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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 PURSUANT TO
11 U.S.C. § 366 PROHIBITING
UTILITIES FROM ALTERING,**

**REFUSING OR DISCONTINUING
SERVICES AND DETERMINING THAT
ADEQUATE ASSURANCE HAS BEEN
PROVIDED TO UTILITIES; EXHIBIT
A; PROPOSED ORDER**

Date: March 21, 2003

Time: *2:30 P.M.*

Judge: Hon. Robert J. Faris

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Hawaiian Airlines Inc., the debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), by and through its undersigned proposed co-counsel, hereby submits this Motion for Order Pursuant to 11 U.S.C. § 366 Prohibiting Utilities From Altering, Refusing or Discontinuing Services and Determining that Adequate Assurance Has Been Provided to Utilities (the "Motion"), and in support thereof, the Debtor respectfully represents as follows:

I. JURISDICTION

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b).

2. Venue of this proceeding and the Debtor's chapter 11 case is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The relief requested in this Motion may be granted in accordance with the provisions of 11 U.S.C. §§ 105(a) and 366.

II. BACKGROUND

4. 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.

5. 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

6. The Debtor is engaged primarily in the scheduled transportation of passengers, cargo and mail. The Debtor’s passenger airline business is its chief

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.

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 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.

7. 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.

8. 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

9. 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").

10. 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.

11. 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

12. 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

13. 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.”

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

The Debtor's Current Financial Crisis

14. 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.

15. 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.

16. 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 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.

17. 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.

18. 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

19. 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. RELIEF REQUESTED

20. By this Motion, the Debtor seeks immediate entry of an order:
- (a) prohibiting the Utilities (as defined herein) from altering, refusing or discontinuing Utility Services (as defined herein) on account of the Debtor's failure to pay prepetition invoices when due, filing of this chapter 11 case or failure to post a deposit; and
 - (b) determining that the Utilities have "adequate assurance of payment" within the meaning of section 366 of the Bankruptcy Code in the form of payment, in accordance with the prepetition practices, of all undisputed invoices for postpetition Utility Service provided by the Utilities to the Debtor and an

administrative expense priority under sections 503(b)(1)(A) and 507(a)(1) of the Bankruptcy Code for the Debtor's obligations to pay such postpetition invoices, without the need for the payment of additional deposits or other security.

IV. THE UTILITIES

21. In connection with the operation of its business and management of its properties, the Debtor obtains electricity, natural gas, water, telecommunication services and similar services (collectively, "Utility Services") from numerous utility suppliers throughout the United States (collectively, the "Utilities").³ For purposes of this Motion, "Utility Services" include, but are not limited to, electricity, natural gas, water and telecommunication services provided to the Debtor in the conduct of its business, and "Utilities" include the providers of these services.

22. There is no question that the Utilities are "utilities" under section 366 of the Bankruptcy Code because of their special relationships to the Debtor, the importance of these services to the Debtor's continued business operations, and because it would be extremely time-consuming, expensive and disruptive to the Debtor's business to switch service providers. *See Petrallex Stainless, Ltd. v. Bishop Tube Division of Christiana Metals*, 78 B.R. 738, 742 (Bankr. E.D. Pa.

1987) (landlord with contractual duty to provide utility services was a “utility” pursuant to section 366 because it would be impossible for debtor to bypass landlord and secure alternative source); *In re Gehrke*, 57 B.R. 97 (Bankr. D. Or. 1985) (electricity service was a “utility” pursuant to section 366 because the debtor would have to obtain a special ruling and pay substantial costs to obtain power from another supplier); *Good Time Charlie’s Ltd. v. Black*, 25 B.R. 226 (Bankr. E.D. Pa. 1982) (non-monopolistic provider of electricity service that was not a public utility was a “utility” for purposes of section 366 where “the debtor would be forced to incur a large and very possibly prohibitive expense in the form of rewiring, among other things, if it were required to seek electrical service” from another source); *In re Hobbs*, 20 B.R. 488, 489 (Bankr. E.D. Pa. 1982) (condominium association that provided electricity to debtor was “utility” under section 366 because debtor could not obtain comparable service elsewhere).

23. Uninterrupted Utility Services are essential to the Debtor’s continued operations. The Debtor cannot maintain its facilities and related operations if its Utility Services are disrupted. Nor is it realistic to expect the Debtor to be able to work out individual adequate assurance arrangements with each of the many different Utilities providing Utilities Services to the Debtor. If the Utilities are permitted to terminate Utility Services after the 20-day standstill period provided

³ A list of the Utilities that the Debtor has been able to identify, at this time, is attached hereto as Exhibit A.

by section 366 of the Bankruptcy Code, the Debtor's business would be harmed irreparably and its efforts to reorganize could be imperiled.

24. Prior to the Petition Date, the Debtor has maintained an excellent payment history with the Utilities with respect to the Utility Services and has generally paid invoices for services rendered in full and on time.

V. PROPOSED PROCEDURE

25. Given the Debtor's history of prompt payment of its utility bills and the availability of cash to fund the Debtor's ongoing business operations, the Debtor submits that the prompt payment and treatment of all charges for Utility Services made after the commencement of the Debtor's chapter 11 case as administrative expenses under section 366 of the Bankruptcy Code provides each Utility with sufficient adequate assurance of payment. Accordingly, by this Motion, the Debtor seeks an order approving its proposed adequate assurance to each Utility and the procedure concerning adequate assurance described herein.

26. In order to ensure the continuous provision of Utility Services by the Utilities, the Debtor further requests that any deposits, bonds, letters of credit or other assurances of payment that were in place prior to the filing of this chapter 11 case remain in place and continue to be held by each respective Utility (and not applied against any pre- or postpetition obligation of the Debtor), except upon entry of a further order of this Court upon proper application.

27. The uninterrupted provision of Utility Services is critical to the Debtor's reorganization. Any alteration, refusal or discontinuance of service to, or discrimination in providing such services, would seriously damage the Debtor's estates and could jeopardize the successful reorganization of the Debtor.

28. The relief sought in this Motion is without prejudice to the rights of the Utilities to make a written request that the Debtor provide additional assurances in the form of deposits or other security; provided, however, that any such request must be actually received by the Debtor and Counsel for the Debtor within forty-five (45) days of the date of the Order entered in accordance with this Motion (the "Deposit Request Deadline") at:

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Hawaiian Airlines, Inc.
3375 Koapaka Street, Suite G-350
Honolulu, Hawaii 96819

Lisa G. Beckerman, Esq.
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, New York 10022

David P. Simonds, Esq.
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2029 Century Park East, Suite 2400
Los Angeles, California 90067

Nicholas C. Dreher, Esq.
Cades Schutte LLC
1000 Bishop Street, 12th Floor
Honolulu, Hawaii 96813

Any request for additional assurances received by the Debtor after the Deposit Request Deadline shall constitute an untimely and invalid adequate assurance request.

29. To the extent any Utility is inadvertently omitted from Exhibit A, the Debtor shall mail a copy of this Order to such Utility upon discovery of such omission and the Utility will have forty-five (45) days from the date of service of this Order to request additional assurances in the form of deposits or other security; provided, however, that any such request must be made in writing and actually received by the Debtor and counsel for the Debtor, at the addresses listed above, within forty-five (45) days of the date of the mailing of the Order.

30. Under the relief sought herein, if the Debtor believes that a timely request for additional assurances made by the Utilities under section 366(b) of the Bankruptcy Code is unreasonable and the Debtor is unable to reach an agreed resolution with a Utility, such Utility shall be required to file a motion for determination of adequate assurance of payment unless otherwise agreed to by the parties or ordered by the Court, and the Court shall hold a hearing on such motion (the "Adequate Assurance Hearing").

31. If an Adequate Assurance Hearing is scheduled in accordance with this Motion, such Utility shall be deemed to have adequate assurance of payment until an order of the Court is entered in connection with such Adequate Assurance Hearing. Nothing in the order granting the relief requested in this Motion shall be deemed to affect any burden of proof that either the Debtor or the moving Utility shall have at the Adequate Assurance Hearing.

VI. ARGUMENT AND AUTHORITIES

32. Pursuant to section 366 of the Bankruptcy Code, utilities may alter, refuse or discontinue service to the Debtor if, within twenty days of the Commencement Date, they do not receive adequate assurance of payment. Section 366 provides as follows:

- (a) Except as provided in subsection (b) of this section, a utility may not alter, refuse, or discontinue service to, or discriminate against, the trustee or the debtor solely on the basis of the commencement of a case under this title or that a debt owed by the debtor to such utility for service rendered before the order for relief was not paid when due.
- (b) Such utility may alter, refuse, or discontinue service if neither the trustee nor the debtor, within twenty days after the date of the order for relief, furnishes adequate assurance of payment, in the form of a deposit or other security, for service after such date. On request of a party in interest and after notice and hearing, the court may order reasonable modification of the amount of the deposit or other security necessary to provide adequate assurance of payment.

11 U.S.C. § 366.

33. Section 366 of the Bankruptcy Code applies to entities providing electricity, natural gas, water and/or telephone services, as well as any other entity that supplies services that cannot be readily obtained elsewhere, or which constitutes a monopoly with respect to the services it provides a debtor. The wide latitude to be afforded in determining those entities that constitute utilities under section 366 is recognized in the legislative history:

This Section [366] is intended to cover utilities that have some special position with respect to the debtor, such as electric company, gas supplier, or telephone company that is a monopoly in the area so that the debtor cannot easily obtain comparable service from another utility.

H.R. Rep. No. 595, 95th Cong., 1st Sess. 350 (1977); S. Rep. No. 989, 95th Cong. 2nd Sess. 60 (1978).

34. Whether a utility is subject to an unreasonable risk of nonpayment must be determined from the facts and circumstances of each case. *See Massachusetts Electric Co. v. Keydata Corp. (In re Keydata Corp.)*, 12 B.R. 156 (1st Cir. BAP 1981). Absent a prepetition default, section 366(b) of the Bankruptcy Code does not require a debtor to provide deposits and/or other security to utility companies as adequate assurance of payment. Indeed, Congress recognized that “[i]t will not be necessary to have a deposit in every case” to provide adequate

assurance. H.R. Rep. No. 595, 95th Cong., 1st Sess. 350, *reprinted in* 1978 U.S.C.C.A.N. 6306; *see also Puget Sound Energy, Inc. v. Pacific Gas and Electric Co.*, 271 B.R. 626 (N.D. Cal. 2002) (no deposit was necessary when debtor had available resources and anticipated a favorable financial condition); *In re Liberty House, Inc.*, Case No. 98-01039 (Bankr. D. Haw. Mar. 20, 1998) (no deposit was necessary when debtor had an excellent prepetition payment history and ability to pay future utility bills); *In re Penn Jersey Corp.*, 72 B.R. 981, 986 (Bankr. E.D. Pa. 1987) (utility company's request for additional security denied when debtor had not been delinquent in payment of utility bill before bankruptcy); *In re Shirey*, 26 B.R. 247, 249 (Bankr. E.D. Pa. 1982) ("section 366(b) of the Code does not permit a utility to request adequate assurance for payment for continued services unless there has been a default by the debtor on a prepetition debt owed for services rendered"); *In re Demp*, 22 B.R. 331, 332 (Bankr. E.D. Pa. 1982) ("where the debtor has a history of prompt and complete payment, in addition to being completely current in the prepetition utility payments, a cash deposit would be unnecessary"); *Heard v. City Water Board (In re Heard)*, 84 B.R. 454, 458-59 (Bankr. W.D. Tex 1987) (holding under section 366 of the Bankruptcy Code that no security deposit was necessary where chapter 7 individual debtors had a history of timely payment of their water utility bills); *In re White*, 1991 Bankr. LEXIS

1075 (Bankr. D. Idaho Aug. 2, 1991) (where no deposit was required by chapter 7 individual debtors that averred that they would be able to pay their electricity bill).

35. The Debtor expects to have sufficient funds postpetition to assure the Utilities of prompt and continued payment of all of their bills for postpetition Utility Services. The Debtor currently has substantial cash on hand. This cash, coupled with the Debtor's operating income, will provide the Debtor with more than adequate funds with which to pay for all postpetition Utility Services and other administrative expenses. Because of the availability of cash for postpetition Utility Service payments, the provision of deposits to the Utilities is unnecessary.⁴

36. The Debtor proposes to provide adequate assurance of payment to each Utility by granting it an administrative claim against the Debtor's chapter 11 estate for postpetition Utility Services, pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code, and by the Debtor's paying postpetition amounts for Utility Services on a current and ongoing basis. An administrative priority, coupled with the availability of funds for such payment, should be sufficient to provide the Utilities with adequate assurance of payment for such services, without the need for deposits. If the Utilities believe that some additional security is required they should not be able to shut off its services to the Debtor until after that issue is resolved by this Court in the manner described above.

37. Under Section 503(b)(1)(A) of the Bankruptcy Code, postpetition utility charges generally constitute actual, necessary expenses of preserving the Debtors' estates, thus entitling such expenses to an administrative expense priority under section 507(a)(1) of the Bankruptcy Code. Accordingly, postpetition utility bills will be paid by the Debtor in the ordinary course of their business operations. The administrative expense priority provided in sections 503(b) and section 507(a)(1) of the Bankruptcy Code constitute adequate assurance of payment, and no deposit or other security should be required. *See Virginia Elec. & Power Co. v. Caldor, Inc. – NY*, 117 F.3d 646, 650 (2d Cir. 1997).

38. The relief requested in this Motion is in the best interest of the Debtor's estate and is similar to the relief granted in other complex chapter 11 cases in which the debtor was a major airline. *See In re US Airways Group Inc., et al.*, Case No. 02-83984-SSM (Bankr. E.D. Va. Aug. 12, 2002); *In re UAL Corporation, et al.*, Case No. 02-48191 (Bankr. N.D. Ill. Dec. 11, 2002). The relief requested also is similar to the relief granted in another complex chapter 11 case in this District. *See In re Liberty House, Inc.*, Case No. 98-01039 (Bankr. D. Haw. Mar. 20, 1998).

⁴ Additionally, as set forth in Exhibit A, several of the Utilities already hold deposits from the Debtor.

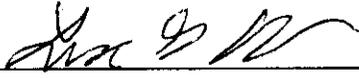
VII. NOTICE

39. 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.

WHEREFORE, the Debtor respectfully requests that the Court enter an order: (a) determining that each Utility has adequate assurance of payment by the Debtor for Utility Services provided in the form of administrative claims in this chapter 11 case and the Debtor's current payments for such services, without the need for any deposits; (b) directing that each Utility shall not alter, refuse or discontinue postpetition Utility Services on account of the Debtor's chapter 11 filings or prepetition arrearages (if any) or the failure to post a deposit; (c)

establishing procedures for determining requests for additional adequate assurance;
and (d) such other and further relief as may be just or appropriate.

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



EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
American Samoa Power Authority SATALA P.O. Box PPB Pago Pago American Samoa 96799	Electricity/Water Electricity Electricity/Water	16684-001 18025-001 7647-001	700 5 300	
Citizens Utilities Co. 4463 Pahe'e St., Ste. 1 Lihue, HI 96766-2032	Electricity	44-00400-2-0 8	2,100	
County of Hawaii Department of Water Supply 345 Kekuanaoa St., Ste. 20 Hilo, HI 96720	Water – Sales Office	002-29006940-10	20	
Hawaii Electric Light Co., Inc. P.O. Box 1027 1200 Kilauea Ave. Hilo, HI 96721-1027	Electricity – Sales Office Electricity – Sales Office Electricity – Hilo Airport Electricity – Hilo Cargo Electricity – Hilo Cargo	8603-2759-002 8603-2758-002 8604-3499-003 8604-3507-003 8604-3503-003	150 100 900 45 1,000	
Hawaiian Electric Co., Inc. P.O. Box 3978 Honolulu, HI 96812-3978	Electricity-HQ H490 Electricity-HQ H465 Electricity-HQ H460 Electricity-HQ G350 Electricity-HQ G340 Electricity-HQ H415 Electricity-HQ D137 Electricity-MX/HNL Cargo/Purch	9200-0768-004 9300-1847-008 9300-8771-003 9500-2252-001 9600-1031-004 9200-6687-004 9700-0359-005 8800-1164-076	5,300 500 2,000 8,000 2,500 1,000 8,000 30,000	
Maui Electric Co., Ltd. P.O. Box 398 Kahului, HI 96733-6898	Electricity-Maui Cargo Electricity-Maui Cargo Electricity-Maui Station Electricity-Airport Vault	8700-8730-002 8700-8729-003 8700-8720-002 9200-7189-002	2,000 600 150 1,600	
Pacific Gas and Electric Company 2435 Mission St. San Francisco, CA 94110	Electricity-Sales Offices	SRG 11 07757-4	100	
State of Hawaii DOT, Airports Division 400 Rogers Blvd., Ste. 700 Honolulu, HI 96819-1880	Electricity/Water-Airports	10013-81	13,000	
Alaska Communications Systems P.O. Box 196666	Phone/Internet/Data Circuits	1334197	180	

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
Anchorage, AK 99519-6666				
American Samoa Telecommunications Authority P.O. Box M Pago Pago, American Samoa 96799	Phone	6991875	1,000	
Ameritech Box 47819 P.O. Box 1300 Honolulu, HI 96807-1300	Internet/Cellular/Phone 610202 610202 610202 610202	773-549-9902 854 8 312-842-8436 051 4 312-842-8466 852 8 312-432-1912 811 9	800	
Arch Wireless 1050 Queen St., Ste. 205 Honolulu, HI 96814	Pagers	1544242-9	600	
AT&T	Phone 330401 Phone-SFO SLS Phone-330401 Phone-400703 Phone-400703 Phone-400704 Phone-400704 Phone-400702 Phone-501206 Phone-501206 Phone-400708 Phone-400708 Phone-501211 Phone-611001 Phone-501205 Phone-400702 Phone-400702 Phone-400702 Phone-611001 Phone-400702 Phone-400702 Phone-400702 Phone-SEA Phone-SEA Phone-400702 Phone-400710 Phone-501213 Phone-400704 Phone-400702 Phone-800402 Phone-San MX Phone-400701 Phone-400709 Phone-400709	019 083 7954 001 030 260 6663 001 030 377 4405 001 050 085 1481 001 050 178 0287 001 050 321 7497 001 050 337 2211 001 050 491 6087 001 050 491 8067 001 050 532 5205 001 050 666 3498 001 050 666 3511 001 050 666 3512 001 050 683 9723 001 050 689 3637 001 051 031 6145 001 051 031 8841 001 051 051 6145 001 051 060 6439 001 051 066 5287 001 051 068 4728 001 051 068 6340 001 051 251 1538 001 051 289 8499 001 051 290 2404 001 051 321 7497 001 051 491 6087 001 051 551 8050 001 051 553 0486 001 051 559 4258 001 051 599 9543 001 051 600 6138 001	215,000	

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
	Phone-400709	051 600 6139 001		
	Phone-400708	051 600 6256 001		
	Phone-400607	051 611 0672 001		
	Phone-400607	051 611 2337 001		
	Phone-400607	051 611 3190 001		
	Phone-500100	051 612 1748 001		
	Phone-400601	051 612 1848 001		
	Phone-330401	051 612 924 001		
	Phone-400605	051 612 3547 001		
	Phone-500100	051 612 4166 001		
	Phone-500100	051 612 4167 001		
	Phone-500100	051 612 4168 001		
	Phone-400603	051 612 4243 001		
	Phone-330401	051 612 6441 001		
	Phone-330401	051 612 6867 001		
	Phone-400607	051 612 7118 001		
	Phone-400607	051 612 7568 001		
	Phone-400603	051 612 7915 001		
	Phone-400607	051 612 7915 001		
	Phone-700502	051 946 7699 001		
	Phone-611001	051 949 3839 001		
	Phone-400703	051 980 0402 001		
	Phone-400703	051 980 0403 001		
	Phone-501204	051 980 0404 001		
	Phone-SFO SLS	055 359 0519 001		
	Phone-650401	144 012-6117 517		
	Phone-Uniplan Various	171 778 2061 109		
	Phone-Uniplan 501202	171 780-4422 183		
	Phone-Uniplan 501203	171 780 4424 225		
	Phone-Uniplan 400705	171 780-4427 329		
	Phone-Uniplan 400702	171 780-4476 067		
	Phone-800402	171 780-4857 410		
	Phone-Uniplan 400701	171 780-5165 392		
	Phone-Uniplan	171 780-5169 508		
	Phone-Uniplan 400703	171 780-5174 529		
	Phone-Uniplan 610401	171 780-5200 920		
	Phone-Uniplan 700502	171 783 3931 610		
	Phone-Uniplan 400701	171 784 1513 299		
	330401	171 787 9329 082		
	Phone-800402	171 787-9331 098		
		171 787-9340 316		
	Phone-700502	171 787-9377 206		
	Phone-650303	732 727 2032 001		
	Phone-400601	732 728 6799 001		
	Phone-400607	732 729 6183 001		
	Phone-330401	732 730 0207 001		
	Phone-400605/400606	732 730 1412 001		
	Phone-650302	732 730 2474 001		
	Phone-400609	732 730 2477 001		
	Phone-Mainland Stations	8000-322-4252		
	Phone-330401	8002-213-9481		

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
	Phone-330401 Phone-610407 Phone-650401 DSL-400705	8002-237-1787 916-961-5594 999 006-7624 231 200145950276		
Earthlink Inc. P.O. Box 7645 Atlanta, GA 30357-0645	Internet	0000-00000223773-9	350	
Island Page Inc. 3249 Koapaka St., Ste. A Honolulu, HI 96819	Pagers	55564 V135936	4,500	
Oceanic Cablevision 200 Akamainui St. Mililani, HI 96789-3999	Internet	019960112490000 529339-01-5	1,500	
Pacific Bell 1010 Wilshire Blvd., #925 Los Angeles, CA 90017	Frame Relay -400703 400703 400703 400703 Frame Relay-400703 Frame Relay-400707 Frame Relay-400708 Frame Relay-400701 Frame Relay-400707 Frame Relay-400707 Data Circ-400708 610401 Toll Free Line-700502 Phone-610401 Phone-800402 Phone-400701 Phone-LAX Phone-400701 DSL Line-800402 Phone-400701 Phone-LAX SLS Phone-400701 Phone-800402 Phone-400701 Phone-700502 Phone-LAX SLS Phone-800402 Phone-400701 Phone-700502 Phone-700502 Phone-700502 Phone-700502 Phone-700502 Phone 400701	065-021-3695 955 N 7159 065-021-3698 065-021-3699 065-021-3700 065-021-5860 326 N 5159 065-061-8452 010 N 4160 065-101-4066 548 S 2183 065-101-4067 549 S 9183 065-161-3226 198 S 2164 065 161 3227 200 S 5164 235-351-1337 729 N 3160 248-134-5320 080 S 8182 250-625-8239 759 S 3183 310 215-1866 343 S 9183 310-216-4877 229 S 0183 310-338-0372 982 S 5183 310-410-0576 391 S 4183 310-410-4579 773 S 2183 310-410-7255 854 S 4183 310-410-9348 703 S 8183 310-417-0200 703 S 7183 310-417-1666 703 S 2183 310-417-1692 323 S 7183 310-417-3817 843 S 0183 310-641-2843 254 S 8183 310-641-4053 977 S 5183 310-641-7366 876 S 4183 310-641-7517 052 S 0183 310-641-9713 069 S 2183 310-641-9717 601 S 8183 310-641-9734 374 S 1183 310-641-9740 164 S 8183 310-645-5962 493 S 6183	10,000	2,000.00

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
	Phone-611001 610402 501208 Phone-400707 Phone-SAN Phone-400707 Phone-501208 Phone-400703 Phone-400703 Phone-400703 501204 Phone-SFO Phone-SFO Phone-611001 Phone-SFO Phone-400708 Phone-400708 Phone-400708 Phone-501211 Phone -610407	310-670-4126 112 S 6183 415-202-0924 258 N 3158 619-260-1755 619-278-0973 205 S 0164 619-278-0990 207 S 5164 619-278-0994 208 S 9164 619-294-3647 326 S 4164 650-742-6903 266 N 7159 650-742-9171 790 N 5159 650-869-5508 467 N 9159 650-873-4011 859 N 4159 650-873-6550 126 N 0159 650-877-0134 963 N 0159 650-877-8074 259 N 8159 650-877-8357 048 N 3159 916-564-8395 191 N 8160 916-924-8291 144 N 7160 916-924-8369 190 N 7160 916-924-9058 991 N 2160 916-961-5594 885 N 9160		
QWEST Customer Service PO Box 698 Uniontown, PA 15401	Data Circuit SEA 700503 PBS Line-SEA SEA 400702 400702 400702 611001 400702 SEA 400702 SEA 400702 50206 Circuits-400702 SEA 501203 400704 400704 400704 400704 Circuits-400704 400710 400710 400704	60733825 206-214-0392 570- 206-246-7407 206-246-7407 559- 206-248-2908 606- 206-277-8929 412- 206-380-1358 811- 206-380-2401 206-431-3073 206-431-7647 206-431-7700 314- 206-431-7715 206-433-6346 192- 206-439-2349 271- 206-835-2934 891- 206-D08-7264-264 206-Z22-0569 762- 503-282-1793 503-282-3790 503-282-7169 038- 503-282-9016 409- 503-284-2776 407- 503-D08-8543-543 602-231-9083-898B 602-231-9133-243B BVL03882 J602-231-2681-353M	6,000	2,000.00

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
Regus Business Centre Corp One Market St 36th Floor San Francisco, CA 94105	Phone-610402	107490	80	2,040.00
Sprint Customer Service PO Box 152046 Irving, TX 75015-2046	LDCS-650401 LDCS-650401 650401 400705 400705 400705	923431594 830363219 13115016 702-891-0594-637 702-456-1100-330 702-261-7180-262	14,000	7,000.00
Verizon Hawaii Inc PO Box 380037 Honolulu, HI 96838-0037	Phone/Data Circuits- 400709 330401	01 2527 1250082889 01 01 2527 1232083097 09 01 2527 1292082895 09 22 3833 1072139367 04	50,000	
Verizon Internet Solutions PO Box 101096 Atlanta, GA 30392-1096	Internet/DSL-400702 400704 400703	9929916152619591 9936211130927106 992911033396471	3,000	
AT&T Wireless Services PO Box 78132 Phoenix, AZ 85062-8132	Cellular Wireless-Multi Line Wireless-SFO Sales Wireless-330401 Wireless-501202 Cellular-200100	14642 25445180 61023161 0030294168 57091035 0030323337/721-0054	10,000	
Cingular Wireless PO Box 6424 Carol Stream, IL 60197-6424	Cellular-400605 Cellular-LIH Sales	209316901 209272657	80	
Genesys Conferencing Inc PO Box 845512 Boston, MA 02284	Conference Service	72408727	350	
Nextel Communications PO Box 7411 Pasadena, CA 91109-7411	Wireless-400702 Wireless- SEA/SMF/ONT/PHX Wireless-Hilo Wireless-400701 Wireless-400703 Wireless-400605 Wireless-Kona Wireless-400707 Wireless-800402 Wireless-Various Wireless-Kahului	843702312 131872023 0006673684-4 980616317 954564319 0006730376-8 0006632594-5 944767313 831395314 0006723003-7 0006683957-2 0006773050-7	13,000	

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
	Wireless-Kahului Wireless-Kahului Wireless-Kahului Wireless-Kahului Wireless-Kauai Wireless-400704 Wireless-Hilo	0006725624-8 0006667658-6 0006793884-5 146320083 903702310 674310080		
Raindance Communications Inc 1157 Century Drive Louisville, CO 80027	Conf/Telecom	55005352	5,000	
T Mobile PO Box 790047 St Louis, MO 63179-0047	Wireless-100200	215850036	50	
Verizon Wireless Bellevue PO Box 790293 St Louis, MO 63179-0293	Cellular	1007-4345238 L8-397801	30	
Galileo 1 Campus Drive Parsippany, NJ 07054-0642	Data Circuits-650201	200173503	250	
Genuity PO Box 101337 Atlanta, GA 30392-1337	Data Circuits-400701	29069	1,500	
Pacific Lightnet Inc 737 Bishop Street Suite 1900 Pacific Guardian Center, Mauka Tower Honolulu, HI 96813-3214	Data Circuits	BUS-0020300020	2,500	
Societe Internationale De Telecommunications Aeronautiques 45 Orville Dr Bohemia, NY 11716	Air/Grnd Comm	HA HA1 HA2	70,000	
Systemmetrics 900 Fort Street Mall Pioneer Plaza Suite 250 Honolulu, HI 96813	Internet-330701	HAWAAI01	2,000	2,000.00
Time Warner Telecom 2669 Kilihau St Honolulu, HI 96819	Data Circuits-330701	14706	500	

EXHIBIT A

Utility Name/Address	Utility	Account Number	Average Monthly Expense	Deposit
Verizon Network Integration Corp 1850 Centennial Park Drive Suite 300 Reston, VA 20191	DSL-400709/650303	0.0.0.1-3749046	100	
Verizon Select Services PO Box 101362 Atlanta, GA 30392-1362	Frame Relay-320000	0000003429	5,000	

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 11 U.S.C. § 366**
) **PROHIBITING UTILITIES FROM**
Debtor.) **ALTERING, REFUSING OR**
) **DISCONTINUING SERVICES AND**
) **DETERMINING THAT ADEQUATE**
) **ASSURANCE HAS BEEN PROVIDED TO**
) **UTILITIES**
)
) Date: March 21, 2003
) Time: 2:30 pm
) Judge: Hon. Robert J. Faris
)
_____)

Upon consideration of the Expedited Motion for Order Pursuant to 11 U.S.C. § 366 Prohibiting Utilities from Altering, Refusing or Discontinuing Services and Determining that Adequate Assurance Has Been Provided to Utilities (the "Motion"), filed by Hawaiian Airlines, Inc., the debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"); and it appearing that notice of the Motion was appropriate and no further notice of the relief requested in the Motion is required; and upon consideration of the evidence presented to the Court in support of the Motion; and after due deliberation; and sufficient cause appearing therefor; the Court is of the opinion that the Motion is well-founded and should be granted in all respects.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED in its entirety.
2. The availability of cash of the Debtor, the granting of an administrative claim, and the Debtor's ability to pay the Utilities for future Utility Services (as defined in the Motion) are hereby deemed to constitute sufficient adequate assurance to the Utilities for payment of future Utility Services in accordance with section 366(b) of title 11 of the United States Code (the "Bankruptcy Code").
3. Pursuant to section 503(b)(1)(A) of the Bankruptcy Code, any unpaid postpetition utility charges constitute actual and necessary expenses of preserving the Debtor's estate, entitling the Utilities to administrative expense priority under section 507(a)(1) of the Bankruptcy Code.
4. Any deposits, bonds, letters of credit or other assurances of payment that were in place prior to the Debtors' chapter 11 filings shall remain in place and shall continue to be held by any such Utility (and not applied against any pre- or postpetition obligations of the Debtor), except upon entry of further order of this Court upon proper application.
5. Absent any further order of this Court, each Utility is prohibited from altering, refusing or discontinuing services to or discriminating against the Debtor

or requiring the payment of a deposit or other security in connection with a prepetition invoice for Utility Services furnished to the Debtor.

6. Within five (5) business days of the date of this Order, the Debtor shall mail a copy of this Order to each Utility listed on Exhibit A to the Motion.

7. This Order is without prejudice to each Utility's right to request, within forty-five (45) days of the date of service of this Order, additional assurances in the form of deposits or other security; provided, however, that any such request must be made in writing and actually received, within forty-five (45) days of the date of this Order, by the Debtor and counsel for the Debtor at:

Hawaiian Airlines, Inc.
Attn: Christine R. Deister
3375 Koapaka Street, Suite G-350
Honolulu, Hawaii 96819

Akin Gump Strauss Hauer & Feld LLP
Attn: Lisa G. Beckerman, Esq.
590 Madison Avenue
New York, New York 10022

Akin Gump Strauss Hauer & Feld LLP
Attn: David P. Simonds, Esq.
2029 Century Park East, Suite 2400
Los Angeles, California 90067

Cades Schutte LLC
Attn: Nicholas C. Dreher, Esq.
1000 Bishop Street, 12th Floor
Honolulu, Hawaii 96813

8. In the event that the Debtor determines that it has inadvertently omitted any of its Utilities from Exhibit A, the Debtor shall mail a copy of this Order to such Utility upon discovery of such omission and such Utility shall have forty-five (45) days from the date of service of this Order to request additional assurances in the form of deposits or other security; provided, however, that any

such request must be made in writing and actually received by the Debtor and counsel for the Debtor, at the addresses listed above, within forty-five (45) days of the date of the mailing of the Order.

9. If any Utility fails to make a timely request for additional assurance as provided for herein, such Utility shall be deemed to have adequate assurance of payment for postpetition Utility Services without the payment of any deposits or further security.

10. In the event that the Debtor believes that a timely request for additional assurances made by a Utility, as provided for herein, is unreasonable and the Debtor is unable to reach an agreed resolution with a Utility, such Utility shall be required to file a motion for determination of adequate assurance of payment and set such motion for hearing at the convenience of the Court (the "Adequate Assurance Hearing").

11. In the event that an Adequate Assurance Hearing is scheduled in accordance with the immediately preceding paragraph, the moving Utility shall be deemed to have adequate assurance of payment until an order of the Court is entered in connection with such Adequate Assurance Hearing.

12. Nothing in this Order shall be deemed to affect any burden of proof that either the Debtor or the moving Utility may have at the Adequate Assurance Hearing.

13. Nothing in the Motion shall be deemed a request for authority to assume, and nothing in this Order shall be deemed an authorization to assume, any executory contract under section 365 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 11 U.S.C. § 366 PROHIBITING UTILITIES FROM
ALTERING, REFUSING OR DISCONTINUING SERVICES AND
DETERMINING THAT ADEQUATE ASSURANCE HAS BEEN PROVIDED
TO UTILITIES