the Unsecured Claims Trustee and the Creditors’ Committee are authorized to take all necessary actions to effectuate the transfer of such privileges, and any such documents or communications that would otherwise be protected from discovery by virtue of any applicable privilege or immunity shall remain so protected. The Confirmation Order shall provide that the Unsecured Claims Trustee’s receipt of

transferred privileges shall be without waiver in recognition of the joint and/or successorship interest in prosecuting claims on behalf of the Debtors' estates. The Creditors' Committee shall be permitted to share any discovery obtained prior to the Effective Date with the Unsecured Claims Trustee and the Unsecured Claims Trust Board. Any documents or communications received by the Unsecured Claims Trustee or its representatives shall be used solely in connection with the Unsecured Claims Trustee's efforts to investigate, prosecute, compromise or settle the Trustee Causes of Action. If any privileged documents are inadvertently produced to third parties, such production shall not be deemed to destroy any privilege or be deemed a waiver of any confidentiality protections afforded to such privileged documents.

The Unsecured Claims Trustee, upon direction by the Unsecured Claims Trust Board, shall have the absolute right to pursue or not to pursue any and all Trustee Causes of Action as it determines is in the best interests of the beneficiaries of the Unsecured Claims Trust and consistent with the purposes of the Unsecured Claims Trust, and shall have no liability for the outcome of its decision except for any damages caused by willful misconduct or gross negligence. The Unsecured Claims Trustee may incur any reasonable and necessary expenses in liquidating and converting the Unsecured Claims Trust Assets to Cash and, subject to Section 6.8(e), shall be reimbursed in accordance with the provisions of the Unsecured Claims Trust Agreement.

(e) Fees and Expenses of the Unsecured Claims Trust

All fees, expenses, and costs expended or incurred by or on behalf of the Unsecured Claims Trustee or with respect to the Unsecured Claims Trust, the Unsecured Claims Trust Agreement or any Allowed Unsecured Claims shall be paid solely from the funds of the Unsecured Claims Trust and in accordance with the Plan and the Unsecured Claims Trust Agreement.

(f) Reports To Be Filed by the Unsecured Claims Trust

The Unsecured Claims Trustee, on behalf of the Unsecured Claims Trust, shall file with the Bankruptcy Court (and provide to any other party entitled to receive such report pursuant to the Unsecured Claims Trust Agreement) quarterly reports regarding the administration of property subject to its ownership and control pursuant to the Plan, distributions made by it and other matters relating to the implementation of the Plan.

(g) Expenses for Professionals of the Unsecured Claims Trust

Subject to Section 6.8(e), the Unsecured Claims Trustee, on behalf of the Unsecured Claims Trust, may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out its duties hereunder and may compensate and reimburse the expenses of these professionals without further order of the Bankruptcy Court from the funds of the Unsecured Claims Trust in accordance with the Plan and the Unsecured Claims Trust Agreement.

(h) Indemnification

The Unsecured Claims Trust Agreement may include reasonable and customary indemnification provisions; *provided* that any such indemnification shall be the sole responsibility of the Unsecured Claims Trust and payable solely from the funds of the Unsecured Claims Trust.

(i) Federal Income Tax Treatment of the Unsecured Claims Trust

The transfer of each of the Unsecured Claims Trust Assets to the Unsecured Claims Trust shall be treated for U.S. federal income tax purposes as a transfer of the Unsecured Claims Trust Assets to the holders of the Trust Interests, followed by a transfer of the Unsecured Claims Trust Assets by the holders of the Trust Interests to the Unsecured Claims Trust. For federal income tax purposes, the holders of Trust Interests will be treated as grantors, deemed owners and beneficiaries of the Unsecured Claims Trust. The Unsecured Claims Trustee shall file federal income tax returns for the Unsecured Claims Trust as a grantor trust in accordance with United States Treasury Regulation section 1.671-4 and report, but not pay tax on, the Trust Tax Items. The holders of Trust Interests shall report such Trust Tax Items on their federal income tax returns and pay any resulting tax liability. Upon the transfer of the Unsecured Claims Trust Assets, the Unsecured Claims Trust shall succeed to all of the Debtors' rights, title and interest in the Unsecured Claims Trust Assets, and the Debtors shall have no further interest in or with respect to the Unsecured Claims Trust Assets.

(j) Disputed Unsecured Claims Reserve

The Unsecured Claims Trustee, in its sole discretion, may elect to distribute any funds of the Unsecured Claims Trust prior to the Unsecured Claims Trust Distribution Date to the holders of Allowed Unsecured Claims in accordance with the Unsecured Claims Trust Agreement; *provided* that the Unsecured Claims Trustee establishes a reserve (the “**Disputed Unsecured Claims Reserve**”) on account of holders of Disputed Unsecured Claims sufficient to pay such holders their Ratable Share of the funds then being distributed to the holders of Allowed Unsecured Claims if such Disputed Unsecured Claims were ultimately Allowed; *provided further* that on the next subsequent distribution of funds from the Unsecured Claims Trust after any such Disputed Unsecured Claim becomes Allowed (including any distributions made on the Unsecured Claims Trust Distribution Date), the Unsecured Claims Trustee shall remit to the holder of such Allowed Unsecured Claim an amount of funds from the Disputed Unsecured Claims Reserve equal to the amount that would have been distributed from the Effective Date through and including the date of such distribution had such Unsecured Claim been Allowed on the Effective Date.

It is expected that the Unsecured Claims Disbursing Agent will (i) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Unsecured Claims Reserve as a “disputed ownership fund” within the meaning of that section and (ii) allocate taxable income or loss to the Disputed Unsecured Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Unsecured Claims

had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Unsecured Claims). The affected holders of the Disputed Unsecured Claims shall be bound by such election, if made by the Unsecured Claims Disbursing Agent. The Unsecured Claims Trustee will treat any assets previously allocated to or retained on account of Disputed Unsecured Claims as a distribution from the Disputed Unsecured Claims Reserve to the Unsecured Claims Trust when, and to the extent, such Claims are subsequently resolved. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Unsecured Claims Disbursing Agent shall, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Disputed Unsecured Claims shall report, for income tax purposes, consistently with the foregoing.

(k) Unsecured Claims Trust Distributions

On or as soon as reasonably practicable after the Unsecured Claims Trust Distribution Date, the Unsecured Claims Trustee shall distribute any remaining funds of the Unsecured Claims Trust to the holders of Allowed Unsecured Claims in accordance with the Unsecured Claims Trust Agreement.

(l) Dissolution of the Unsecured Claims Trust

The Unsecured Claims Trust will be dissolved no later than five years after the Effective Date; *provided* that the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Unsecured Claims Trust for a finite period if (i) such extension is necessary to the purpose of the Unsecured Claims Trust, (ii) the Unsecured Claims Trustee receives an opinion of counsel or a ruling from the IRS stating that such extension would not adversely affect the status of the Unsecured Claims Trust as a liquidating trust for U.S. federal income tax purposes and (iii) such extension is obtained within the six-month period prior to the fifth anniversary of the Effective Date or the end of the immediately preceding extension period, as applicable. Upon dissolution of the Unsecured Claims Trust, any remaining Cash or other assets will be distributed to the holders of the Trust Interests in accordance with the Unsecured Claims Trust Agreement.

Section 6.9 Exclusivity Period

Subject to Article 14 of the Plan and the rights of the parties to the Restructuring Support Agreement, the Debtors will retain the exclusive right to amend or modify the Plan and to solicit acceptances of any amendments to or modifications of the Plan, through and until the Effective Date.

ARTICLE 7
PROVISIONS GOVERNING DISTRIBUTIONS

Section 7.1 Disbursing Agents

The Unsecured Claims Disbursing Agent shall make all distributions to Allowed Unsecured Claims under the Plan, except with respect to a holder of an Unsecured Claim whose distribution is to be administered by a Servicer, which distributions shall be deposited with the appropriate Servicer for distribution to such Creditors in accordance with the provisions of the Plan and the terms of the governing agreement. Distributions on account of such Unsecured Claims shall be deemed complete upon delivery to the appropriate Servicer; *provided, however*, that if any such Servicer is unable to make such distributions, the Unsecured Claims Disbursing Agent, with the cooperation of such Servicer, shall make such distributions to the extent reasonably practicable to do so. All distributions required under the Plan that are not on account of Allowed Unsecured Claims shall be made by the Plan Disbursing Agent. The Disbursing Agents shall not be required to give any bond or surety or other security for the performance of their duties unless otherwise ordered by the Bankruptcy Court.

The Reorganized Debtors and the Unsecured Claims Trustee, as applicable, shall be authorized, without further Bankruptcy Court approval, but not directed to reimburse any Servicer for its reasonable, documented, actual and customary out-of-pocket expenses incurred in providing postpetition services directly related to distributions pursuant to the Plan. These reimbursements must be made on terms agreed to with the Reorganized Debtors or the Unsecured Claims Trustee, as applicable.

Section 7.2 Delivery of Distributions

(a) De Minimis Distributions

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer, the Unsecured Claims Trustee nor any Disbursing Agent shall have any obligation to make a particular distribution to a specific holder of an Allowed Claim if (i) such Allowed Claim has an economic value less than \$50 and (ii) such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer, the Unsecured Claims Trustee nor any Disbursing Agent shall have any obligation to make any distributions under the Plan with a value of less than \$25, unless a written request therefor is received by the Unsecured Claims Disbursing Agent or the Plan Disbursing Agent, as applicable, from the relevant recipient at the addresses set forth in Section 16.15 hereof within 120 days after the later of the (a) Effective Date and (b) date such Claim becomes an Allowed Claim. De minimis distributions for which no such request is timely received shall revert to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

(b) Delivery of Distributions

With respect to all holders of Allowed Claims, distributions shall only be made to the record holders of such Allowed Claims as of the Distribution Record Date. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Reorganized Debtors, Servicers, the Disbursing Agents and each of the foregoing's respective agents, successors and assigns with respect to Claims shall be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Plan. The Debtors, Reorganized Debtors, Servicers, Unsecured Claims Trustee, Disbursing Agents and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agents shall make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a holder of an Allowed Claim that is entitled to receive a distribution pursuant to the Plan, the applicable Disbursing Agent or Servicer may, in lieu of making such distribution to such person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim may be made by the applicable Disbursing Agent, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors or the Unsecured Claims Trustee, as applicable, have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the applicable Disbursing Agent after the date of any related Proof of Claim, (iii) to the address set forth on the Schedules filed with the Bankruptcy Court, if no Proof of Claim has been filed and the applicable Disbursing Agent has not received a written notice of an address change, (iv) in the case of a holder whose Claim is governed by an agreement and administered by a Servicer, to the address contained in the official records of such Servicer or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

Section 7.3 Manner of Payment under Plan

(a) At the option of the Disbursing Agents, any Cash payment to be made hereunder may be made by check, wire transfer or any other customary payment method.

(b) The Disbursing Agents shall make distributions of New Common Stock, Trust Interests or Cash as required under the Plan. Where the applicable Reorganized Debtor is a

Reorganized Subsidiary Debtor, Reorganized Pinnacle Holdings shall be deemed to have made a direct capital contribution to the applicable Reorganized Subsidiary Debtor of an amount of Cash to be distributed to the Creditors of such Reorganized Debtor, but only at such time as, and to the extent that, such amounts are actually distributed to holders of Allowed Claims. Any distributions by the Plan Disbursing Agent of New Common Stock or Cash that revert to the Reorganized Pinnacle Holdings or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) shall revert solely in Reorganized Pinnacle Holdings and no other Reorganized Debtor shall have (nor shall it be considered to ever have had) any ownership interest in the amounts distributed.

(c) Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

(d) Compliance Matters

In connection with the Plan, each Debtor, each Reorganized Debtor and each Disbursing Agent shall comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and each Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Reorganized Debtors, as applicable, believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors, Reorganized Debtors and each Disbursing Agent, as applicable, reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

(e) Foreign Currency Exchange Rate

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, Eastern Edition, on the day after the Petition Date.

Section 7.4 Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the appropriate Disbursing Agent or Servicer is notified in writing of such holder's then-current address, at which time the undelivered distribution shall be made to such holder without interest or dividends. Undeliverable distributions shall be returned to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable, until such distributions are claimed. All distributions under the Plan that remain unclaimed for one year after distribution shall indefeasibly revert to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims shall be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the applicable Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) shall be automatically discharged and forever barred, and such funds shall revert to Reorganized Pinnacle Holdings or the Unsecured Claims Trust, as applicable, notwithstanding any federal or state escheat laws to the contrary.

Section 7.5 Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor shall, within 30 calendar days of receipt thereof, repay and/or return the distribution to Reorganized Pinnacle Holdings, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

The Claims Agent shall expunge any Claim from the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full on account of such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Claims Agent of such subrogation rights.

(b) Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agrees (or if and to the extent any such insurer is required by a court or other tribunal of competent jurisdiction) to satisfy any Punitive Damages Claim or other Claim, then immediately upon such court or other tribunal determination or insurers' agreement, such Claim may be expunged (to the extent of any agreed-

upon or determined satisfaction) on the official claims register by the Claims Agent without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

ARTICLE 8

FILING OF ADMINISTRATIVE CLAIMS

Section 8.1 Professional Fee Claims

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 25 calendar days after the Effective Date. Such requests shall be filed with the Bankruptcy Court and served as required by the Case Management Orders; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Reorganized Debtors at least three Business Days prior to the deadline, and the Debtors' attorneys shall file such request with the Bankruptcy Court. The objection deadline relating to the final requests shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Orders with respect to a given request, or all timely objections are subsequently resolved, such Professional shall submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections shall be determined by the Bankruptcy Court at a hearing to be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed.

(b) Payment of Interim Amounts

Professionals shall be paid pursuant to the "Monthly Statement" process set forth in the Interim Compensation Order with respect to all calendar months ending prior to the Effective Date.

(c) Effective Date Fees

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals in the ordinary course of business (including with respect to the month in which the Effective Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

Section 8.2 Other Administrative Claims

(a) A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' Case Information Website (located at <http://dm.epiq11.com/Pinnacle>). No other notice of the Other Administrative Claim Bar Date will be provided.

(b) All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 8.1 of the Plan) must be filed with the Claims Agent and served on counsel for the Debtors and Reorganized Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to this Section 8.2 that are not properly filed and served by the Other Administrative Claim Bar Date shall not appear on the register of claims maintained by the Claims Agent and shall be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

(c) The Reorganized Debtors, in their sole and absolute discretion, shall have exclusive authority to settle Other Administrative Claims in the ordinary course of business without further Bankruptcy Court approval.

(d) Unless the Debtors or the Reorganized Debtors object to a timely-filed and properly-served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement, which shall in any event be acceptable to Delta, and, failing that, the Bankruptcy Court shall determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

(e) Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed with respect to Other Administrative Claims that (i) are for goods or services provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court, including the DIP Orders, (iii) are for Cure amounts, (iv) are on account of postpetition taxes (including any related penalties or interest) owed by the Debtors or the Reorganized Debtors to any governmental unit (as defined in section 101(27) of the Bankruptcy Code) or (v) the (a) Debtors and Delta or (b) Reorganized Debtors, have otherwise agreed in writing do not require such a filing.

ARTICLE 9 DISPUTED CLAIMS

Section 9.1 Objections to Claims

(a) After the Effective Date, the Unsecured Claims Trustee shall have the sole authority to object to Unsecured Claims and the Reorganized Debtors shall have the sole authority to object to all Administrative Claims, Priority Claims and Secured Claims; *provided*,

however, that neither the Unsecured Claims Trustee nor the Reorganized Debtors shall be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Unsecured Claims Trustee or the Reorganized Debtors shall be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

(b) Claims objections filed before, on or after the Effective Date shall be filed, served and administered in accordance with the Claims Objection Procedures Order, which shall remain in full force and effect; *provided, however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Orders; *provided further* that the Unsecured Claims Trustee shall have the same rights as the Debtors under the Claims Objection Procedures Order for purposes of objections to Unsecured Claims.

Section 9.2 Resolution of Disputed Claims

On and after the Effective Date, the Unsecured Claims Trustee shall have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to Unsecured Claims and to compromise, settle or otherwise resolve any Disputed Unsecured Claims without notice to or approval by the Bankruptcy Court or any other party, and the Reorganized Debtors shall have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Administrative Claims, Priority Claims and Secured Claims and to compromise, settle or otherwise resolve any Disputed Administrative Claims, Disputed Priority Claims or Disputed Secured Claims without notice to or approval by the Bankruptcy Court or any other party.

Section 9.3 Estimation of Claims and Interests

The Unsecured Claims Trustee may, in its sole and absolute discretion, determine, resolve and otherwise adjudicate Contingent Unsecured Claims, Unliquidated Unsecured Claims and Disputed Unsecured Claims in the Bankruptcy Court or such other court of the Unsecured Claims Trustee's choice having jurisdiction over the validity, nature or amount thereof, and the Debtors or the Reorganized Debtors may, in their sole and absolute discretion, determine, resolve and otherwise adjudicate all other Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors', with the consent of Delta, or the Reorganized Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Unsecured Claims Trustee may at any time request that the Appropriate Court estimate any Contingent Unsecured Claim, Unliquidated Unsecured Claim or Disputed Unsecured Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether the Unsecured Claims Trustee has previously objected to such Unsecured Claim or whether the Appropriate Court has ruled on any such objection. The Reorganized Debtors may at any time request that the Appropriate Court estimate any other Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Appropriate Court has ruled on any such objection. The Appropriate Court shall retain jurisdiction to estimate any Claim at any time

during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Appropriate Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount shall constitute the maximum limitation on such Claim and the Debtors with the consent of Delta or the Reorganized Debtors or the Unsecured Claims Trustee, as applicable, may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however*, that such limitation shall not apply to Claims requested by the Debtors to be estimated for voting purposes at only \$1.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Appropriate Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Appropriate Court.

Section 9.4 Payments and Distributions with Respect to Disputed Claims

Notwithstanding any other provision in the Plan, no payments or distributions shall be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

Section 9.5 No Amendments to Claims

An Unsecured Claim may be amended prior to the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. Any Claim other than an Unsecured Claim may be amended prior to the Confirmation Date only as agreed upon by the Debtors, Delta and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or the Unsecured Claims Trustee (with respect to Unsecured Claims) or Reorganized Debtors (with respect to any Claims other than Unsecured Claims) to file or amend a Claim. Any new or amended Claim (other than Claims filed by the Rejection Bar Date that are related to executory contracts or unexpired leases rejected pursuant to the Plan or an order of the Bankruptcy Court consistent with the terms of the Bar Date Order) filed after the Confirmation Date without such prior authorization will not appear on the register of claims maintained by the Claims Agent and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

Section 9.6 No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan, the Confirmation Order or the DIP Facility, postpetition interest shall not accrue or be paid on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Claim or Disputed Claim with respect to the period from and after the Effective Date; *provided, however*, that nothing in this Section 9.6 shall limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

ARTICLE 10 EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 10.1 Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party shall be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease that, with the consent of Delta (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) is the subject of a motion to assume or reject pending on the Effective Date, (iii) is assumed, rejected or otherwise treated pursuant to Section 10.3 or Section 10.4 of the Plan, (iv) is listed on Schedule 10.2(a) or 10.2(b) of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned schedules shall be of no effect.

Section 10.2 Schedules of Executory Contracts and Unexpired Leases

(a) Schedules 10.2(a) and 10.2(b) of the Plan shall be filed by the Debtors as specified in Section 16.8 of the Plan as Plan Supplements and shall represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. Such schedules shall be acceptable to Delta. The Debtors reserve the right, on or prior to 3:00 p.m. (prevailing Eastern Time) on the Business Day immediately prior to the commencement of the Confirmation Hearing only with the consent of Delta (i) to amend Schedules 10.2(a) and 10.2(b) in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right shall be extended to 3:00 p.m. on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso

shall apply in the case of any and all subsequent adjournments of the Confirmation Hearing; *provided further* that (a) with respect to Intercompany Contracts and agreements proposed to be rejected as of the above deadline, the Debtors reserve the right to make amendments at any time prior to Confirmation with the consent of Delta and (b) the Debtors may amend Schedules 10.2(a) and 10.2(b) in order to add, delete or reclassify any executory contracts or unexpired leases or amend proposed assignments after such date to the extent agreed with the relevant counterparties with the consent of Delta. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (x) each of the executory contracts and unexpired leases listed on Schedule 10.2(a) shall be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party shall be the Cure and shall be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (y) each of the executory contracts and unexpired leases listed on Schedule 10.2(b) shall be deemed rejected effective as of the Rejection Effective Date specified thereon.

(b) The Debtors shall file initial versions of Schedules 10.2(a) and 10.2(b) and any amendments thereto with the Bankruptcy Court and shall serve all notices thereof only on the relevant Assumption Parties and Rejection Parties. With respect to any executory contract or unexpired lease first listed on Schedule 10.2(b) later than the date that is 10 calendar days prior to the Voting Deadline, the Debtors shall use their best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

(c) With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties shall have five calendar days from the date of such amendment to Schedule 10.2(b) to object to Confirmation of the Plan. With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is five calendar days prior to the Confirmation Hearing, affected Rejection Parties shall have until the Confirmation Hearing to object to Confirmation of the Plan.

(d) The listing of any contract or lease on Schedule 10.2(a) or 10.2(b) is not an admission that such contract or lease is an executory contract or unexpired lease. The Debtors reserve the right to assert that any of the agreements listed on Schedule 10.2(a) or 10.2(b) are not executory contracts or unexpired leases.

Section 10.3 Categories of Executory Contracts and Unexpired Leases To Be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories shall be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars), except for any

executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10.2(a) or 10.2(b), (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

(a) Insurance Plans, Intercompany Contracts, Interline Agreements, Letters of Credit, Surety Bonds and Workers' Compensation Plans

Subject to the terms of the first paragraph of this Section 10.3, each Insurance Plan, Intercompany Contract, Interline Agreement, Letter of Credit, Surety Bond and Workers' Compensation Plan shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 10.3(a) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by this Section 10.3(a) shall be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

Notwithstanding any provision of the Plan to the contrary: (i) the following insurance policies shall be deemed assumed effective as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars): (a) the Directors and Officers Liability Insurance Policy No. DOP0052185-00 issued by Arch Insurance Company on November 1, 2012, and excess follow form policies issued by Federal Insurance Co., Zurich Assurance Co. and Allied World National Assurance Co.; (b) the Directors and Officers Liability Insurance Policy No. 14-MGU-11-A25108 issued by U.S. Specialty Insurance Company on November 1, 2011, and excess follow form policies issued by Federal Insurance Co., Axis Insurance Co. and Allied World National Assurance Co.; and (c) the Tail Policy (collectively, the "**Insurance Policies**"); (ii) solely to the extent necessary to preserve the right to pursue insurance coverage under the Insurance Policies, any right to indemnification pursuant to any pre-Effective Date charter, bylaw, or certificate of incorporation of the Debtors shall not be affected by the Plan; *provided* that the Reorganized Debtors shall have no obligation to provide any such indemnification except to the extent the Reorganized Debtors' indemnification obligation is covered by the Insurance Policies and is necessary to preserve the right to pursue insurance coverage under the Insurance Policies; *provided further* that the Reorganized Debtors shall have no obligation to provide any such indemnification in excess of any available insurance coverage; and (iii) the Debtors and the Reorganized Debtors shall (x) use its reasonable efforts to timely provide notices and information to the carriers of the Insurance Policies as soon as reasonably practicable after becoming aware of any matter requiring such notice and (y) generally use its reasonable efforts (with no obligation to incur out of pocket costs) to cooperate with counsel appointed by the carriers of the Insurance Policies in order to assure the availability of insurance coverage under the Insurance Policies. Operation of this provision is intended to preserve the right to facilitate recovery under the Insurance Policies.

(b) Collective Bargaining Agreements

Subject to the terms of the first paragraph of this Section 10.3, each Collective Bargaining Agreement, as amended, shall be deemed assumed effective as of the Effective Date; *provided, however*, that nothing in this Section or otherwise in the Plan shall be deemed to effect an assumption of any employee benefit plan that was rejected, discontinued or terminated; *provided further* that nothing in this Section or otherwise in the Plan shall be deemed to effect an assumption of any prepetition grievance pursuant to any Collective Bargaining Agreement and that the Debtors and the Reorganized Debtors reserve the right, except as otherwise agreed by the Debtors with the consent of Delta, to seek adjudication of any Collective Bargaining Agreement related dispute that concerns distributions, Claims, restructuring transactions or other aspects of the Plan between the Debtors and the relevant Union in the Bankruptcy Court. Upon assumption of the Collective Bargaining Agreements, all Proofs of Claim filed by Union-represented employees pertaining, in each case, to rights collectively bargained for or disposed of pursuant to the Collective Bargaining Agreements, including, without limitation, Claims on account of grievances, reinstatement and pension obligations, shall be deemed withdrawn, disallowed and forever barred from assertion automatically and without any further notice to or action, order or approval of the Bankruptcy Court; *provided, however*, that any liability on account of prepetition grievances under the ALPA JCBA shall not be considered waived or withdrawn and shall be an Other General Unsecured Claim subject to the priority scheme of the Bankruptcy Code and shall be subject to resolution pursuant to an expedited dispute resolution process in Letter Agreement 34 between the parties; *provided further* that any outstanding discharge grievances under the AFA CBA filed before January 4, 2012, shall not be considered waived or withdrawn, and may be processed by AFA or the relevant flight attendant to the System Board of Adjustment pursuant to the terms of the AFA CBA, but such discharge grievances shall only constitute Other General Unsecured Claims. Each Collective Bargaining Agreement assumed pursuant to this Section shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan or any order of the Bankruptcy Court previously entered with respect to such Collective Bargaining Agreement. Nothing contained in Section 10.3 of the Plan shall affect the treatment of any Claim to the extent previously Allowed by a Final Order of the Bankruptcy Court.

Section 10.4 Other Categories of Agreements and Policies

(a) Employee Agreements

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into prior to the Petition Date shall be deemed rejected effective as of the Effective Date.

(b) Employee Benefits

As of the Effective Date, whether or not such employee benefits are provided for in an Employee Agreement that has been rejected in these Chapter 11 Cases (by operation of the Plan or otherwise), the Reorganized Debtors, in their sole and absolute discretion, may honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and

plans for, among other things, compensation, expense reimbursement, health care benefits, disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time; *provided, however*, that this provision does not address Collective Bargaining agreements or the terms of employment of employees represented by Unions. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code and the Reorganized Debtors have elected in writing to honor such above-listed contracts, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars.

(c) Certain Retiree Benefits

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors shall continue to pay any retiree health and welfare benefits (if any) to any covered individuals of the Debtors covered by section 1114 of the Bankruptcy Code at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code at any time prior to confirmation of the Plan, and for the duration of the period for which the Debtors have obligated themselves to provide such benefits. The Reorganized Debtors may unilaterally modify or terminate any retiree benefits (including health and welfare benefits) in accordance with the terms of the plan, program, policy or document under which such benefits are established or maintained; *provided, however*, that nothing herein shall be construed to enlarge the Reorganized Debtors' rights to modify such retiree benefits (including such retiree benefits that are vested, if any) under applicable non-bankruptcy law.

Section 10.5 Assumption and Rejection Procedures and Resolution of Treatment Objections

(a) Proposed Assumptions

(i) With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed fully satisfied by the Proposed Cure, if any, which shall be the Cure.

(ii) Any objection to the assumption or assignment of an executory contract or unexpired lease that is not timely filed and properly served shall be denied automatically and

with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption or assignment shall be forever barred from assertion and shall not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) shall be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

(b) Proposed Rejections

(i) With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

(ii) Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served shall be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

(c) Resolution of Treatment Objections

(i) Both on and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

(ii) With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with Delta and the Bankruptcy Court, shall schedule a hearing on such Treatment Objection and provide at least 14 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

(iii) Any Cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption (and, if applicable, assignment), unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 10.5(d).

(iv) No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

(d) Reservation of Rights

If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Reorganized Debtors, Delta and the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection, assignment or Cure with respect to such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

Section 10.6 Rejection Claims

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors, the Reorganized Debtors or the Unsecured Claims Trustee, as applicable, may contest any Rejection Claim in accordance with Section 9.1 of the Plan.

Section 10.7 Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

Section 10.8 Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases

(a) Entry of the Confirmation Order by the Bankruptcy Court shall, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by the Plan pursuant to sections 365 and 1123 of the

Bankruptcy Code. Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan, shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

(b) The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default shall be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

Section 10.9 Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

ARTICLE 11 PROVISIONS REGARDING CORPORATE GOVERNANCE OF THE REORGANIZED DEBTORS

Section 11.1 Corporate Action

(a) On and after the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby with respect to each of the

Reorganized Debtors, including the restructuring transactions contemplated by Section 6.7, shall be deemed authorized and approved in all respects.

(b) All matters provided for herein involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

(c) On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Section 11.2 Certificates of Incorporation and Organizational Documents

(a) The New Certificate of Incorporation shall be amended or deemed amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. The New Certificate of Incorporation will be amended or deemed amended to, among other purposes, (i) authorize the New Common Stock and (ii) pursuant to section 1123(a)(6) of the Bankruptcy Code, add a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their Certificates of Incorporation, organizational documents or other analogous documents as permitted by applicable law.

(b) After the Effective Date, any of the Reorganized Debtors may file amended and restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

Section 11.3 Directors and Officers of the Reorganized Debtors

(a) Subject to the restructuring transactions described in Section 6.7, on the Effective Date, the management, control and operation of each Reorganized Debtor shall become the general responsibility of the board of directors of such Reorganized Debtor or other governing body as provided in the applicable governing documents.

(b) On the Effective Date, the term of the members of the Board shall expire and such members shall be replaced by the New Board. The classification and composition of the New Board shall be consistent with the New Certificate of Incorporation. The Debtors will disclose prior to the Confirmation Hearing any information required to be disclosed pursuant to the Bankruptcy Code.

ARTICLE 12

EFFECT OF CONFIRMATION

Section 12.1 Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property (including all interests, rights and privileges with respect thereto) of each of the Debtors shall vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in the Plan. All Liens, Claims, encumbrances, charges and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan. As of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

Section 12.2 Release of Liens

Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released, settled, discharged and compromised and all rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall revert to the Reorganized Debtors and their successors and assigns. The Reorganized Debtors shall be authorized to file any necessary or desirable documents to evidence such release in the name of the party secured by such pre-Effective Date mortgages, deeds of trust, Liens, pledges or other security interests.

Section 12.3 Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(d) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral element of the transactions incorporated into the Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their Estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with

respect to the Debtors and (f) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

Section 12.4 Discharge and Injunction

Except as otherwise specifically provided herein or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts, Causes of Action and Claims, and shall terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided herein or in the Confirmation Order, upon the Effective Date, all existing Claims and Causes of Action against the Debtors and Interests in the Debtors shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims, Causes of Action and Interests (and all representatives, trustees or agents on behalf of each holder) shall be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim, Cause of Action or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims or Causes of Action against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.

Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise provided herein, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim, Cause of Action or Interest and any Affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Causes of Action, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim or Cause of Action against, or terminated Interest in, the Debtors.

Except as otherwise expressly provided in the Plan, all persons or entities who have held, hold or may hold Claims, Causes of Action or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Section 510(b) Claim), Cause of Action or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the

Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors other than to enforce any right to a distribution pursuant to the Plan or (iv) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim, Cause of Action or Interest. Such injunction shall extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

Section 12.5 Term of Injunction or Stays

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

Section 12.6 Exculpation

Pursuant to the Plan and to the maximum extent permitted by applicable law, none of the Exculpated Parties shall have or incur any liability to any holder of a Claim, Cause of Action or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or, agreement, contract, instrument, release or document created or entered into in connection with the Plan or in the Chapter 11 Cases (including the Restructuring Support Agreement, the DIP Facility and documents related thereto), the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued pursuant to the Plan, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors or the administration of the Plan or the property to be distributed under the Plan, except for any act or omission that is determined in a final order to have constituted willful misconduct or gross negligence. Each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan.

Section 12.7 Release by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, to the maximum extent permitted by applicable law, and except as otherwise specifically provided in the Plan (including Section 12.12(c) hereof), on and after the Effective Date, in exchange for their cooperation, the Released Parties shall be deemed released and discharged by the Debtors, the Reorganized Debtors and their Estates from any and all Claims, obligations, debts,

rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, their estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity or that any holder of a Claim or Interest or other entity would have been legally entitled to assert for or on behalf of the Debtors, their estates or the Reorganized Debtors, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the related Plan Supplements, or related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence; *provided, however*, that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, then the release set forth in this Section 12.7 (but not any release or indemnification or any other rights or claims granted under any other section of the Plan or under any other document or agreement) shall automatically and retroactively be null and void *ab initio* with respect to such Released Party bringing or asserting such Claim or Cause of Action; *provided further* that the immediately preceding clause shall not apply to any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to (i) enforce such Released Party's rights against the Debtors and/or the Reorganized Debtors under the Plan, the Confirmation Order, any postpetition or assumed contract, including, but not limited to, the Insurance Policies (to the extent provided for in Section 10.3(a)), or (ii) prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors, in each case, however, the Debtors shall retain all defenses related to such action.

Section 12.8 Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan (including Section 12.12(c) hereof), for good and valuable consideration, on and after the Effective Date, to the maximum extent permitted by applicable law, holders of Claims that (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph shall be deemed to have conclusively, absolutely,

unconditionally, irrevocably and forever, released and discharged the Debtors, the Reorganized Debtors and the Released Parties from any and all claims, equity interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the related Plan Supplement or related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct or gross negligence; *provided* that any holder of a Claim that elects to opt out of the releases contained in this paragraph shall not receive the benefit of the releases set forth in this paragraph (even if for any reason otherwise entitled).

Section 12.9 Bankruptcy Court Jurisdiction to Evaluate Scope of Release and Exculpation and Related Injunction

Following entry of the Confirmation Order, the Bankruptcy Court shall retain exclusive jurisdiction to consider any and all Claims or Causes of Action subject to the exculpations and releases in Section 12.6, Section 12.7 or Section 12.8 for the purpose of determining whether such claims belong to the Debtors' Estates or third parties and all parties shall be enjoined from pursuing any such Claims or Causes of Action prior to the Bankruptcy Court making such determination. In the event it is determined that any such Claims or Causes of Action belong to third parties, then, subject to any applicable subject matter jurisdiction limitations, the Bankruptcy Court shall have exclusive jurisdiction with respect to any such litigation, subject to any determination by the Bankruptcy Court to abstain and consider whether such litigation should more appropriately proceed in another forum. Except as otherwise provided in the Plan and to the maximum extent permitted by law, all entities who have held, hold or may hold Claims, Interests, Causes of Action or liabilities that (1) have been released pursuant to Section 12.7, (2) have been released pursuant to Section 12.8 or (3) are subject to exculpation pursuant to Section 12.6 (such Claims, Interests, Causes of Action or liabilities described in clauses (1) to (3), the "Enjoined Causes of Action") are permanently enjoined and precluded, from and after the Effective Date, from commencing or continuing in any manner any such Enjoined Causes of Action against, as applicable, any Released Party or Exculpated Party, including, with respect thereto, (i) the enforcement, attachment, collection or recovery by any manner or

means of any judgment, award, decree or order against the Exculpated Parties or the Released Parties (or property of any Exculpated Party or Released Party), (ii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Exculpated Parties or the Released Parties or against the property or interests in property of the Exculpated Parties or the Released Parties, or (iii) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Exculpated Parties or the Released Parties or against the property or interests in property of the Exculpated Parties or the Released Parties, with respect to any such Claim, Cause of Action or Interest. Such injunction of the Enjoined Causes of Action shall, to the maximum extent permitted by law, extend to any successors or assignees of the Exculpated Parties or the Released Parties and their respective properties and interest in properties.

Section 12.10 Set-off and Recoupment

The Debtors and Reorganized Debtors may, but shall not be required to, set-off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim hereunder shall constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

Section 12.11 Avoidance Actions

Subject to Section 12.12(c), on the Effective Date, the Reorganized Debtors shall be deemed to waive and release all avoidance claims against any Vendor accruing to the Debtors under section 547 of the Bankruptcy Code (collectively, the “**Avoidance Actions**”).

Section 12.12 Preservation of Causes of Action

(a) Except as expressly provided in this Article 12, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Debtors’ Estates. A non-exclusive list of retained Causes of Action is attached to the Plan as Schedule 12.12.

(b) Except as set forth in this Article 12, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or with respect to any Claim left Unimpaired by the Plan. The Reorganized Debtors shall have,

retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(c) Nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Causes of Action that are brought by the Creditors' Committee in the Bankruptcy Court prior to the Effective Date against (i) management members who are not employees of the Debtors as of January 1, 2013 or (ii) current or former board members of Pinnacle Holdings (other than board members who are also employees as of January 1, 2013), in each of cases (i) and (ii) solely to the extent based on prepetition actions or omissions by those parties, it being understood and agreed that (1) the Creditors' Committee shall have sole standing to investigate, commence, prosecute and settle any such causes of action, (2) any recovery with respect to such causes of action will be limited to available insurance proceeds, and (3) any such causes of action commenced by the Creditors' Committee in the Bankruptcy Court prior to the Effective Date will be assigned to the Unsecured Claims Trust and the proceeds of any such causes of action will go into the Unsecured Claims Trust (collectively, the **"Trustee Causes of Action"**).

(d) Except as set forth in this Article 12, nothing contained in the Plan or the Confirmation Order shall be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in a Plan Supplement) executed to implement the Plan.

Section 12.13 Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan shall also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole and absolute discretion, and after the Effective Date,

such right shall pass to the Reorganized Debtors and, with respect to all Unsecured Claims, the Unsecured Claims Trustee.

ARTICLE 13
CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN

Section 13.1 Conditions to Effectiveness

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 13.2 of the Plan:

(a) The Confirmation Order, in form and substance acceptable to the Debtors, Delta and the Creditors' Committee, shall have been entered;

(b) All actions, documents and agreements necessary to implement the Plan shall have been effected or executed as determined by the Debtors and Delta, each in their sole and absolute discretion;

(c) The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order;

(d) There will be no existing Event of Default under the DIP Facility as of the Effective Date;

(e) No Material Adverse Effect (as defined in the DIP Facility) shall have occurred (excluding any Material Adverse Effect caused by the material breach by Delta of its obligations under a Delta Connection Agreement or the Bridge Agreement or a material reduction in the number of block hours flown by the Debtors under the Delta Connection Agreements (excluding the 2007 CRJ-900 Agreement));

(f) The Restructuring Support Agreement will be in full force and effect as of the Effective Date;

(g) Each of the New Certificate of Incorporation and the Reorganized Subsidiary Debtors' Certificates of Incorporation, each in form and substance acceptable to the Reorganized Debtors and Delta, will be in full force and effect as of the Effective Date; and

(h) The Plan Documents shall have been executed and delivered by all of the parties thereto.

Section 13.2 Waiver of Conditions to Confirmation or Effectiveness

The Debtors, with the consent of Delta, may waive any of the conditions set forth in Section 13.1 hereof at any time, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the

Plan; *provided* that waiver of (i) the condition set forth in Section 13.1(a) and Section 13.1(f) shall require the consent of the Creditors' Committee, which consents shall not be unreasonably withheld, and (ii) the condition set forth in Section 13.1(h), solely with respect to the Unsecured Claims Trust Agreement, shall require the consent of the Creditors' Committee, which consent shall not be unreasonably withheld. The failure to satisfy any condition prior to the Confirmation Date or the Effective Date may be asserted by the Debtors, with the consent of Delta, as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE 14

MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN

Section 14.1 Plan Modifications

(a) Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, with the consent of Delta and the Creditors' Committee, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

(b) Prior to the Effective Date, the Debtors, with the consent of Delta and the Creditors' Committee, may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

Section 14.2 Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date

The Debtors reserve the right to revoke, withdraw or delay consideration of the Plan prior to the Confirmation Date, either entirely or with respect to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Plan is revoked, withdrawn or delayed with respect to fewer than all of the Debtors, such revocation, withdrawal or delay shall not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan in its entirety, if Confirmation does not occur or if the Effective Date does not occur on or prior to 120 calendar days after the Confirmation Date (and the Debtors file a notice of revocation on the Bankruptcy Court's docket), then, absent further order of the Bankruptcy Court (a) the Plan shall be null and void in

all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, shall be deemed null and void and (c) nothing contained in the Plan shall (1) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (2) prejudice in any manner the rights of such Debtors or any other Person or (3) constitute an admission of any sort by the Debtors or any other Person.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases.

ARTICLE 15

RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

On and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine all matters with respect to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

(b) To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;

(c) To hear and determine all matters with respect to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

(d) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(e) To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

(f) To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(g) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Unsecured Claims Trust Agreement, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

- (h) To hear and determine disputes arising in connection with Section 12.9 of the Plan;
- (i) To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;
- (j) To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan;
- (k) To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;
- (l) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);
- (m) To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;
- (n) To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplements;
- (o) To recover all assets of the Debtors and property of the Debtors' Estates, which, except for the Trustee Causes of Action, shall be for the benefit of the Reorganized Debtors, wherever located;
- (p) To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;
- (q) To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory, which, except for the Trustee Causes of Action, shall be for the benefit of the Reorganized Debtors;
- (r) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;
- (s) To hear any other matter not inconsistent with the Bankruptcy Code; and
- (t) To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims.

ARTICLE 16

MISCELLANEOUS

Section 16.1 Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, including aircraft, aircraft equipment or spare parts, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Common Stock, the Trust Interests and any agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, FAA filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

Section 16.2 Expedited Tax Determination

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods ending on or before the Effective Date.

Section 16.3 Insurance

The Debtors are authorized to use (a) any discount or credit with respect to the Debtors' current director and officer liability insurance policy that is available solely for the purchase of a directors and officers "tail" liability insurance policy (a "**Tail Policy**"), (b) incremental funds (including any accrued but unpaid or foregone directors' fees) other than from or otherwise attributable to the Debtors and (c) funds of the Debtors as approved in writing by Delta, in each case, for the purchase of a Tail Policy with respect to the period on and after the Effective Date.

Section 16.4 Payment of Claims Agent Fees

Subject to receipt of supporting documentation and the Unsecured Claims Trustee's review thereof, following the Effective Date, the Unsecured Claims Trust shall be responsible for, and authorized to pay, the reasonable actual fees and expenses of the Claims Agent that are

allocable to or on account of the Unsecured Claims Trust's work regarding the reconciliation of Unsecured Claims and its other duties.

Section 16.5 Payment of Delta's Professional Fees

Subject to receipt of supporting documentation and the Debtors' review thereof, upon the Effective Date, the Debtors shall be authorized to pay the reasonable actual fees and expenses of counsel and advisors to Delta related to the Chapter 11 Cases.

Section 16.6 Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

Section 16.7 Dissolution of the Creditors' Committee

Upon the Effective Date, the Creditors' Committee shall dissolve automatically and its members shall be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code.

Section 16.8 Plan Supplements

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in the Plan, be contained in Plan Supplements filed from time to time. Unless otherwise expressly provided in the Plan, the Debtors, with the consent of Delta and the Creditors' Committee, shall remain free to modify or amend any such documents after such date. Upon filing with the Bankruptcy Court, the Plan Supplements may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may also obtain a copy of the Plan Supplements on the Debtors' Case Information Website (located at <http://dm.epiq11.com/Pinnacle>) or the Bankruptcy Court's Website (located at www.nysb.uscourts.gov).

Section 16.9 Claims Against Other Debtors

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith shall constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

Section 16.10 Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

Section 16.11 Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

Section 16.12 Severability

In the event that any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

Section 16.13 Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit hereto or a schedule or Plan Document provide otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

Section 16.14 Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, the Unsecured Claims Trustee, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

Section 16.15 Notices

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee, the United States Trustee or the Unsecured Claims Trustee must be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

Pinnacle Airlines Corp.
One Commerce Square
40 S. Main St., 13th Floor
Memphis, Tennessee 38103
Attn: Brian T. Hunt
Facsimile: (901) 348-4102

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Damian S. Schaible
Telephone: (212) 450-4000
Facsimile: (212) 607-7984

If to the Creditors' Committee:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104
Attn: Brett H. Miller
Lorenzo Marinuzzi
Erica J. Richards
Telephone: (212) 468-8000
Facsimile: (212) 468-7900

If to the United States Trustee:

Office of the United States Trustee
33 Whitehall Street, Suite 2100
New York, New York 10004
Attn: Richard Morrissey
Susan D. Golden

If to the Unsecured Claims Trustee:

[TO COME]

If to Delta:

Delta Air Lines, Inc.
Department 009
7500 Airline Drive, C009
Minneapolis, Minnesota 55450-1101
Attn: Senior Vice President – Delta Connection
Facsimile No: (612) 727-4104

with a copy to:

Delta Air Lines, Inc.
Department 981
1030 Delta Blvd.
Atlanta, Georgia 30354
Attn: General Counsel
Facsimile No: (404) 715-2233

If to the Reorganized Debtors:

[TO COME]

Section 16.16 Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained herein or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors of any kind, including with respect to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

Section 16.17 Further Assurances

The Debtors, Reorganized Debtors and all holders of Claims receiving distributions hereunder and all other parties in interest may and shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

Section 16.18 Case Management Orders

Except as otherwise provided herein, the Case Management Orders shall remain in full force and effect, and all “Court Papers” (as defined in the Debtor Case Management Order) shall be filed and served in accordance with the procedures set forth in the Case Management Orders; *provided* that on and after the Effective Date, “Court Papers” (as defined in the Debtor Case Management Order) need only be served on (i) the chambers of the Honorable Robert E. Gerber, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408 (by a hard copy, with all exhibits, unless the Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Damian S. Schaible, (iii) [the Unsecured Claims Trustee, ADDRESS], (iv) the attorneys for Delta, Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: David R. Seligman, Chad J. Husnick and William A. Guerrieri and (v) Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, New York, New York 10017, Attn: Pinnacle Team; *provided further* that final requests for payment of Professional Fee Claims filed pursuant to Section 8.1(a) of the Plan (and all “Court Papers” related thereto) shall also be served on the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, New York 10004, Attn: Richard Morrissey and Susan D. Golden.

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Dated: New York, New York
March 7, 2013

Respectfully submitted,

PINNACLE AIRLINES CORP. (for itself and on
behalf of Pinnacle Airlines, Inc., Mesaba
Aviation, Inc., Colgan Air, Inc. and Pinnacle
East Coast Operations Inc.)

By: /s/ John Spanjers

Name: John Spanjers

Title: President and Chief Executive Officer

PLAN SCHEDULES

SCHEDULE 10.2(a)

Executory Contracts and Unexpired Leases To Be Assumed

[To Come]

SCHEDULE 10.2(b)

Executory Contracts and Unexpired Leases To Be Rejected

[To Come]

SCHEDULE 12.12

Certain Retained Causes of Action

[To Come]

APPENDIX B

LIQUIDATION ANALYSIS

LIQUIDATION ANALYSIS

(\$ in millions)

	Note	Net Book Value ⁽¹⁾	Estimated Recovery Rate %		Gross Proceeds			Recovery % at Mid-Point
			Low	High	Low	High	Mid-Point	
Cash and Cash Equivalents	A	\$27.1	100.0%	100.0%	\$27.1	\$27.1	\$27.1	
Accounts Receivable	B	38.5	0.0%	0.0%	-	-	-	
Total Current Assets		65.6	41.3%	41.3%	27.1	27.1	27.1	
Other PP&E								
Aircraft	C	18.1	80.0%	85.0%	14.5	15.4	14.9	
Spare Parts and Engines	D	46.9	80.0%	100.0%	37.5	46.9	42.2	
Simulators	E	12.4	100.0%	100.0%	12.4	12.4	12.4	
Ground Service Equipment	F	0.8	20.0%	30.0%	0.2	0.2	0.2	
Shop Equipment	G	2.1	20.0%	30.0%	0.4	0.6	0.5	
Other	H	10.6	10.0%	20.0%	1.1	2.1	1.6	
Total Liquidation Proceeds		156.5	59.5%	66.9%	93.1	104.8	98.9	
Less: Liquidation Costs								
Chapter 7 Trustee Fees and Expenses	I				(1.7)	(2.7)	(2.2)	
Chapter 7 Wind-Down Costs	J				(0.9)	(1.2)	(1.0)	
Chapter 7 Professional Fees	K				(7.5)	(7.5)	(7.5)	
Total Liquidation Costs					(10.0)	(11.5)	(10.7)	
Net Liquidation Proceeds					83.1	93.3	88.2	
Secured / Superpriority Claims								
CIT Facility (estimated as of 4/30/13)	L				20.4	20.4	20.4	100%
Professional Fee Carve Out	M				12.4	12.4	12.4	100%
DIP Facility (estimated as of 4/30/13)	N				126.3	126.3	126.3	44%
Total Secured / Superpriority Claims					159.1	159.1	159.1	
Residual Value for Administrative Claims and Priority Claims					0.0	0.0	0.0	
Administrative Claims and Priority Claims	O				470.0	590.0	530.0	0.0%
Residual Value for General Unsecured Creditors					0.0	0.0	0.0	
General Unsecured Claims	P				500.0	700.0	600.0	0.0%

Footnote(s)

(1) Net Book Value unless otherwise stated in the accompanying Assumptions and Notes to the Liquidation Analysis.

A. Introduction and Reservations

In connection with the Plan and the Disclosure Statement, the following hypothetical liquidation analysis (the “**Liquidation Analysis**”) has been prepared by the Debtors’ management with the assistance of the Debtors’ advisors. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

The Liquidation Analysis indicates the values that might be obtained by classes of Claims upon the disposition of assets, pursuant to liquidation, as an alternative to continued operations. The Liquidation Analysis is based upon the assumptions discussed below and should be read in conjunction with the Plan and the Disclosure Statement.

The Debtors, with the assistance of their financial advisors, have prepared this Liquidation Analysis for the purpose of evaluating whether the Plan meets the so-called “best interests” test under section 1129(a)(7) of the Bankruptcy Code. The Liquidation Analysis has been prepared assuming hypothetically that the Chapter 11 Cases were converted to chapter 7 proceedings under the Bankruptcy Code as of April 30, 2013 (the “**Liquidation Date**”) and their assets were liquidated. A chapter 7 trustee (“**Trustee**”) would be appointed to commence the liquidation of all of the Debtors’ assets. The liquidation is assumed to occur over a 12- to 18-month period (the “**Wind-Down Period**”) to maximize recovery.

The Liquidation Analysis is based on unaudited book values of the Debtors’ assets as of December 31, 2012, except as otherwise noted, and the Debtors’ management does not expect the liquidation values of these items to vary materially from December 31, 2012 to the Liquidation Date. The Liquidation Analysis does not include recoveries resulting from any potential preference claims, fraudulent conveyance litigation or other avoidance actions. For Cash and Cash Equivalents, the Liquidation Analysis assumes no further cash for distribution will be generated from operations during the chapter 7 cases, and the cash balance was projected using the estimated balance as of the Liquidation Date. The Liquidation Analysis assumes that Accounts Receivable are eligible for set-off against other amounts owed or contract damage claims. Values for Simulators and Spare Parts and Engines are based on appraisals conducted by ICF SH&E, dated as of September 2, 2010 and September 30, 2012, respectively. Adjustments have been made on certain items and are described further in the Assumptions and Notes.

The Liquidation Analysis presents an estimate of recovery values and percentages based upon hypothetical liquidations whereby all assets would be converted into cash. We have provided a range of recovery values for each balance sheet line item set forth in the attached analysis. The determination of the hypothetical proceeds from the liquidation of assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors’ management and its advisors, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and its management. ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS OR A TRUSTEE’S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THE CHAPTER 11 CASES WERE CONVERTED TO CHAPTER 7, ACTUAL RESULTS

COULD VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THE LIQUIDATION ANALYSIS.

The Liquidation Analysis indicates the estimated values that might be obtained upon disposition of assets pursuant to a hypothetical chapter 7 liquidation, as an alternative to continued operation of the Debtors' businesses as proposed under the Plan. Accordingly, values discussed herein are different from amounts referred to in the Plan, which illustrates the value of the Debtors' businesses on a going concern basis. The Liquidation Analysis assumes that all operations of the Debtors would cease immediately upon liquidation, all Debtors would liquidate simultaneously and the Debtors' assets would be disposed of primarily through sale, liquidation and/or termination, as appropriate.

In preparing the Liquidation Analysis, the Debtors have projected Claims based upon their business judgment and their review of the most recently available scheduled Claims and Proofs of Claims associated with prepetition and post-petition obligations. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the estimated amounts of Claims set forth in the Liquidation Analysis. In addition, in the event litigation were necessary to resolve Claims asserted in a chapter 7 liquidation, the delay could be prolonged and Claims could further increase. The effects of such a delay on the value of distributions under the Liquidation Analysis have not been considered. THE ESTIMATE OF THE AMOUNT OF CLAIMS SET FORTH IN THE LIQUIDATION ANALYSIS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF CLAIMS UNDER A PLAN OF REORGANIZATION. THE ACTUAL AMOUNT OF CLAIMS COULD MATERIALLY DIFFER FROM THE AMOUNT OF CLAIMS ESTIMATED IN THE ANALYSIS. THE RECOVERIES WOULD ALSO CHANGE BASED ON FURTHER REFINEMENTS OF CLAIMS AMOUNTS AS THE DEBTORS' CLAIM OBJECTION AND RECONCILIATION PROCESS CONTINUES. THE DEBTORS EXPRESSLY DISCLAIM ANY OBLIGATION OR INTENTION TO UPDATE THIS LIQUIDATION ANALYSIS AFTER THE DATE HEREOF ON ANY BASIS (INCLUDING NEW OR DIFFERENT INFORMATION RECEIVED AND/OR ERRORS DISCOVERED).

B. Assumptions and Notes

Note A – Cash and Cash Equivalents

Cash and Cash Equivalents represents cash and liquid short-term investments. The Liquidation Analysis assumes no further cash for distribution would be generated from operations during the chapter 7 cases. Cash and Cash Equivalents has been estimated as of the Liquidation Date. The estimated recovery for this asset is 100%.

Note B – Accounts Receivable

Accounts Receivable is based on the book value of these assets as of December 31, 2012 and consists of amounts owed to the Debtors by Delta. There will be no Accounts Receivable owing from any party other than Delta, and the Liquidation Analysis assumes that all Accounts Receivable from Delta are eligible for set-off against other amounts owed or contract damage claims. The Debtors assume \$0 recovery based on the exercise of set-off rights against any amounts owed.

Note C – Aircraft

Aircraft represents the book value of the Debtors' owned Saab 340B aircraft as of December 31, 2012. The estimated mid-point recovery of \$14.9 million is based on management guidance on the recoverable value for the Saab 340B aircraft in a liquidation scenario.

Note D – Spare Parts and Engines

Spare Parts and Engines comprise parts related to CRJ-200, CRJ-900, Q400, and Saab aircraft and engines for Q400 and Saab aircraft. Estimated recovery value represents net orderly liquidation values ("**NOLV**") as of September 30, 2012 as reported in the ICF SH&E Quarterly Appraisal of Selected Aircraft Spare Parts & Spare Engines of Pinnacle Airlines Corp. The NOLVs reported assume a disposal period of 18 months in the case of the spare parts inventory and 12 months in the case of the spare engines. The estimated recovery range for this asset class is between 80% and 100%.

Note E – Simulators

Simulators consist of the Debtors' owned CRJ-200 and CRJ-900 flight simulators. The projected recovery value for Simulators of \$12.4 million reflects ICF SH&E's Appraisal of Certain Tangible Assets of Mesaba Airlines dated September 2, 2010.

Note F – Ground Service Equipment

The estimated recovery value for Ground Service Equipment was determined by applying a recovery range to the net book value of these assets as of December 31, 2012. The estimated recovery range for this asset is between 20% and 30%.

Note G – Shop Equipment

The estimated recovery value on Shop Equipment was determined by applying a recovery range to the net book value of these assets as of December 31, 2012. The estimated recovery range for this asset is between 20% and 30%.

Note H – Other

Other includes vehicles, computer hardware and software, and other furniture, fixtures and equipment. The estimated recovery value on these assets was determined by applying a recovery range to the net book values of these assets as of December 31, 2012. The estimated recovery range for these assets is between 10% and 20%.

Note I – Chapter 7 Trustee Fees and Expenses

Chapter 7 Trustee Fees and Expenses include compensation for services rendered by the Trustee in accordance with section 326 of the Bankruptcy Code. Chapter 7 Trustee Fees and Expenses are estimated to be 2.5% to 3.5% of total recovery value, excluding Cash and Cash Equivalents.

Note J – Chapter 7 Wind-Down Costs

Chapter 7 Wind-Down Costs comprise corporate payroll and operating costs during the liquidation and are based upon the assumption that certain insurance policies, operating and corporate functions would be retained to assist a trustee with the liquidation process. The remaining staff would also be needed to maintain and close the accounting records and to complete certain administrative tasks including the preparation of payroll and tax returns. Certain minimum staff would be required at the Debtors' corporate offices and in the facilities to complete the closure of the facilities, and to oversee the sale of certain assets, machinery, and equipment. Chapter 7 Wind-Down Costs are estimated to be 3.0% to 4.0% of total recovery value, excluding Cash and Cash Equivalents and Spare Parts and Engines.

Note K – Chapter 7 Professional Fees

Chapter 7 Professional Fees include estimated professional fees associated with the Wind-Down Period. Chapter 7 Professional Fees are estimated to range between \$6 million to \$9 million, with a midpoint of \$7.5 million.

Note L – CIT Facility

The CIT Facility is secured by a first-priority security interest in the Debtors' Spare Parts and Engines. In a liquidation scenario, CIT would have a senior secured claim against the Debtors for the outstanding balance of the CIT Facility. The Liquidation Analysis assumes an estimated CIT Facility balance of \$20.4 million as of the Liquidation Date.

Note M – Professional Fee Carve Out

The DIP Facility includes a carve out for (i) any unpaid professional fees and expenses ultimately allowed by the Bankruptcy Court incurred prior to the Funding Termination Date (as defined in the Order approving the DIP Financing) and (ii) up to \$2 million for unpaid fees of the Debtors' professionals incurred after the Funding Termination Date.

Note N – DIP Facility

In a liquidation scenario, the Debtors' DIP Lenders would have a senior secured super-priority claim against the Debtors for the outstanding balance of the DIP Facility. The Liquidation Analysis assumes an estimated DIP Facility balance of \$126.3 million as of the Liquidation Date.

Note O – Administrative Claims and Priority Claims

Administrative Claims and Priority Claims comprise priority tax claims, 503(b)(9) claims, the DIP Lender's deficiency claim relating to the DIP Facility, and claims arising from the rejection of previously assumed Delta contracts. Delta's claim would have several components. First, Delta would be entitled to contract rejection damages from the termination of the Debtors' contracts with Delta. Second, Delta would have a claim relating to the return condition requirements of the leased CRJ-200 aircraft returned by the Debtors to Delta. Third, Delta would have a claim for damages related to the catastrophic impact a liquidation of the Debtors could have on Delta's network, which would include, among other things, network disruption and lost revenue. The last category, which would likely result in the largest claim, is extremely difficult to quantify but would likely be in the hundreds of millions of dollars, at a minimum. The Liquidation Analysis assumes a range of \$470 million to \$590 million of Administrative Claims and Priority Claims, net of the carve out for professional fees.

Note P – General Unsecured Claims

General Unsecured Claims primarily include the United and Delta contract rejection damages, claims arising from the rejection of collective bargaining agreements with the Debtors' labor unions, aircraft lease rejection damages, other lease and contract rejection damages, prepetition accounts payable and other general unsecured claims pursuant to already rejected / restructured executory contracts. Actual General Unsecured Claims in a liquidation scenario would likely be higher. Such an increase in General Unsecured Claims would further dilute percentage recoveries to all holders of General Unsecured Claims.

APPENDIX C

FINANCIAL PROJECTIONS

Introduction

The financial projections presented herein for the Reorganized Debtors (the “**Financial Projections**”) are shown on a consolidated basis for the period of January 1, 2013 through December 31, 2017 (the “**Projection Period**”). Also provided herein are key assumptions and commentary for the Financial Projections (the “**Notes**”). The Financial Projections and the Notes should be read in conjunction with the Plan and Disclosure Statement.¹ The Debtors, with the assistance of their financial advisors, have prepared these Financial Projections to assist the Bankruptcy Court in determining whether the Plan meets the so-called “feasibility test” of section 1129(a)(11) of the Bankruptcy Code.

The Debtors generally do not publish their business plans, market strategies, anticipated future financial position or results of operations in the level of detail and in the format set forth herein. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or Interests, or to include such information in documents required to be filed with the SEC or otherwise make public such information.

THE FINANCIAL PROJECTIONS HAVE BEEN PREPARED BY THE DEBTORS’ MANAGEMENT, IN CONJUNCTION WITH THE DEBTORS’ FINANCIAL ADVISOR AND INVESTMENT BANKER, SEABURY ADVISORS LLC (“**SEABURY**”) AND BARCLAYS CAPITAL INC. (“**BARCLAYS**”), RESPECTIVELY. SEABURY AND BARCLAYS HAVE REVIEWED THE FINANCIAL PROJECTIONS AND BELIEVE THAT THE ASSUMPTIONS USED BY MANAGEMENT IN THE PREPARATION THEREOF ARE REASONABLE AND REFLECT THE BEST INFORMATION AVAILABLE TO THE DEBTORS AT THIS TIME. THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AND BY THEIR NATURE ARE NOT FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES OF AMERICA.

THE DEBTORS’ INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS.

THE FINANCIAL PROJECTIONS DO NOT REFLECT THE FULL IMPACT OF FRESH START REPORTING IN ACCORDANCE WITH AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS STATEMENT OF POSITION 90-7, “FINANCIAL REPORTING BY ENTITIES IN REORGANIZATION UNDER THE BANKRUPTCY CODE.” THE

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

IMPACT OF FRESH START REPORTING, WHEN REFLECTED AT THE EFFECTIVE DATE, MIGHT MATERIALLY DIFFER FROM THE ENCLOSED PROJECTIONS.

THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS, INCLUDING THE CONFIRMATION OF THE PLAN ON THE PRESUMED EFFECTIVE DATE, THE CONTINUING AVAILABILITY OF SUFFICIENT LIQUIDITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, COVENANTS IN NEW CREDIT FACILITIES, MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, ACTS OF TERRORISM OR WAR, INDUSTRY SPECIFIC RISK FACTORS (AS DETAILED IN THE DISCLOSURE STATEMENT IN THE SECTION TITLED "RISK FACTORS") AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, SEABURY AND BARCLAYS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THESE FINANCIAL PROJECTIONS ARE INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL

RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS.

THESE FINANCIAL PROJECTIONS WERE DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTORS OR ANY OF THEIR AFFILIATES.

General Assumptions in the Financial Projections and the Notes

The Financial Projections have been prepared based on the assumption that the Effective Date of the Plan is April 30, 2013. The Financial Projections are based on, and assume, among other things, the Debtors' successful reorganization, completion of the Debtors' fleet restructuring initiatives, and implementation of the Debtors' business plan. Although the Debtors presently intend to cause the Effective Date to occur as soon as practicable following Confirmation of the Plan, there can be no assurance as to when the Effective Date will actually occur. If the Effective Date is delayed, the Debtors will continue to incur reorganization costs, which may be significant. The Financial Projections do not include any assumptions about any equity capital or debt financing transactions that the Reorganized Debtors may consummate after the Effective Date.

Please read in conjunction with associated Notes. Figures shown may not tie due to rounding.

Projected Consolidated Statements of Operations (unaudited)

\$000's	For the year ending December 31				
	2013	2014	2015	2016	2017
Revenue	596,397	387,237	261,190	268,491	275,162
Salaries, wages and benefits	262,459	183,412	145,706	150,400	150,273
Depreciation	12,409	9,224	5,176	5,176	5,176
Maintenance and materials	97,387	58,889	33,882	42,619	42,937
Other expenses	225,665	132,293	65,557	65,934	68,437
Total operating expenses	597,920	383,817	250,321	264,129	266,824
Operating income	(1,523)	3,420	10,869	4,361	8,339
Non-operating expenses	20,041	5,830	5,597	4,899	4,155
Net income	(21,564)	(2,410)	5,271	(538)	4,184

Please read in conjunction with associated Notes. Figures shown may not tie due to rounding.

**Projected Consolidated Balance Sheets
(unaudited)**

\$000's	As of December 31				
	2013	2014	2015	2016	2017
Cash and cash equivalents	44,208	54,012	53,426	43,641	39,587
Other current assets	60,112	22,404	20,632	20,632	20,632
Total current assets	104,320	76,417	74,057	64,272	60,218
Property, plant and equipment, net	39,548	45,148	46,148	46,148	46,148
Other non-current assets	11,081	-	-	-	-
Total non-current assets	50,629	45,148	46,148	46,148	46,148
Total assets	154,949	121,565	120,205	110,420	106,367
Current liabilities	75,878	47,458	44,958	42,458	39,958
Long-term debt	49,167	46,612	41,895	35,734	29,531
Total liabilities	125,044	94,070	86,853	78,192	69,489
Stockholder's equity	29,905	27,495	33,352	32,228	36,877
Total liabilities and stockholder's equity	154,949	121,565	120,205	110,420	106,367

**Projected Consolidated Statements of Cash Flows
(unaudited)**

\$000's	For the year ending December 31				
	2013	2014	2015	2016	2017
Operating cash flow	(180)	10,050	14,130	6,452	11,480
Investing cash flow	26,211	6,894	(4,403)	(5,176)	(5,176)
Financing cash flow	(11,667)	(7,140)	(10,314)	(11,061)	(10,358)
Increase/(decrease) in cash	14,365	9,805	(586)	(9,785)	(4,054)
Beginning cash balance	29,843	44,208	54,012	53,426	43,641
Ending cash balance	44,208	54,012	53,426	43,641	39,587

Notes to Projected Consolidated Statements of Operations

Overview

The Reorganized Debtors (more generally referred to hereafter as the “**Debtors**”) plan to continue operation of aircraft under (i) the CRJ-900 Agreement and (ii) the CRJ-200 Agreement (together, the “**Delta Agreements**”).

Upon the expected Effective Date, the Debtors will operate 140 CRJ-200 aircraft and 41 CRJ-900 aircraft. Under the Delta Agreements, the Debtors will receive an additional 40 CRJ-900 aircraft and wind-down the CRJ-200 fleet, setting the long-term fleet plan at 81 CRJ-900s and no CRJ-200s. The 40 CRJ-900 aircraft are forecast to be added to the fleet beginning in November 2013 with the final aircraft being added by year-end 2014. The Debtors 140 CRJ-200 aircraft are forecast to be removed from operation beginning in mid-2013. The Debtors will not need to comply with aircraft return conditions and will have no liability to Delta with respect to early termination and return of the CRJ-200 aircraft.

Operating Revenue

Revenue: Revenue in the Financial Projections consists of payments earned in connection with the Delta Agreements. In exchange for providing flights and all other services under the Delta Agreements, the Debtors receive from Delta certain fixed amounts plus certain additional amounts based upon the number of flights flown and block hours performed during the month. In addition, certain costs incurred by the Debtors in performing the flight services are “pass-through” costs, where Delta agrees to reimburse the Debtors for the actual amounts incurred, including: basic aircraft and engine rentals; aviation and passenger liability, war risk, and hull insurance; third-party de-icing services; third-party engine maintenance; hub and maintenance facility rentals; landing fees; and property taxes, among others, all as defined in the Delta Agreements. Further, Delta provides fuel, ground handling services, and various other services at no cost to the Debtors. The Debtors incur penalties if certain predetermined operational performance goals are not achieved and incentives if operational performance goals are exceeded.

Revenue under the Delta Agreements is forecast based on a number of factors, including (i) fleet size, as adjusted for any rights to remove aircraft from service; (ii) expected utilization for the contracted aircraft; (iii) contract reimbursement rates and annual adjustments thereto; (iv) historical information on the same; and (v) the Debtors’ expected operating performance.

For both of the Delta Agreements, the Financial Projections assume that future fleet operating and reliability statistics are consistent with current performance levels. Following the reconfiguration of the fleet, utilization is projected to remain constant through the remainder of the Projection Period.

Operating Expenses

Salaries, Wages and Benefits: Salaries, wages and benefits include labor expenses based on current labor contracts, expected fleet operating levels and projected benefits.

Maintenance and Materials: The Debtors currently outsource all heavy engine and airframe maintenance work as well as major component and landing gear repairs. Airframe and engine heavy maintenance expenses are based on a calendar of upcoming repair events (the timing for which is relatively predictable based on anticipated utilization) and their associated costs, which are estimated based on recent historical activity. Component repair costs are estimated based on current repair contract rates. Line maintenance expenses are based on historical trends and the Debtors' actual costs in this category adjusted for changes in the size and composition of the operating fleet.

Depreciation: The Financial Projections reflect depreciation for owned aircraft and other property and equipment, including aircraft rotables and aircraft simulators.

Other Expenses: Other expenses include, among others, aircraft rent, property and franchise taxes, insurance, navigation fees, crew overnight accommodations and transportation, airport landing fees, hub facility and other facilities rental, equipment rental costs and fees, communications, utilities, hardware and software maintenance, and general supplies.

Non-operating Expenses: Non-operating expenses include certain restructuring professional fees in 2013 and interest expense.

Income Taxes: The Debtors expect to utilize federal NOLs, subject to statutory limitations, to offset all of the Debtors' anticipated federal taxable income during the Projection Period. The assumed utilization of federal NOLs is expected to offset the Debtors' cash tax burden with respect to the payment of income taxes.

Notes to Projected Consolidated Balance Sheets

Capital Structure: The Debtors' capital structure is assumed to include the following:

- (a) Exit Note: On the Effective Date, each holder of a DIP Facility Claim, in complete satisfaction of such Claim, shall receive a pro rata share of (i) the Exit Note, with an aggregate principal amount on the Effective Date of \$45 million and (ii) a percentage of the New Common Stock as noted in the Plan.
- (b) CIT Facility: Approximately \$20.4 million under the CIT Facility, secured by a pool of spare repairable, rotatable and expendable parts and certain aircraft engines.
- (c) GE Notes: Approximately \$2.3 million of GE Notes secured by a certain CF34-8C5 engine.

Approximately \$254.5 million of EDC Debt secured by 16 CRJ-900 aircraft owned by the Debtors will be reinstated. The Financial Projections do not reflect the EDC Debt as these

aircraft will not be operated by the Debtors. Delta will reimburse the Debtors for all related principal and interest payments.

Notes to Projected Consolidated Statements of Cash Flows

During the Projection Period, the Debtors estimate their business operations will generate modest cash flow. Net cash flow over the Projection Period is approximately \$9.7 million. The Debtors expect to have unrestricted cash of approximately \$27 million at emergence.

Operating Cash Flow: During the Projection Period, it is estimated that the Debtors will generate positive cash flow from operations. Cash flow from operating activities is projected to fluctuate from approximately \$0 to \$14.1 million per year during the Projection Period. Aggregate cash produced from operating activities during the Projection Period is approximately \$41.9 million.

Investing Cash Flow: Net cash flow from investing activities is projected to generate aggregate cash of approximately \$18.3 million over the Projection Period. This reflects approximately \$40.1 million of capital expenditures during the Projection Period related to ongoing purchases of spare parts and rotables, which is expected to be lower than historical expenditures due to the smaller fleet, and other items. This also reflects approximately \$43.8 million of cash generated during the Projection Period from the sale of spare parts and equipment (which will be used to pay down the CIT Facility) as well as the sale of Saab 340 aircraft.

Financing Cash Flow: The Financial Projections anticipate the use of approximately \$50.5 million during the Projection Period, including inflows from incremental draws on the DIP Facility and outflows for debt service on the Exit Note, CIT Facility, and GE Notes.