

IN THE UNITED STATES BANKRUPTCY COURT

MAR 21 11 43 AM '03

DISTRICT OF HAWAII

ENTERED ON DOCKET

MAR 21 2003

In re

HAWAIIAN AIRLINES, INC.,
a Hawaii corporation,

Debtor.

) **Case No. 03 -**
) **(Chapter 11)**
)
) **ORDER AUTHORIZING (A) APPLICATION**
) **OF PREPETITION PAYMENTS TO**
) **POSTPETITION FUEL SUPPLY CONTRACTS**
) **AND STORAGE AGREEMENTS; (B)**
) **HONORING OF OTHER FUEL SUPPLY,**
) **STORAGE, INTO-PLANE FUEL CONTRACTS**
) **AND OTHER FUEL SERVICE**
) **ARRANGEMENTS; AND (C) CONTINUED**
) **PARTICIPATION IN FUEL CONSORTIA**
)
) **Date:** March 21, 2003
) **Time:**
) **Judge:** Hon. Robert J. Faris
)

Upon the Motion¹ of the debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 case seeking entry of an order authorizing (A) application of prepetition payments to postpetition fuel supply contracts and storage agreements; (B) honoring of other fuel supply, storage, into-plane contracts and other fuel service arrangements; and (C) continued participation in fuel consortia; and it appearing that the relief requested is in the best interests of the Debtor's estates, its creditors and other parties in interest; and it appearing that the relief requested is essential to the continued operation of the Debtor's businesses; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding

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

69

within the meaning of 28 U.S.C. § 157(b)(2)(A); and it appearing that venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice having been given; and it appearing that no other notice need be given; and after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED THAT:

1. The Motion is granted in its entirety.
2. The Fuel Suppliers are authorized to apply or credit any prepayments made (or credits existing) prior to the Petition Date to or against postpetition liftings of jet fuel, deliveries and the provision of attendant transportation services to the Debtor.
3. The Storage Providers are authorized to apply or credit any prepayments made (or credits existing) prior to the Petition Date to or against postpetition storage facility usage by the Debtor.
4. To the extent any such prepayments may be construed as deposits by any of the Fuel Suppliers or Storage Providers, this Court authorizes any such Fuel Supplier or Storage Provider to use those prepayments to pay any outstanding prepetition obligations and to apply all remaining amounts to postpetition jet fuel liftings, deliveries, transport services, storage facility usage and related services.
5. The automatic stay of section 362 of the Bankruptcy Code is hereby modified to the extent required to allow the Fuel Suppliers and Storage Providers to apply or credit any prepayments made (or credits existing) prior to the Petition Date to or against any postpetition jet fuel liftings, deliveries and related transport services provided to the Debtor and to any storage facility usage by the Debtor, and the Fuel Suppliers and Storage Providers are permitted to exercise such set off and recoupment rights in furtherance thereof pursuant to section 553 of the Bankruptcy Code.

6. The Debtor is authorized, but not required, in its discretion to continue honoring, performing, and exercising its rights and obligations (whether prepetition or postpetition) in accordance with the Fuel Agreements to the extent that services or goods provided under such agreements are paid in arrears; provided, however, that such honoring, performing, or exercising of such rights and obligations shall not necessarily give rise to administrative claims solely as a result of the entry of this Order.

7. The Debtor is authorized, but not required, in its discretion, to continue participating in the Fuel Consortia in accordance with the established practices thereunder and in the ordinary course of business, and to perform and honor its obligations, whether prepetition or postpetition, to the Fuel Consortia; provided, however, that such participation shall not give rise to administrative claims solely as a result of the entry of this Order.

8. In accordance with this Order and any other order of this Court, each of the banks and financial institutions at which the Debtor maintains its accounts relating to the payment of the claims that the Debtor requests authority to pay in the Motion, is authorized and directed to honor checks presented for payment, to honor all fund transfer requests made by the Debtor related thereto, to the extent that sufficient funds are on deposit in such accounts, and to rely on the Debtor's statements with respect to the foregoing.

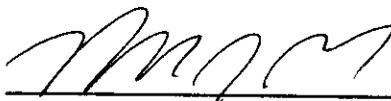
9. Neither this Order, nor the Debtor's actions, shall be deemed to be an assumption or adoption of any agreement, contract or policy.

10. Any payment pursuant to this Order is not, and shall not be deemed an admission as to the validity of the underlying obligation or a waiver of any rights the Debtor may have to subsequently dispute any obligation.

11. This Court shall retain jurisdiction to hear and determine all matters originating from the implementation of this Order.

12. Notwithstanding the possible applicability of Bankruptcy Rules 6004(g), 7062, 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

Dated: Honolulu, Hawaii, MAR 21 2003, 2003.



UNITED STATES BANKRUPTCY JUDGE

In re Hawaiian Airlines, Inc., Chapter 11, Case No. 03-_____;
ORDER AUTHORIZING (A) APPLICATION OF PREPETITION PAYMENTS
TO POSTPETITION FUEL SUPPLY CONTRACTS AND STORAGE
AGREEMENTS; (B) HONORING OF OTHER FUEL SUPPLY, STORAGE,
INTO-PLANE FUEL CONTRACTS AND OTHER FUEL SERVICE
ARRANGEMENTS; AND (C) CONTINUED PARTICIPATION IN FUEL
CONSORTIA