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U.S. DISTRICT COURT
DISTRICT OF HAWAII

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Proposed Counsel for Debtor
and Debtor in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII**

In re

HAWAIIAN AIRLINES, INC.,
a Hawaii corporation,

Debtor.

Case No. 03- 00817
(Chapter 11)

**MOTION FOR ORDER TO CONTINUE
CURRENT INVESTMENT POLICIES
PURSUANT TO SECTION 345(B) OF**

ORIGINAL

6

THE BANKRUPTCY CODE; Exhibits A-C; Proposed Order.

Date: March 21, 2003

Time: *2:30 P.M.*

Judge: Hon. Robert J. Faris

Hawaiian Airlines, Inc., as debtor and debtor in possession (the "Debtor"), by and through its undersigned proposed co-counsel, files this Motion for Order to Continue Current Investment Policies Pursuant to Section 345(b) of the Bankruptcy Code (the "Motion"), and, in support thereof, respectfully represents as follows:

I. JURISDICTION

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

2. On March 21, 2003 (the "Petition Date"), the Debtor filed a petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Hawaii (the "Bankruptcy Court"). Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor is operating its businesses and managing its properties as a debtor

in possession. No trustee, examiner or committee of creditors has been appointed in the Debtor's chapter 11 case.

3. The Debtor was incorporated in January of 1929 under the laws of the Territory of Hawaii and is currently a subsidiary of Hawaiian Holdings, Inc. ("Hawaiian Holdings"),¹ a Delaware corporation whose common stock is traded on the American Stock Exchange and Pacific Exchange under the ticker symbol "HA." As part of the regular Securities and Exchange Commission filings of Hawaiian Holdings, Hawaiian Holdings reports its financial and operating results with those of the Debtor on a consolidated basis.

The Debtor's Business

4. The Debtor is engaged primarily in the scheduled transportation of passengers, cargo and mail. The Debtor's passenger airline business is its chief source of revenue. Principally all of the Debtor's flights either originate or end in the state of Hawaii. The Debtor provides passenger and cargo service from Hawaii, predominately Honolulu, to the cities of Los Angeles, Ontario, Sacramento, San Diego and San Francisco, California; Seattle, Washington; Portland, Oregon; Phoenix, Arizona; and Las Vegas, Nevada (the "Transpacific Routes"). The Debtor also provides non-stop service between and among the six

¹ Hawaiian Holdings holds 49.1% of the outstanding common stock of the Debtor directly. The remaining 50.9% of the outstanding common stock of the Debtor is held by AIP, Inc. ("AIP"), a wholly-owned subsidiary of Hawaiian Holdings.

major islands of the state of Hawaii (the "Interisland Routes") and weekly service to each of Pago Pago, American Samoa and Pepeeete, Tahiti in the South Pacific (the "South Pacific Routes"). Charter service is provided from Honolulu to Anchorage, Alaska (the "Charter Routes"). Based upon the Debtor's operating revenues, the Debtor is the largest airline headquartered in Hawaii.

5. Based on its unaudited results, the Debtor had a net loss of approximately \$58 million for the twelve months ended December 31, 2002 ("Year 2002") on operating revenue of approximately \$632 million for the same period. In comparison, for the twelve months ended December 31, 2001 ("Year 2001"), the Debtor reported net income of approximately \$5 million on operating revenue of approximately \$612 million for the same period. The Debtor's assets and liabilities, as of December 31, 2002, were approximately \$256 million and \$399 million, respectively. The Debtor's reported assets and liabilities, as of December 31, 2001, were approximately \$305 million and \$327 million, respectively.

6. The Debtor is party to a network of agreements among airlines. Because of the interdependent nature of airline operations, coordination among airlines, provision of airline services, and efficient service by the airline industry to the traveling public, in general, would be virtually impossible without such agreements. Among other things, these agreements facilitate cooperation among

airlines with respect to such critical activities as making reservations and transferring passengers, packages, baggage and mail among airlines.

The Debtor's Fleet

7. Beginning in the fourth quarter of 1999, the Debtor initiated a plan to replace its entire fleet of McDonnell Douglas DC-9 aircraft used to service its Interisland Routes. This effort was completed in the first quarter of 2002, with the Debtor taking delivery of thirteen Boeing 717-200 aircraft (the "717 Aircraft").

8. Similarly, in the fourth quarter of 2001, the Debtor initiated a plan to replace, by June 2003, its entire fleet of McDonnell Douglas DC-10 aircraft (the "DC-10 Aircraft") used to service the Transpacific Routes, South Pacific Routes and Charter Routes (the "Overseas Routes") with sixteen Boeing 767-300ER aircraft (the "767 Aircraft"). To date, the Debtor has taken delivery of ten new and four used Boeing 767-300ER aircraft and has returned eleven DC-10 Aircraft leased from Continental Airlines, Inc. and a subsidiary of American Airlines, Inc ("American"). The Overseas Routes are currently serviced by fourteen Boeing 767-300ER aircraft.

9. All of the Debtor's aircraft are leased from various lessors under either financing or operating leases. Three of the Debtor's 767 Aircraft are leased under fifteen-year operating leases with a subsidiary of Ansett Worldwide Aviation Services, Inc. ("Ansett") and were delivered to the Debtor in the fourth quarter of

2001. Four 767 Aircraft were delivered in 2002 under seven-year operating leases with International Lease Finance Corporation. Seven of the Debtor's 767 Aircraft are leased under eighteen-year operating leases from Ansett and a subsidiary of Boeing Capital Corporation ("Boeing"). Each of the 717 Aircraft is leased under an eighteen-year leveraged financing lease with Boeing. The Debtor's four remaining DC-10 Aircraft are leased under operating leases with American and B.C.I. Leasing.

Employees

10. The Debtor has approximately 3,200 active employees, approximately 2,600 of which are employed on a full time basis. The majority of the Debtor's employees are covered by labor agreements with the International Association of Machinists and Aerospace Workers (AFL-CIO) ("IAM"); the Airline Pilots Association, International ("ALPA"); the Association of Flight Attendants ("AFA"); the Transport Workers Union ("TWU"); or the Employees of the Communications Section ("Communications Section"). Each of these labor agreements, other than the contract with the seven-member Communications Section, was renegotiated in 2000 or 2001, and will be subject to renegotiation again in 2004 or 2005.

Previous Restructurings

11. On September 21, 1993, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (the “1993 Bankruptcy”).² Following confirmation of the Debtor’s plan of reorganization in the 1993 Bankruptcy on August 30, 1994, the Debtor successfully emerged from the 1993 Bankruptcy. Thereafter, on August 29, 2002, the Debtor was restructured from a public company into a wholly-owned subsidiary of Hawaiian Holdings and AIP (the “Restructuring”). As part of the Restructuring, the stockholders of the Debtor became stockholders of Hawaiian Holdings and Hawaiian Holdings assumed sponsorship of the Debtor’s existing stock agreements. Prior to the Restructuring, the common stock of the Debtor was publicly traded on the American Stock Exchange and Pacific Exchange under Hawaiian Holdings’ ticker symbol of “HA.”

The Debtor’s Current Financial Crisis

12. The Debtor’s current financial crisis was precipitated by a confluence of factors relating, in large part, to the depressed economic conditions of both the United States and Japan. These factors include: (a) decreased fare revenue, (b) high aircraft lease costs, (c) high labor costs and (d) increased insurance, security and fuel costs. Although the terrorist attacks of September 11, 2001 are one of the

most obvious and publicized reasons for the Debtor's current financial crisis, it is the significant, though related, decline in the economies of the United States and Japan that has most contributed to the necessity of the Debtor's chapter 11 filing.

13. Following the events of September 11, 2001, the Debtor has seen a marked and dramatic reduction in the demand for travel to and within the islands of Hawaii. This reduced demand has been exacerbated by the flagging economies of the United States and Japan since that time. The demand for vacation travel, which historically has been the Debtor's greatest source of income, has been most affected by the economic decline. In order to attract passengers, airlines, including the Debtor, have been forced to lower their fares. The introduction of "low cost carriers," such as Jet Blue, has led to a further reduction in fare structure, as national airlines have been forced to reduce ticket prices to remain competitive. The combination of fewer ticket sales made at reduced fares continues to impact the Debtor's revenue and earnings negatively.

14. Beginning in late 1999, as discussed above, the Debtor began a refueling process under which its aging fleet of McDonnell Douglas DC-9 aircraft and DC-10 Aircraft would be completely replaced by the end of 2003. By July of 2001, the Debtor had entered into the last of its agreements with lessors that would provide the aircraft for this refueling. Although the terms of these agreements

² United States Bankruptcy Court, District of Hawaii, Case No. 93-01074.

were considered to be fair and at market rates when agreed to, the subsequent and unforeseen decline in economic conditions in the United States and abroad have caused the terms of such leases to be highly unfavorable. Because its aircraft lease costs are grounded in economic assumptions that have failed to materialize, the Debtor has been forced to shoulder the crippling costs of over-market leases. For the Year 2002, expenses associated with the Debtor's aircraft leases made up 12% of its total operating expenses.

15. Similarly, because the Debtor's union agreements were renegotiated in 2000 and 2001, the Debtor's labor costs have not been in line with current economic conditions. Based upon market assumptions made in 2000 and pre-September 11, 2001, the Debtor's labor costs have exceeded what the Debtor could realistically maintain based upon its revenues. This relative increase in labor costs, as compared to revenue, has negatively impacted the Debtor's ability to remain a viable enterprise. For the Year 2002, the Debtor's labor costs made up 30% of its total operating expenses.

16. As a direct result of the events of September 11, 2001 and the long-standing international crises in the Middle East, the Debtor has seen increases in several of its cost centers. For instance, insurance rates associated with airline operations have increased substantially as compared to pre-September 11, 2001 rates. Because of increased airline security requirements, the Debtor also has been

faced with increased security expenditures. Moreover, fuel costs, which made up approximately 14% of the Debtor's operating expenses for Year 2002, also have steadily increased during this period. These increased costs, in the face of declining revenues, have further weakened the Debtor's ability to succeed as a going-concern.

Prepetition Activities

17. The two largest controllable components of the Debtor's cost structure are labor and aircraft costs. These are, therefore, the two areas upon which the Debtor had focused prior to the Petition Date in trying to accomplish a successful out-of-court financial and operational restructuring. To that end, the Debtor has, particularly within the past year, been actively negotiating with both its aircraft lessors and labor unions to reduce its aircraft and labor costs, respectively. These negotiations have continued up until the Debtor's bankruptcy filing. On February 20, 2003, the Debtor's employees represented by IAM agreed to \$3.8 million in concessions. On March 6, 2003, the Debtor's employees represented by ALPA reached an agreement with the Debtor with respect to approximately \$8 million in concessions. Similarly, on March 11, 2003, the Debtor's employees represented by AFA agreed to approximately \$3.5 million in concessions. Although the Debtor and its labor unions have made great progress in these negotiations, it now appears that the only practicable way for the Debtor to reorganize is under the

protection afforded to it under the Bankruptcy Code, as the Debtor has not been successful in its attempts to negotiate significant concessions from its aircraft lessors.

III. THE DEBTOR'S INVESTMENT POLICY

18. In order to efficiently operate its business, the Debtor maintains a centralized cash management system (the "Cash Management System"), which collects and disburses funds throughout the Debtor's area of operations. Pursuant to a motion filed contemporaneously herewith, the Debtor is seeking authority to continue its Cash Management System.

19. In the ordinary course of its business prior to the Petition Date, the Debtor used its Cash Management System, which is similar to the cash management systems utilized by other major corporate enterprises, to efficiently collect, transfer and disburse funds generated throughout the Debtor's area of operations.

20. Under the Cash Management System, the Debtor maintains a number of accounts at the Bank of Hawaii. The chart attached hereto as Exhibit A shows the flow of funds through most of the Debtor's accounts. Most of these accounts are zero balance accounts which are swept on a nightly basis into the Sweep Account maintained with Bank of Hawaii Investment Services. The money swept

into the Sweep Account is either maintained in that account overnight or invested in higher-yielding investments depending upon the short-term needs of the Debtor.

21. The excess funds that are not necessary to fund the Debtor's short term operations are invested in various investment accounts paying higher yields than the Sweep Account (the "Investment Accounts"). A complete list of all of the Debtor's Bank Accounts including the Investment Accounts is included in Exhibit B this Motion. The Debtor believes that the use of these Bank Accounts gives the Debtor the highest reasonable rate of return on its funds without taking unnecessary risk.

IV. RELIEF REQUESTED

22. Pursuant to section 345(b) of the Bankruptcy Code, the Debtor seeks authority to continue to invest the funds generated through the Cash Management System in the same manner as such funds were invested by the Debtor pre-petition and to maintain such funds with the current institutions regardless of whether such institutions are on the U.S. Trustee's list of approved institutions. The current arrangement is intended to serve as an addition to the investments permitted by section 345(b) of the Bankruptcy Code. The Debtor reserves its right to amend the current arrangement, subject to the approval of this Court.

V. CAUSE EXISTS TO APPROVE THE DEBTOR'S PRE-PETITION INVESTMENT POLICY

23. Section 345 of the Bankruptcy Code governs a debtor's deposit and investment of cash during a chapter 11 case. Section 345(a) of the Bankruptcy Code authorizes deposits or investments of money as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." For deposits or investments that are not "insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States," section 345(b) of the Bankruptcy Code provides that the estate must require from the entity with which the money is deposited or invested a bond in favor of the United States secured by the undertaking of an adequate corporate surety, unless the Court for cause orders otherwise. In the alternative, the estate may require that the entity deposit governmental securities pursuant to 31 U.S.C. § 9303.³

24. Investment of cash in strict compliance with the requirements of section 345(b) in this case would be inconsistent with section 345(a) of the Bankruptcy Code, which permits a trustee or debtor in possession to make such investments of money of the estate "as will yield the maximum reasonable net return on such money." 11 U.S.C. § 345(a). Thus, in 1994, to avoid "needlessly handcuff[ing] larger, more sophisticated debtors," Congress amended section

³ 31 U.S.C. § 9303 provides that where a person is required by law to give a surety bond, that person, in lieu of such surety bond, may provide a governmental obligation.

345(b) of the Bankruptcy Code to provide that the strict investment requirements of section 345(b) may be waived or modified if the Court so orders “for cause.” 140 Cong. Rec. H. 10,767 (Oct. 4, 1994).

25. The Debtor believes that its current investment policy provides the protection contemplated by section 345(b) of the Bankruptcy Code, notwithstanding the absence of a “corporate surety” requirement. While all of the Debtor’s Bank Accounts do not strictly comply with the requirements of section 345(b) of the Bankruptcy Code, the Debtor believes that it has mitigated as much of the risk of loss of funds as is possible given the nature of the Debtor’s business. Because the Debtor operates in such far-flung locations as Tahiti and Japan, it must maintain banking relationships in those locations. The Debtor, however, only keeps funds in such foreign banks sufficient to maintain operations in those locations.

26. The Debtor’s Investment Accounts, while mostly in federally insured institutions, also do not strictly comply with section 345(b) because the balances in those accounts generally exceed the limits of FDIC insurance. The Debtor, however, has minimized the risk of loss by investing its funds with five different institutions. In addition, all but the certificates of deposit with Liberty Bank are in

Money Market accounts. Such accounts principally invest in government securities and other similar securities.⁴

27. These investment policies are part of a carefully devised investment strategy mandated by the Debtor's Board of Directors. The objectives of this strategy, in order of importance, are to: (i) maintain safety of principal, (ii) maximize after-tax returns, and (iii) preserve liquidity. A complete copy of the Investment Policy Guidelines is attached hereto as Exhibit C.

28. Based upon the foregoing, cause exists for this Court to waive the strict requirements of section 345(b) in this chapter 11 case and to allow the Debtor to follow its current investment policy as a debtor in possession. By continuing its current investment policy, the Debtor will be able to avoid a potentially costly and time consuming process of reorganizing its investing system.

29. In other complex chapter 11 cases, courts within the Ninth Circuit have granted similar relief relating to the waiver of investment and deposit requirements. *See, eg., In re Liberty House, Inc.*, Case No. 98-01039 (Bankr. D. Haw. March 20, 1998); *In re Washington Group International, Inc.*, Case No. BK-N-01-31627 (Bankr. Nev. May 15, 2001); *In re Pacific Gas and Electric Co.*, Case No. 01-30923DM (N.D. Cal. April 6, 2001); Courts in other jurisdictions also have

⁴ Although not attached to this Motion as exhibits, prospectuses on each fund detailing the types of investments utilized by such fund are available from the Debtor upon request by a party in interest.

waived the requirements of section 345(b). *See, e.g., In re Sunbeam Corp.*, Case No. 01-40291 (Bankr. S.D.N.Y. 2001); *In re Bradlees Stores, Inc., et al.*, Case Nos. 00-16033, 00-16035 and 00-16036 (Bankr. S.D.N.Y. 2000); *In re Sun Healthcare Group, Inc.*, Case Nos. 99-3657 through 99-3841 (Bankr. D. Del. October 14, 1999); *In re Factory Card Outlet Corp.*, Case Nos. 99-685 and 99-686 (Bankr. D. Del. 1999); *In re PWS Holdings Corp.*, Case Nos. 98-212 through 98-223 (Bankr. D. Del. 1998); *In re The Wiz, Inc., et al.* Case Nos. 97-48257 through 97-48346 (Bankr. S.D.N.Y. 1997); *In re Best Products Co., et al.*, Case Nos. 91 B 10048 through 91 B 10053 (Bankr. S.D.N.Y. 1991); *In re Anglo Energy Ltd.*, Case Nos. 83 B 11614 (Bankr. S.D.N.Y. 1984); *In re Johns-Manville Corp.*, Case Nos. 83 B 11656 through 82 B 11676 (Bankr. S.D.N.Y. 1982). The Debtor respectfully submits that similar treatment is warranted herein.

30. Finally, the United States Trustee (“UST”) requires that all of a debtor in possession’s funds be invested through banking institution pre-approved by the UST to handle debtor in possession accounts. Although some of the Debtor’s funds are invested through the Bank of Hawaii, a UST approved institution, not all of the investment accounts are with such pre-approved institutions. Without modification or waiver of the UST requirements, the Debtor’s investment strategies, including diversity of investments cannot be fully accomplished. The current accounts where the Debtor’s funds are invested provide similar security

and control over funds that any of the UST's pre-approved institutions would provide.

VI. NOTICE

31. Notice of this Motion has been provided to: (i) the Office of the United States Trustee for District of Hawaii; (ii) parties appearing on the Debtor's list of creditors holding the twenty largest unsecured claims; (iii) the Securities and Exchange Commission; and (iv) the Internal Revenue Service. Given the circumstances, the Debtor submits that no other or further notice need be given.

VII. NO PRIOR REQUEST

32. No prior motion for the relief requested herein has been made to this Court or any other court.

WHEREFORE, the Debtor respectfully requests that the Court enter an order granting the relief requested herein and such other and further relief as may be just.

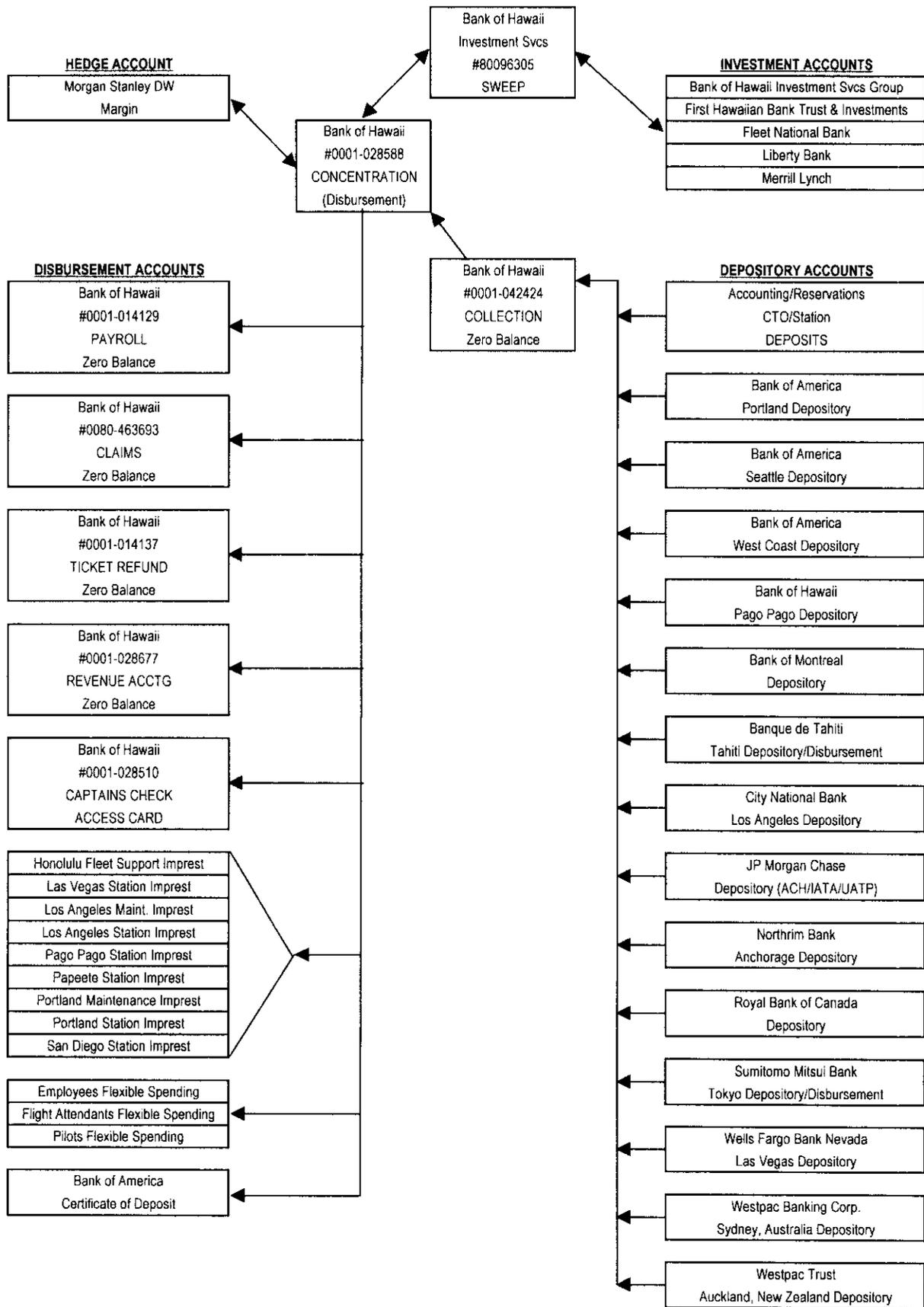
Dated: Honolulu, Hawaii, March 21, 2003.

By: 
NICHOLAS C. DREHER, ESQ.
THEODORE D.C. YOUNG, ESQ.
CADES SCHUTTE LLC

and
LISA G. BECKERMAN, ESQ.
DAVID SIMONDS, ESQ.
AKIN GUMP STRAUSS HAUER & FELD LLP

Proposed Counsel for Debtor and Debtor in
Possession

HAWAIIAN AIRLINES, INC.



Financial Institution	Account Location	Acct #	Contact Address	Phone Number	Fax Number	Type of Account
BANK OF AMERICA	Concord, CA	12331-55012	Lydia Ortega, 1850 Gateway Blvd, Concord CA 94520	(925) 675-7343	(925) 675-7331	Certificate of Deposit
BANK OF AMERICA	Los Angeles, CA	1233-518114	Sherril Leonard, 1850 Gateway Blvd, Concord CA 94520	(925) 675-7172	(877) 209-7066	Imprest
BANK OF AMERICA	Portland, OR	23804-05574	Diane Alvarez, 10120 NE Sandy Blvd, Portland OR 97220	(503) 257-3404	(503) 257-3409	Depository
BANK OF AMERICA	Portland, OR	23808-05591	Diane Alvarez, 10120 NE Sandy Blvd, Portland OR 97220	(503) 257-3404	(503) 257-3409	Imprest
BANK OF AMERICA	Portland, OR	23809-09485	Diane Alvarez, 10120 NE Sandy Blvd, Portland OR 97220	(503) 257-3404	(503) 257-3409	Imprest
BANK OF AMERICA	San Diego, CA	05075-05763	Angelita Simmons, 1275 Rosecrans St, San Diego CA 92106-2680	(619) 221-6619	(619) 221-6622	Imprest
BANK OF AMERICA	San Francisco, CA	1233-717949	Sherril Leonard, 1850 Gateway Blvd, Concord CA 94520	(925) 675-7172	(877) 209-7066	Depository
BANK OF AMERICA	Seattle, WA	67-604405	Rosita Tanudiatud, PO Box 34414, Seattle WA 98124-1414	(206) 358-2915	(206) 258-7134	Depository
BANK OF HAWAII	Honolulu, HI	0001-028537	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Benefit Disbursement
BANK OF HAWAII	Honolulu, HI	0001-031147	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Benefit Disbursement
BANK OF HAWAII	Honolulu, HI	0001-031155	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Benefit Disbursement
BANK OF HAWAII	Honolulu, HI	0080-463693	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Claims Disbursement
BANK OF HAWAII	Honolulu, HI	0001-042424	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Collection
BANK OF HAWAII	Honolulu, HI	0001-028588	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Concentration
BANK OF HAWAII	Honolulu, HI	0001-028510	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Debit Card/Disbursement
BANK OF HAWAII	Honolulu, HI	0080-732890	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Imprest
BANK OF HAWAII	Honolulu, HI	0001-014129	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Payroll Disbursement
BANK OF HAWAII	Honolulu, HI	0001-028677	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Revenue Acct Disbursement
BANK OF HAWAII	Honolulu, HI	0001-014137	John McKenna, PO Box 2900, Honolulu HI 96846	(808) 537-8560	(808) 537-8301	Ticket Refund Disbursement
BANK OF HAWAII	Honolulu, HI	0034-036180	Brent Schwenke, PO Box 69, Pago Pago, American Samoa 96799	011-684-633-4226	011-684-633-2918	Depository
BANK OF HAWAII	Pago Pago, AM Samoa	34-037078	Brent Schwenke, PO Box 69, Pago Pago, American Samoa 96799	011-684-633-4226	011-684-633-2918	Imprest
BANK OF HAWAII	Vancouver, BC, Canada	1024-344	Debbie Cheang, 2106 W Broadway, Vancouver, BC, Canada	(604) 665-7177	(604) 665-6611	Depository
BANK OF MONTREAL	Honolulu, HI	800969305	Stan Long, 130 Merchant St, 7th Floor, Honolulu, HI 96813	(808) 538-4454	(808) 538-4891	Investment (Sweep)
BANK OF INVESTMENT SERVICES, INC.	Honolulu, HI	01-322052-010-00	Eric Emmanuel, PO Box 1602, Papeete Tahiti, French Polynesia	011-689-417-064	011-689-434698	Collection/Disbursement
BANQUE DE TAHITI	Papeete, Tahiti	01-219901-010-00	Eric Emmanuel, PO Box 1602, Papeete Tahiti, French Polynesia	011-689-417-064	011-689-434698	Imprest
BANQUE DE TAHITI	Papeete, Tahiti	01-219901-010-00	Eric Emmanuel, PO Box 1602, Papeete Tahiti, French Polynesia	011-689-417-064	011-689-434698	Imprest
CITY NATIONAL BANK	Los Angeles, CA	003-105229	Rita Hough, 6033 West Century Blvd, Los Angeles CA 90045	(310) 342-4523	(310) 342-4529	Depository
CITY NATIONAL BANK	Los Angeles, CA	003-105237	Rita Hough, 6033 West Century Blvd, Los Angeles CA 90045	(310) 342-4523	(310) 342-4529	Imprest
JP MORGAN CHASE	New York, NY	910-1-200237	1 Chase Manhattan Plaza, New York, NY 10005	(212) 562-5778	(212) 383-0619	ACH/ATA Settlement
MORGAN STANLEY DW INC.	Washington, DC	642456 64289066	Alan Levine, 1775 I Street NW Ste 200, Washington DC 20006	(202) 862-9122	(202) 862-9185	Hedge
NORTHRII BANK	Anchorage, AK	1360307613	James Bridgeman, 500 West 7th Ave, Anchorage AK 99524-1483	(907) 263-3277	(907) 263-3271	Depository
ROYAL BANK OF CANADA	Vancouver, BC, Canada	139-777-7	Annette Holloway, 1025 W Georgia St, Vancouver, BC, Canada	(604) 665-5186	(604) 665-0796	Depository
SUMITOMO MITSUI BANK	Tokyo, JAPAN	602-111	Yoshihiko Shimizu, 4-1, Marunouchi, 3-Chome, Chiyoda-ku, Tokyo, Japan 100-0005	03-3216-0441	03-3214-6735	Collection/Disbursement
SUMITOMO MITSUI BANK	Tokyo, JAPAN	296-255	Yoshihiko Shimizu, 4-1, Marunouchi, 3-Chome, Chiyoda-ku, Tokyo, Japan 100-0005	03-3216-0441	03-3214-6735	Disbursement
SUMITOMO MITSUI BANK	Tokyo, JAPAN	296-298	Yoshihiko Shimizu, 4-1, Marunouchi, 3-Chome, Chiyoda-ku, Tokyo, Japan 100-0005	03-3216-0441	03-3214-6735	Disbursement
SUMITOMO MITSUI BANK	Las Vegas, NV	6631969227	Deonisia Jones, 770 E Warm Springs, Ste 160, Las Vegas NV 89119	(702) 407-9681	(702) 407-9605	Depository
WELLS FARGO BANK	Las Vegas, NV	663-1969235	Deonisia Jones, 770 E Warm Springs, Ste 160, Las Vegas NV 89119	(702) 407-9681	(702) 407-9605	Imprest
WELLS FARGO BANK	Las Vegas, NV	470-479	Wales House 21004, GPO Box 1, Sydney NSW 200 Australia	612-92607080	512-92067305	Depository
WESTPAC BANKING CORP	Sydney, Australia	470-479	Wales House 21004, GPO Box 1, Sydney NSW 200 Australia	612-92607080	512-92067305	Depository
WESTPAC TRUST	Auckland, NZ	0899970-00	Tanya Ashdown, PO Box 53, Auckland New Zealand	64-9-302-4334	64-9-302-4350	Depository

EXHIBIT B

**HAWAIIAN AIRLINES, INC.
INVESTMENT ACCOUNTS**

DESCRIPTION	ACCOUNT NAME	INSTITUTION
MONEY MARKET	HAWAIIAN AIRLINES, INC. CAPITAL OPERATING A/C Account No. 135128403	BANK OF HAWAII Investment Services Group P.O. Box 3170 Honolulu, Hawaii 96802-3170
MONEY MARKET	HAWAIIAN AIRLINES, INC. BSF MONEY MKT Account No. 71-3690-01-4	FIRST HAWAIIAN BANK Trust & Investments Division P.O. Box 3708 Honolulu, HI 96811-3708
MONEY MARKET	HAWAIIAN AIRLINES, INC. Merrill Lynch Premier Institutional Fund Account No. 0001-014129	MERRILL LYNCH Funds For Institutions P.O. Box 8118 Boston, MA 02266-8118
MONEY MARKET	HAWAIIAN AIRLINES, INC. Account No. 0009118270	FLEET NATIONAL BANK 100 Federal Street Boston, MA 02110
CERTIFICATE OF DEPOSIT	HAWAIIAN AIRLINES, INC. Account No. 13860353 Account No. 13860387 Account No. 13860411	LIBERTY BANK, SSB 900 Congress Avenue Austin, TX 78701

EXHIBIT C

HAWAIIAN AIRLINES, INC.

INVESTMENT POLICY GUIDELINES
FOR CASH BALANCES

Purpose

To specify the responsibility and authority for the short-term investment of cash at Hawaiian Airlines, Inc. (the "Company").

Responsibility

It is the responsibility of the Executive Vice President & Chief Financial Officer of the Company to: (a) monitor existing investment policy guidelines for suitability under changing corporate and market conditions and propose any needed changes in policy, (b) execute the investment policy and (c) maintain proper administrative controls.

Investment Objectives

In order of importance, the Company's investment objectives are to:

- maintain safety of principal
- maximize after-tax returns, and
- preserve liquidity

The invest process will be guided by strict credit standards and diversity among individual credits to maintain safety of principal. The after-tax returns will be maximized through interest rate anticipation reflected in the relative weighting of the maturity structure, market sector selection and efficient execution. Limitations on maturities and the use of marketable, negotiable instruments will preserve liquidity.

Liquidity

The maturity of the investment portfolio will be appropriately matched to the projected liquidity requirements of the Company.

Investment Accounts

The Company shall invest the cash balances in professionally managed Institutional cash management accounts whose investment policy and objectives are consistent with or defined by the objectives of this policy.

Cash Management for Operating Accounts

The Company may maintain, as part of its operating bank accounts, cash concentration balances up to \$6,000,000 at appropriate commercial banks (i.e., Bank of Hawaii) as part of the sweeping and funding of the various operating bank accounts.

Investment Performance

Actual investment results will be tracked monthly and reported to the Board.

Internal Controls

Pursuant to the Resolution of the Company's Board of Directors adopted at its June 29, 1998 meeting, internal controls for the investment of operating funds will include:

"(9) That any two of the following, namely, the President, the CFO, the Treasurer, the Controller, or the Corporate Secretary of the Company, are authorized on behalf of the Company and in its name to establish and maintain one or more Investment Accounts with any bank or other financial institution for the purpose of purchasing, investing in, or otherwise dealing with all forms of securities; but such authorization shall not include the opening of margin accounts or the making of short sales; and are given authority to do and take any and all action necessary and appropriate in connection with the Investment Account, or considered desirable by any authorized officer to give written or oral instructions to any bank or other financial institution with respect to all transactions binding and obligating the Company for all transactions with the Investment Account, including but not limited to delivering securities to, and depositing funds with the Investment Account, ordering the transfer or delivery of securities; endorsing any securities in order to pass title; directing the sale or exercise of any rights with respect to any securities; signing for the Company all releases, powers of attorney and/or other documents in connection with any such Investment Account and appointing any other person or persons to do any and all things which any of these officers is empowered to do."

SHORT-TERM INVESTMENT GUIDELINES

- Category A - Obligations of the United States Government and its Agencies and the Dominion of Canada and its Provinces, in unlimited amounts.
- Category B - U.S. dollar-denominated money market instruments issued by an United States office or branch, or Canadian dollar-denominated money market instruments issued by a Canadian office, including but not limited to: Certificates of Deposit, Time or Other Interest-bearing Deposits; Bankers' Acceptances; Commercial Paper; subject to the following limitations:
1. \$35.0 million in instruments issued by any one of the first 75 World Banks as compiled by the American Banker, provided that the bank is rated "P-1" by Moody's, or "A-1" by Standard & Poors or "F-1" by Fitch Investors Service.
 2. \$35.0 million in instruments issued by any one of the first 50 United States Banks as compiled by the American Banker, provided that the bank is rated "P-1" by Moody's, or "A-1" by Standard & Poors or "F-1" by Fitch Investors Service.
- Category C - Commercial Paper rated "P-1" by Moody's, or "A-1" by Standard & Poors, or "F-1" by Fitch Investors Service limited to \$25.0 million in any one corporation and further limited to instruments with a maturity of not more than 270 days.
- Category D - High-grade ("A" rated or higher) tax-exempt state and municipal obligations (or Notes of such political entities with "A" rating or higher).

IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF HAWAII

In re) **Case No. 03 - 00817**
) (Chapter 11)
HAWAIIAN AIRLINES, INC.,)
a Hawaii corporation,) **ORDER PURSUANT TO SECTION 345(b)**
) **OF THE BANKRUPTCY CODE**
Debtor.) **APPROVING INVESTMENT POLICY**
)
) Date: March 21, 2003
) Time: 2:30 pm
) Judge: Hon. Robert J. Faris
)

Hawaiian Airlines, Inc., debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), filed its petition for relief under chapter 11 of title 11 of the United States Code on March 21, 2003. A Motion for Order to Continue Current Investment Policies Pursuant to Section 345(b) of the Bankruptcy Code (the "Motion") was also filed on March 21, 2003. After review of the Motion, the evidence presented before the Court and the argument of counsel, the Court finds that it has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein is a core proceeding pursuant to 28 U.S.C. § 157(b); venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; due and proper notice of the Motion has been provided and no further or other notice need be provided except as provided; the relief requested in the

Motion is in the best interests of the Debtor and its estate and creditors; and the legal and factual bases set forth in the Motion and at the hearing on the Motion establish just cause for the relief granted herein. Accordingly, unless the Court orders otherwise,

IT IS HEREBY ORDERED:

1. The Motion is granted in its entirety.
2. The Debtor is hereby authorized to continue to deposit and invest its cash and cash equivalents under its current investment policy as of the commencement of this chapter 11 case and as set forth in the Motion while operating as a debtor in possession.
3. Pursuant to section 345(b) of the Bankruptcy Code, the Debtor's compliance with its current investment policy is deemed to be in compliance with section 345 of the Bankruptcy Code.
4. To the extent the deposits and investments authorized herein are not consistent with the requirements of section 345(b) of the Bankruptcy Code, such requirements are waived, for good cause shown.
5. The Debtor's current investment policy may be amended by the Court from time to time upon application by the Debtor, with notice limited to the United

States Trustee and any creditors' committee appointed in the Debtor's chapter 11 case pursuant to section 1102 of the Bankruptcy Code.

Dated: Honolulu, Hawaii, _____, 2003.

UNITED STATES BANKRUPTCY JUDGE

In re Hawaiian Airlines, Inc., Chapter 11, Case No. 03-_____;
ORDER PURSUANT TO SECTION 345(b) OF THE BANKRUPTCY CODE
APPROVING INVESTMENT POLICY