

LETTER OF AGREEMENT  
Between  
ALOHA AIRLINES, INC.  
And  
THE FLIGHT ATTENDANTS  
In the service of  
ALOHA AIRLINES, INC.  
As represented by  
THE ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO

ENHANCED EARLY RETIREMENT

THIS AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between ALOHA AIRLINES, INC. (hereinafter referred to as the "Company") and the Flight Attendants in the service of the Company, as represented by THE ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO (hereinafter referred to as the "Union").

Whereas the Company is currently reorganizing under Chapter 11 of the U.S. Bankruptcy Code; and

Whereas the reorganization will, in all likelihood, result in the need for fewer Flight Attendants; and

Whereas the parties desire to mitigate to the extent possible the need for involuntary furloughs;

Now therefore the parties agree to offer a window of opportunity for certain Flight Attendants to retire early, as set forth below.

- A. Upon ratification of the AFA Reorganizaiton Agreement, the company will offer an "enhanced early out" window from March 1, 2005 until November 30, 2005. During such window, Flight Attendants who have at least 30 years of service and are at least age 55, may elect to retire. Flight Attendants must make such election at least 60 days prior to her/his desired retirement date. All retirements under this provision must be effective no later than January 29, 2006, unless extended in accordance with Paragraph B. below. For Flight Attendants who meet the window requirements, the Company will, in addition to other contractual retirement benefits, pay 100% of the medical and dental premiums from the time of retirement until the Flight Attendant reaches her/his 65th birthday. This provision shall in no way be construed to diminish or forfeit any rights or privileges afforded by the Employee Retirement Income Security Act (ERISA) or any other applicable state and/or federal statute.

- B. The window of opportunity specified in A. above may be extended by the mutual agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Agreement this February 11, 2005.

WITNESS:  
FOR ALOHA AIRLINES, INC.

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Michael J. Conroy  
Director, Human Resources

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Albert J. Pattison  
Senior Vice President,  
Human Resources

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Mary Jo O'Connor  
Director, Inflight Services

FOR THE ASSOCIATION:

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Peggy Gordon  
MEC President

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Patricia Friend  
International President  
Association of Flight Attendants-  
CWA

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Karen Nakaoka  
MEC Vice President

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Mark L. Littleton  
AFA-CWA Staff Negotiator

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Grace Lee  
MEC Secretary – Treasurer

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Gail Kim-Moe  
Negotiating Committee