

Mokulele Airlines

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FOR IMMEDIATE RELEASE

Mokulele Airlines Recapitalized, Positioned for Stronger Growth

Honolulu (March 19, 2009) – Mokulele Airlines announced today that it has completed a major recapitalization through agreements with Republic Airways, its existing shareholders and debt holders. Mokulele will continue to have substantial local ownership, while the two airlines have agreed to further build on Republic's role as operator of Mokulele's jet services. Under the agreement, Republic will convert a significant portion of its \$8.0 million loan and invest additional equity into Mokulele, which will result in it becoming a 50% shareholder in the Kona-based carrier.

Bill Boyer, founder of Mokulele Airlines jet service, along with fellow Board member and shareholder, Dorvin Leis, welcomed the development. "We are very pleased we were able to successfully recapitalize our airline thanks to Republic Airways. They've been a terrific partner and their continued support will allow us to realize our dream of nurturing and growing our young airline," said Boyer. "We are extremely grateful for how well the people of Hawai'i are

responding to and supporting Mokulele's new jet service and we want to do all we can to keep travel options open and fares affordable for everyone. Travelers don't have to sacrifice quality or affordability when they fly with Mokulele," he added.

"We believe that the local community needs convenient, affordable air service between neighboring islands and that they shouldn't have to sacrifice comfort or value for their daily air service needs," said Bryan Bedford, CEO of Republic Airways. "Republic's investment in Mokulele gives it greater financial strength and positions it to compete effectively and continue to grow its expanding base of loyal inter-island customers." Bedford was recently in Honolulu to finalize details of the agreement.

Mokulele also announced that Republic Airways Vice President for Strategic Alliances, Scott Durgin, will serve as interim President and CEO while the company conducts a search for a new senior executive to help build the airline's senior management team. The new management structure will allow Bill Boyer to more effectively lead Mokulele's expanding sales and marketing efforts.

Mokulele Airlines entered into a jet service agreement with Republic Airways in October 2008 that provided the airline with four Embraer 170 jets. Mokulele Airlines began offering inter-island jet service between Honolulu and Kona and Lihue from November 2008 and began services to Kahului in early February.

Republic Airways Holdings, based in Indianapolis, Indiana, is an airline holding company that owns Chautauqua Airlines, Republic Airlines and Shuttle America. The airlines offer scheduled passenger service on approximately 1,300 flights daily to 104 cities in 36 states, Canada, Mexico, and Jamaica through airline services agreements with seven U.S. airlines. All of the airlines' flights are operated under their airline partner brand, such as AmericanConnection, Continental Express, Delta Connection, United Express, Midwest Connect, Mokulele Airlines and US Airways Express. The airlines

currently employ approximately 4,500 aviation professionals and operate 224 jet aircraft.

Mokulele Airlines was founded in 1998 as Mokulele Flight Service Inc. The airline operates scheduled U.S. carrier service both independently and through participation in a code-share agreement. It also offers tour flights as well as inter-island cargo service. Mokulele Airlines currently has a fleet of seven 208B Cessna Grand Caravans and operates 56 daily departures to seven cities in Hawai'i. Mokulele Airlines markets and sells tickets directly to passengers via its website www.mokuleleairlines.com and through its Honolulu reservations center at 808-426-7070.

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