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U.S. BANKRUPTCY 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 ENTRY OF ORDER
AUTHORIZING THE DEBTOR TO
ASSUME CONTRACTS RELATING TO
THE DEBTOR'S FUEL ACQUISITION**

ORIGINAL

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**AND MANAGEMENT AND
MAINTENANCE SERVICES
PURSUANT TO SECTION 365 OF THE
BANKRUPTCY CODE; PROPOSED
ORDER**

Date: March 21st, 2003

Time: 2:30 pm

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 Expedited Motion for Entry of Order Authorizing Debtor to Assume Contracts Relating to the Debtor's Fuel Acquisition and Management and Maintenance Services Pursuant to section 365 of the Bankruptcy Code (the "Motion") and, in support thereof, respectfully represents as follows:

I. JURISDICTION

1. This Court has jurisdiction over the subject matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. § 1409. The instant proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b). The Court possesses the requisite authority to grant the relief requested herein pursuant to 11 U.S.C. § 365.

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,

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.

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.

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. RELIEF REQUESTED

18. By this Motion, the Debtor seeks entry of an order pursuant to section 365 of the Bankruptcy Code authorizing it to assume three executory contracts that are necessary to the Debtor's proper management of its fuel acquisition and maintenance services—Consulting Services Agreement with Pinion and Associates, Inc., Consulting and Management Agreement with R. Dixon Speas Associates, Inc., and Consulting and Management Agreement with Consultant and Frederick Schmidt (collectively, the "Fuel Management and Maintenance Services Agreements"). The Debtor also requests authority to cure any defaults under the Fuel Management and Maintenance Services Agreements in the ordinary course of business pursuant to section 365(b)(1)(A) of the Bankruptcy Code.

A. Consulting Services Agreement

19. On July 1, 2001, the Debtor entered into a Consulting Services Agreement with Pinion and Associates, Inc., which has been subsequently amended by the First Amendment to Consulting Services Agreement dated November 2002. Pursuant to the Consulting Services Agreement, Edward W. Pinion ("Pinion") will provide the Debtor with fuel acquisition and management

services through his corporation Pinion and Associates, Inc. Pinion and Associates, Inc. will negotiate arrangements for and advise the Debtor regarding fuel purchases, into-plane fueling services, fuel storage and throughout, fuel hedging, budgeting for fuel acquisition, and fuel inventory oversight. Pinion and Associates, Inc. will also interface with the Debtor's fuel suppliers, contractors and others in the fuel industry on behalf of the Debtor and advise the Debtor on such relationships. Finally, Pinion and Associates, Inc. will represent the Debtor at various fuel consortia, at industry meetings, and in other capacities as expressly requested by the Debtor.

20. The term of the Consulting Services Agreement ends on June 30, 2003. The Debtor agrees to pay Pinion and Associates, Inc. a flat fee of \$15,000 a month for its services. The Debtor also agrees to pay Pinion and Associates, Inc. a cash incentive bonus equal to 5% of the jet fuel savings in excess of \$1,000,000, up to a maximum of \$5,000,000, that Pinion and Associates, Inc. achieves for the Debtor in a twelve month period (i.e., a maximum of \$200,000). The incentive bonus will be paid on a quarterly basis using prorated factors in the computation and will be reconciled on each anniversary of the Consulting Services Agreement.

B. Consulting and Management Agreement with R. Dixon Speas Associates, Inc.

21. The Debtor has also entered into a Consulting and Management Agreement with R. Dixon Speas Associates, Inc. ("Consultant") and John Judge ("Judge") dated February 5, 2003. Under the terms of the Consulting and Management Agreement, Judge is responsible for the same obligations and requirements as a Vice President of Maintenance and Engineering of the Debtor. Judge will have the authority and responsibility for planning, direction, administration and management of the Debtor's operations for its Maintenance and Engineering Department. On a day-to-day basis, Judge will have responsibility for capital requisition and commitment, manpower allocation and reorganization, authority to recommend hiring and firing, and any other responsibilities assigned by the Debtor's Executive Vice President-Operations. Consultant will have the authority to advise Judge and the Debtor's officers, employees and agents; however, Consultant and Judge will have no authority to bind the Debtor in any manner whatsoever. Consultant and Judge are independent contractors under the Consulting Management Agreement.

22. The term of the Consulting and Management Agreement expires on August 6, 2003. Under the terms of the Consulting and Management Agreement, Consultant is responsible for Judge's wages, compensation, benefits, and expenses.

The Debtor will pay Consultant \$4,700 per week for its combined services under the Consulting Management Agreement with Judge and the Debtor's Consulting Management Agreement with Frederick Schmidt, discussed *infra* Section C. The Debtor will reimburse Judge for his actual expenses. The Debtor will pay Consultant's management fees within thirty days of receipt of Consultant's invoices.

C. Consulting and Management Agreement with Consultant and Frederick Schmidt

23. Finally, the Debtor has entered into a Consulting and Management Agreement with Consultant and Frederick Schmidt ("Schmidt") dated February 5, 2003. Under the terms of the Consulting and Management Agreement, Schmidt is responsible for the same obligations and requirements as a B767 ETOPS Evaluator for Maintenance and Engineering of the Debtor.³ Schmidt will have the authority to plan, direct, administer and manage the Debtor's operations for its Maintenance and Engineering Department. On a day-to-day basis, Schmidt will have responsibility for capital requisition and commitment, manpower allocation and reorganization, and any other responsibilities assigned by the Debtor's Executive Vice President-Operations. Consultant will have the authority to advise Schmidt

³ The Debtor's aircraft fleet includes fourteen Boeing 767 aircraft. The B767 ETOPS Evaluator is responsible for ensuring that the two-engine plane Boeing 767 aircraft continue to safely operate in the event of the failure of one of such aircraft's two engines. Given that the Debtor's flights working as ETOPS evaluators operate over the Pacific Ocean, it is highly more critical that the Debtor have responsible and qualified individuals working as ETOPS evaluators to ensure that the Debtor's aircraft are properly maintained.

and the Debtor's officers, employees and agents; however, Consultant and Schmidt will have no authority to bind the Debtor in any manner whatsoever. Consultant and Schmidt are independent contractors under the Consulting Management Agreement.

24. The term of the Consulting and Management Agreement expires on August 6, 2003. Under the terms of the Consulting and Management Agreement, Consultant is responsible for Schmidt's wages, compensation, benefits, and expenses. The Debtor will pay Consultant \$4,700 per week for its combined services under the Consulting Management Agreement with Schmidt and the Consulting Management Agreement with Judge. The Debtor will reimburse Schmidt for his actual expenses. The Debtor will pay Consultant's management fees within thirty days of receipt of Consultant's invoices.

25. The Debtor seeks authority to assume the Fuel Management and Maintenance Services Agreements and cure any defaults under the Fuel Management Services Agreement pursuant to section 365 of the Bankruptcy Code. Assumption of the Fuel Management and Maintenance Services Agreements are necessary to maintain the requisite expertise that will ensure advantageous price terms for the Debtor's fuel supply post-petition and enable the Debtor to keep in place the team responsible for overseeing the Debtor's maintenance department, which is critical for the Debtor's operations.

IV. APPLICABLE AUTHORITY

26. The Debtor is authorized to assume the Fuel Management and Maintenance Services Agreements pursuant to section 365 of the Bankruptcy Code. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, “subject to the court’s approval, may . . . reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). The decision to assume or reject an executory contract or unexpired lease is a matter within the “business judgment” of the debtor. *See Durkin v. Bendor Corp. (In re G.I. Indus., Inc.)*, 204 F.3d 1276, 1282 (9th Cir. 2000); *National Labor Relations Board v. Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982) (“The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the ‘business judgment’ test.”), *aff’d*, 465 U.S. 513 (1984); *In re Hawaii Dimensions, Inc.*, 47 B.R. 425, 427 (D. Haw. 1985). This “business judgment” is not a strict standard; it merely requires a showing that either assumption or rejection of the lease or contract will benefit the debtor’s estate. *See Borman’s, Inc. v. Allied Supermarkets, Inc.*, 706 F.2d 187, 189 (6th Cir. 1983).

27. If a debtor’s business judgment has been reasonably exercised, a court should approve the assumption or rejection of an unexpired lease or executory contract. *See, e.g., NLRB v. Bildisco and Bildisco*, 465 U.S. 513, 523 (1984); *Durkin v. Bendor Corp. (In re G.I. Industries, Inc.)*, 204 F.3d 1276, 1282 (9th Cir.

2000); *In re Orion Pictures Corp.*, 4 F.3d 1095, 1099 (2d Cir. 1993); *In re Southern California Sound Systems, Inc.*, 69 B.R. 893, 896 (Bankr. S.D. Cal. 1987); *Johnson v. Fairco Corp.*, 61 B.R. 317, 320 (Bankr. N.D. Ill. 1986).

28. The Fuel Management and Maintenance Services Agreements are executory contracts under section 365 of the Bankruptcy Code because all of the parties under the Agreements have continuing obligations to perform.

29. The Debtor's Consulting Services Agreement with Pinion and Associates, Inc. has and will continue to enable the Debtor to procure fuel at competitive rates and thus will provide the Debtor, its estate, and its creditors with valuable fuel cost savings.

30. Judge and Schmidt are critical to the maintenance operations of the Debtor. The Debtor does not have any current employees that have the requisite experience and expertise to perform the maintenance services that Judge and Schmidt will provide the Debtor under their Consulting and Management Agreements. It would be costly and time-consuming for the Debtor to find replacements for Judge and Schmidt. It could take the Debtor months to find proper replacements for Judge and Schmidt if their Consulting and Management Agreements are not assumed. Judge and Schmidt possess expertise that is necessary to maintain the efficient operation of the Debtor's Maintenance and Engineering Department for the benefit of the Debtor's creditors. Safety is critical

in the airline industry. Proper maintenance and oversight of the Debtor's Maintenance and Engineering Department is necessary for the Debtor's to maintain its FAA certification and protect the public from any potential aircraft malfunctions. Proper maintenance is also critical to public perception of the Debtor's aircraft. The Debtor must maintain public confidence in the Debtor's aircraft for customers to continue to fly the Debtor's airline.

31. The Fuel Management and Maintenance Services Agreements were negotiated at arm's length and provide services to the Debtor on competitive market rate terms. Due to the importance of the Fuel Management and Maintenance Services Agreements to the Debtor's business, and because performance of these Agreements has and will be beneficial and profitable to the Debtor and its estate, the assumption of these Agreements represents sound business judgment and, therefore, should be approved by the Court.

32. The Debtor has satisfied the other requirements of section 365 of the Bankruptcy Code. The Debtor requests authority to cure any defaults under the Fuel Management and Maintenance Services Agreement pursuant to section 365(b)(1)(A) of the Bankruptcy Code in the ordinary course of business. To the extent any such defaults exist, the Debtor has provided adequate assurance of future performance under section 365(b)(1)(C) of the Bankruptcy Code because the Debtor has met all of its obligations to the Pinion and Associates, Inc.,

Consultant, Judge, and Schmidt and expects to meet all such obligations in the future.

V. NO PRIOR REQUESTS

33. The relief requested in this Motion has not previously been requested from this Court or any other court.

VI. NOTICE

34. 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, substantially in the form attached hereto, granting the relief requested herein and such other and further relief as is 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

IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF HAWAII

In re

) **Case No. 03 - 00 817**

) (Chapter 11)

HAWAIIAN AIRLINES, INC.,)

a Hawaii corporation,)

Debtor.)

) **ORDER AUTHORIZING THE DEBTOR TO**
) **ASSUME CONTRACTS RELATING TO**
) **THE DEBTOR'S FUEL ACQUISITION**
) **AND MANAGEMENT AND**
) **MAINTENANCE SERVICES PURSUANT**
) **TO SECTION 365 OF THE BANKRUPTCY**
) **CODE**

)

)

) Date: March 21, 2003

) Time: **2:30 PM**

) Judge: Hon. Robert J. Faris

)

Upon consideration of the Motion for Entry of Order Authorizing the Debtor to Assume Contracts Relating to the Debtor's Fuel Acquisition and Management and Maintenance Services Pursuant to Section 365 of the Bankruptcy Code; Exhibit A, B, and C (the "Motion"),¹ filed by Hawaiian Airlines, Inc., the debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), by and through its proposed co-counsel; 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 Debtor's business judgment to assume and ratify the Fuel Management and Maintenance Services Agreements is reasonable and appropriate, and the assumption and ratification of such agreements is hereby approved pursuant to section 365 of the Bankruptcy Code.
3. The Debtor is hereby authorized to cure any defaults under the Fuel Management and Maintenance Services Agreement pursuant to section 365(b)(1)(A) of the Bankruptcy Code.
4. The Debtor is authorized to take any and all actions necessary or desirable to perform its obligations and the transactions contemplated under the Fuel Management and Maintenance Services Agreements.

¹ All capitalized terms not defined herein shall be as defined in the Motion.

Dated: Honolulu, Hawaii, _____, 2003.

UNITED STATES BANKRUPTCY JUDGE

In re Hawaiian Airlines, Inc., Chapter 11, Case No. 03-_____;
ORDER AUTHORIZING THE DEBTOR TO ASSUME CONTRACTS
RELATING TO THE DEBTOR'S FUEL ACQUISITION AND MANAGEMENT
and Maintenance services PURSUANT TO SECTION 365 OF THE
BANKRUPTCY CODE; EXHIBITS A, B, AND C