



Press Release

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For Immediate Release:
March 20, 2008

ALOHA AIRLINES FILES FOR CHAPTER 11 BANKRUPTCY PROTECTION

HONOLULU – Aloha Airgroup, Inc., a Hawaii corporation whose principal operating subsidiary is Aloha Airlines, Inc., announced today that it filed a voluntary petition for protection under Chapter 11 of the U.S. Bankruptcy Code. Aloha will seek the Court’s approval to allow the Hawaii-based company to continue operating.

Aloha is also seeking Court approval of a cash collateral financing arrangement with its principal working capital lender, General Motors Acceptance Corporation, to provide financing for operations pending a further hearing in accordance with bankruptcy rules. In doing so, Aloha seeks to protect 3,500 jobs, honor thousands of passenger travel reservations, keep the U.S. Mail and air cargo moving between the islands, and continue to provide essential ground-handling services for domestic and international airlines serving Hawaii.

In its filing, Aloha cited its inability to generate sufficient revenues from its inter-island passenger business due to predatory pricing by Mesa Air Group's go! airline. In the highly competitive inter-island market, Aloha was forced to match go!’s below-cost fares at a time when the airline industry was facing unprecedented increases in the cost of jet fuel. Late last week, crude oil rose to an all-time record high of \$111 a barrel. For Aloha that means an annual increase of \$71 million in fuel expenses.

“It is a travesty and a tragedy that the illegal actions of a competitor and other factors completely beyond our control have forced us to take this action,” said David A. Banmiller, Aloha’s president and chief executive officer. “Through this filing, we hope to achieve a successful outcome that will protect the jobs of 3,500 dedicated employees who have made extraordinary sacrifices for Aloha, and to continue to earn the support of our loyal customers, business partners, vendors and financial backers.

“We are reaching out to all our friends here in Hawaii and around the world to continue to support Aloha Airlines as we work round-the-clock making every effort to continue our 61-year tradition of serving our island home in the spirit of Aloha.”

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