

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

03/21/03 11:12

ENTERED ON DOCKET
MAR 21 2003

In re

HAWAIIAN AIRLINES, INC.
a Hawaii corporation

Debtor.

Case No. 03 - 00817
(Chapter 11)

**ORDER PURSUANT TO SECTIONS
105, 363 AND 507 OF THE
BANKRUPTCY CODE
AUTHORIZING (I) PAYMENT OF
PRE-PETITION WAGES, SALARIES,
REIMBURSABLE EMPLOYEE
EXPENSES, PAYMENT OF PRE-
PETITION DEDUCTIONS, PAYMENT
PURSUANT TO CERTAIN
EMPLOYEE BENEFITS PROGRAMS,
(II) DIRECTING BANKS TO HONOR
PRE-PETITION CHECKS AND (III)
CONFIRMING RIGHT OF DEBTOR
TO CONTINUE EMPLOYEE
PROGRAMS**

This matter coming before the Court on the Motion for an Order Pursuant to Sections 105(a), 363 and 507 of the Bankruptcy Code Authorizing (I) Payment of Pre-petition Wages, Salaries, Reimbursable Employee Expenses, Payment of Pre-petition Deductions, Payment Pursuant to Certain Employee Benefits Programs, (II) Directing Banks to Honor Pre-petition Checks and (III) Confirming Right of Debtor to Continue Employee Programs (the "Motion"),⁷ filed by the above-captioned debtor and debtor in possession (the "Debtor"); the Court finding that (a)

the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) proper and adequate notice of the Motion and the hearing thereon has been given and that no other or further notice is necessary, and the Court having considered the Declaration of Christine R. Deister in Support of First-Day Motions and Applications; and the Court having considered all evidence and oral arguments of counsel in support of the Motion; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein and the Court having determined that the relief sought in the Motion is in the best interest of the Debtor and its estate; and after due deliberation and sufficient cause appearing therefor,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED in its entirety.
2. The Debtor is hereby authorized to perform all its obligations under the Union Agreements in the ordinary course of business.
3. The Debtor is hereby authorized, but not directed, to honor and pay all pre-petition Employee payroll obligations. ^{up to a maximum of \$10,000 gross compensation per employee.}
4. The Debtor is hereby authorized, but not directed, to honor all Employee reimbursements with respect to pre-petition business-related expenses

⁷ Capitalized terms not otherwise defined herein have the meaning given to them in the Motion.

incurred, in the manner consistent with the Debtor's pre-petition practices and policies.

5. The Debtor is hereby authorized, but not directed, to continue all Employee Programs to the extent such policies, programs, practices and procedures were in effect at the commencement of the above-captioned chapter 11 case.

6. The Debtor is hereby authorized, but not directed, to honor all pre-petition Employee healthcare claims in the manner consistent with the Debtor's pre-petition practices and policies.

7. Bank of Hawaii, at which the Debtor's Payroll Account is maintained, shall honor all compensation, benefit, and reimbursement checks and electronic fund transfers issued on such account before the Petition Date; provided, however, that funds are available in the Payroll Account to cover such checks and fund transfers.

8. The Debtor is hereby authorized, but not directed, to issue post-petition checks, or to effect post-petition fund transfer requests in replacement of any checks or fund transfer requests with respect to its pre-petition Employee obligations dishonored or denied as a consequence of the filing of the petition in this chapter 11 case.

9. Nothing in this Order or the Motion shall be construed as prejudicing any rights the Debtor may have to dispute or contest the amount of, or the basis for, any claims against the Debtor in connection with or relating to the claims addressed by this Order.

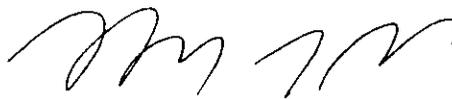
10. The Debtor is hereby authorized, but not directed, to pay all attendant withholding taxes with regard to the payroll obligations and compensation set forth in this Order.

11. The relief granted in this Order shall not (i) effect in any way the rights of the Debtor under sections 1113 and 1114 of the Bankruptcy Code or (ii) constitute or be deemed an assumption or authorization to assume any of such policies or programs pursuant to section 365 of the Bankruptcy Code.

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.

13. This Court shall retain jurisdiction over any and all issues arising from or related to the implementation and interpretation of this Order.

Dated: MAR 21 2003



UNITED STATES BANKRUPTCY JUDGE