

NEWS RELEASE

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FOR IMMEDIATE RELEASE

PHI REPORTS UPDATE ON REMAINING STRIKING PILOTS RETURN TO WORK

LAFAYETTE, LA – January 24, 2007 – PHI, Inc. (“PHI”) (Nasdaq:PHII) (Nasdaq:PHIHK) announced today that on January 11, 2007, the United States District Court for the Western District of Louisiana conducted a hearing on a request by the Office and Professional Employees International Union (“OPEIU”) for injunctive relief relating to PHI’s handling of the return to work of striking pilots following OPEIU’s purported “unconditional” offer to end its strike. At the Federal Judge’s request, an agreement was reached on a return-to-work process for the approximately sixty (60) remaining strikers. The agreement provides for a phased-in process (which returns striking pilots by groups, and then by aircraft type as determined by PHI, and then by seniority) that is consistent with the methodology PHI has used with the greater number of former strikers who had already individually offered to return to work. PHI’s court-approved methodology focuses on pilot qualifications and currency, safety, customer requirements, training status and certain other criteria. The return-to-work process will commence January 29, 2007 and conclude by April 29, 2007, although processing of pilots who require flight simulator training at third party training facilities may extend the process.

Other issues surrounding PHI’s allegations that the OPEIU engaged in bad faith bargaining, as well as the OPEIU’s counterclaims, remain outstanding and are expected to be addressed by the same Federal Court.

Since August 28, 2006, PHI has been more successful in hiring new pilots as a result of the wage increase PHI implemented following the breakdown of negotiations with the union. Additionally, during the general strike (which began on September 20, 2006), a substantial number of pilots voluntarily elected to return to work. PHI suspended new pilot hiring on November 10, 2006, because the union stated on that date that the striking pilots would return to work unconditionally. PHI has now resumed hiring additional pilots to account for new aircraft being added to the fleet, while also processing the remaining striking pilots to return to work. PHI cannot predict with certainty when its pilot workforce will be returned to full strength, as it continues to receive and deploy new aircraft, which creates further requirements for pilots. PHI expects considerable improvement in its pilot workforce complement by the end of the first quarter 2007.

Although the last several months have been difficult, our customers have been very supportive throughout this process. Additionally, it has been the dedication of PHI’s flight crews, maintenance crews, and support staff that enabled us to maintain high safety standards and customer service throughout these difficult months. They have demonstrated an attitude and work ethic that we will preserve going forward in all aspects of our safety and service goals.

PHI does not normally provide earnings guidance or preliminary estimates of financial results. However, since the pilot strike was an unusual circumstance that adversely affected financial

results in the fourth quarter, management felt it appropriate to provide information that may be of particular interest to investors. Although PHI's financial statements have not yet been audited, PHI estimates that it will report a loss for the fourth quarter of 2006 in the range of \$0.32 to \$0.36 per share on a fully diluted basis. The loss for the quarter was due primarily to the effects of the strike, which caused a decrease in revenue and an increase in certain costs, including pilot overtime and other associated costs. There were also some effects related to weather late in the quarter. As disclosed in its Form 10-Q for the third quarter of 2006, PHI expected to experience reduced revenues and monthly operating losses during the continuation of the strike. These results are consistent with that expectation. These issues will be discussed in the Company's Form 10-K.

PHI provides helicopter transportation and related services to a broad range of customers including the oil and gas industry, air medical industry and also provides third-party maintenance services to select customers. PHI Common Stock is traded on The Nasdaq National Market System (symbols PHII and PHIK).

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