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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 - \_\_\_\_\_**  
(Chapter 11)

**MOTION OF THE DEBTOR FOR  
ORDER PURSUANT TO SECTIONS  
105(a), 327, 328 and 330 OF THE**

**BANKRUPTCY CODE AUTHORIZING  
THE DEBTOR TO EMPLOY AND  
COMPENSATE CERTAIN  
PROFESSIONALS UTILIZED IN THE  
ORDINARY COURSE OF  
BUSINESS;EXHIBITS A – C;  
PROPOSED ORDER**

Date:

Time:

Judge: Hon. Robert J. Faris

Hawaiian Airlines, Inc., as debtor and debtor in possession (the “Debtor”), by and through its undersigned proposed co-counsel, hereby moves the Court (the “Motion”) for entry of an order, pursuant to sections 105(a), 327, 328 and 330 of chapter 11 of title 11 of the United States Code, authorizing the Debtor to employ and compensate certain professionals utilized in the ordinary course of business. In support of this Motion, the Debtor respectfully represents as follows.

**I. JURISDICTION**

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue of this proceeding and this Motion is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a), 327, 328 and 330 of chapter 11 of title 11 of the United States Code.

## **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”),<sup>1</sup> 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**

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<sup>1</sup> 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.

6. 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 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”).<sup>2</sup> 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.”

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<sup>2</sup> 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. The Debtor respectfully requests that the Court approve its employment of the Ordinary Course Professionals (as defined herein) pursuant to procedures set forth in this Motion, without requiring the submission of separate retention applications for each Ordinary Course Professional.

### **IV. BASIS FOR RELIEF**

21. The Debtor's employees, in the day-to-day performance of their duties, regularly call upon certain professionals, including, but not limited to, attorneys, accountants, actuaries, consultants and third party contractors (collectively, the "Ordinary Course Professionals"), to assist them in carrying out

their assigned responsibilities. The Ordinary Course Professionals utilized or expected to be utilized by the Debtor during the pendency of this chapter 11 case are identified on Exhibit A to this Motion. The Debtor cannot continue to operate its business with sound business practice unless they retain and pay for the services of the Ordinary Course Professionals. The uninterrupted services of the Ordinary Course Professionals are vital to the Debtor's continuing operations and its ultimate ability to reorganize. If the expertise and background knowledge of certain of the Ordinary Course Professionals with respect to the particular areas and matters for which they were responsible prior to the Petition Date are lost, the estate undoubtedly would incur additional and unnecessary expenses because the Debtor would be forced to retain other professionals without such background and expertise.

22. The Ordinary Course Professionals will not be involved in the administration of the chapter 11 case, but rather will provide services in connection with the Debtor's ongoing business operations or services ordinarily provided by, or in connection with, in-house counsel to a corporation. Although the Ninth Circuit has not yet provided a clear definition of "professionals," as that term is used in section 327 of the Bankruptcy Code, courts within the Ninth Circuit have suggested that only the retention of professionals whose duties are central to the

administration of the estate requires prior court approval pursuant to section 327. See In re That's Entertainment Mktg. Group, 168 B.R. 226, 230 (N.D. Cal. 1994).

23. The holding of That's Entertainment Mktg. Group is consistent with those of other courts when examining the types of duties to be undertaken by a "professional." See In re Pacific Forest Industries, Inc., 95 B.R. 740, 743 (C.D. Cal. 1989) ("It is only those who deal with the actual reorganization of the debtor (rather than the ongoing business of the debtor) who are required to be employed under section 327 and whose applications for payment must be approved by the Court"); see also In re D'Lites of Am., Inc., 108 B.R. 352, 355 (Bankr. N.D. Ga. 1989) (section 327 approval is not necessary for "one who provides services to debtor that are necessary regardless of whether petition was filed"); In re Seatrain Lines, Inc., 13 B.R. 980, 981 (Bankr. S.D.N.Y. 1981) (same). Thus, it is unclear whether the Ordinary Course Professionals need to be retained at all under section 327. Nevertheless, out of an abundance of caution, the Debtor seeks the relief requested in this Motion to avoid any subsequent controversy regarding the Debtor's employment and payment of the Ordinary Course Professionals during the pendency of this chapter 11 case. The Debtor, however, shall seek specific Court authority to employ all professionals involved in the actual administration of the chapter 11 case pursuant to section 327 of the Bankruptcy Code.

24. The cost of preparing and prosecuting retention and fee applications for each of the Ordinary Course Professionals would be a significant and unnecessary expense of administering the Debtor's chapter 11 case. The relief requested will save the estate the substantial expense of applying separately for the employment of each professional. Likewise, the procedure set forth below will relieve the Court, the United States Trustee and other interested parties of the burden of reviewing a multitude of fee applications involving relatively small amounts of fees and expenses. Furthermore, a number of the Ordinary Course Professionals are unfamiliar with the fee application procedures employed in bankruptcy cases. Some of the Ordinary Course Professionals might be unwilling to work with the Debtor if these requirements are imposed. As a result, this Motion proposes that this Court authorize an alternate procedure to alleviate such administrative burdens.

25. The Debtor proposes that it be permitted to pay, without formal application to the Court by any Ordinary Course Professional, 100% of the postpetition fees and disbursements to each Ordinary Course Professional. Such payments would be made following the submission to and approval by the Debtor of appropriate invoices setting forth in reasonable detail the nature of the services rendered and disbursements actually incurred; provided, however, that subject to further order of the Court, the Debtor shall not pay to any individual Ordinary

Course Professional aggregate amounts in excess of \$10,000 in a single month or \$150,000 during the pendency of the Debtor's chapter 11 case. In the event an Ordinary Course Professional seeks more than \$10,000 in a single month or \$150,000 in the aggregate in this chapter 11 case, that professional will be required to file a fee application for the full amount of its fees in accordance with sections 330 and 331 of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and any other order of this Court in respect of compensation.

26. The Debtor proposes to file a statement with the Court and to serve such statement on the United States Trustee on March 31, June 30, September 30, and December 31 of every year (except March 31, 2003) that this chapter 11 case is pending (the "Quarterly Statements"). The Quarterly Statements shall include the following information for each Ordinary Course Professional: (a) the name of such Ordinary Course Professional; (b) the aggregate amounts paid as compensation for services rendered and reimbursement of expenses incurred by such Ordinary Course Professional during the previous 90 days; and (c) a general description of the services rendered by each Ordinary Course Professional.

27. The Debtor reserves the right to supplement the list of the Ordinary Course Professionals from time to time as necessary. In such event, the Debtor proposes to file a supplemental list with this Court and to serve it, by first

class mail, upon (i) the Office of the United States Trustee, (ii) the attorneys for any statutory committee of creditors appointed herein; and (iii) all other parties that have filed a notice of appearance in these chapter 11 cases. The Debtor further proposes that if no objections to a supplemental list are filed, and received by the undersigned counsel for the Debtor, within ten days after service thereof, then such list would be deemed approved by the Court without the necessity of a hearing or further notice.

28. Although some of the Ordinary Course Professionals may hold minor amounts of unsecured claims against the Debtor for prepetition services rendered, the Debtor does not believe that any of the Ordinary Course Professionals have an interest materially adverse to the Debtor, its creditors, or other parties in interest, and thus none would be retained who do not meet the special counsel retention requirement of section 327(e) of the Bankruptcy Code. By this Application, the Debtor is not requesting authority to pay prepetition amounts owed to Ordinary Course Professionals.

29. To ensure that each of the Ordinary Course Professionals is qualified to represent the Debtor with respect to the matter on which such Ordinary Course Professional is employed, the Debtor proposes that each Ordinary Course Professional be required to file with the Court (a) a declaration of disinterestedness substantially in the form annexed hereto as Exhibit B, and (b) a completed

retention questionnaire substantially in the form annexed hereto as Exhibit C. Each Ordinary Course Professional will serve copies of its declaration and questionnaire on the Debtor, the Office of the United States Trustee, counsel to any statutory creditors' committee appointed in this chapter 11 case, and those parties who request notice pursuant to Bankruptcy Rule 2002(g), prior to or contemporaneous with the submission to the Debtor of invoices accompanying a request for compensation. The Debtor will not make any payment to any Ordinary Course Professional who has failed to file a declaration and questionnaire.

30. The relief requested in this Motion has routinely granted by other courts in similar complex chapter 11 cases. See e.g., In re US Airways Group, Inc., Case No. 02-83984-SSM (Bankr. E.D. Va. Aug. 12, 2002); In re Kmart Corporation, Case No. 02-02474 (SPS) (Bankr. N.D. Ill. Jan. 25, 2002); In re Trans World Airlines, Case No. 95-43748-399 (Bankr. E.D. Mo. July 18, 1995).

## V. 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.

**VI. NO PRIOR REQUEST**

32. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE, the Debtor respectfully requests entry of an order, substantially in the form attached hereto as Exhibit D, authorizing the Debtor to employ and compensate certain Ordinary Course Professionals on the terms and conditions set forth above, and granting such further relief as is just and proper.

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 P. SIMONDS, ESQ.  
AKIN GUMP STRAUSS HAUER & FELD LLP

Proposed Counsel for Debtor and Debtor in Possession

**EXHIBIT A**

**List of Ordinary Course Professionals**

**HAWAIIAN AIRLINES, INC.**

<b>Firm</b>	<b>Contact Person</b>	<b>Services Provided</b>
Ford & Harrison LLP	Claude Sullivan 1275 Peach Tree St., NE Suite Atlanta, GA 30309 (404) 888-3841	Legal – counsel regarding labor issues on a case by case basis
White & Case LLP	Richard K. Smith 633 West Fifth Street, Suite 1900 Los Angeles, CA 90071 (213) 620-7700	Legal – counsel regarding aircraft leases
Gibson Dunn & Crutcher LLP	Christopher Martin 1530 Page Mill Road Palo Alto, CA 94304 (650) 849-5305	Legal – counsel regarding California labor issues
Sensano & Associates	David Sensano P.O. Box 88364 Honolulu, HI (808) 924-1086	Consultants – consult regarding unemployment claims and prepare unemployment tax returns
Air Transport Association	James Casey 1301 Pennsylvania Ave., NW Suite 1100 Washington DC 20004 (202) 626-4211	Legal/Lobby – act as liason between outside counsel and lobbying firms that represent member airlines
Law Office of Marshall Ashley	Marshall Ashley P.O. Box 326 Pago Pago, American Samoa 96799 (684) 699-5115	Legal – counsel for American Samoa matters
CBIZ Valuation Inc.	Greg Watts 989 Lenox Drive Suite 100 Lawrenceville, NJ 08648 (609) 896-0300 Ext. 104	Consultants – consult regarding valuation of goodwill
Goodsill Anderson Quinn & Stifel LLP	David Reber 1099 Alakea St.	Legal – counsel regarding local corporate

	Suite 1800 Honolulu, HI 96813 (808) 547-5611	issues
Bonnie Galuteria	Bonnie Galuteria 1289 Aloha OE Drive Kailua, HI 96734 (808) 263-0260	Consultant – consults regarding expense analysis/account reconciliations
Craig Sukekane	Craig Sukekane 525 Tarter Court San Jose, CA 95136 (408) 515-0475	Consultant – consults regarding 10k and Sarbanes Oxley filings
ITA LLC	Rick Izumi 21601 Devonshire St. Suite 312 Chatsworth, CA 91311 (818) 678-0893	Consultant – consult regarding property tax filings
Daugherty, Fowler, Peregrin and Haught	Susan Utecht-Haught 204 N. Robinson Suite 900 Oklahoma City, OK 73102 (405) 232-0003	Legal – Counsel for FAA filings

**EXHIBIT B**

**Ordinary Course Professional Declaration**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF HAWAII**

**DECLARATION AND DISCLOSURE STATEMENT OF  
\_\_\_\_\_, ON BEHALF OF  
\_\_\_\_\_  
AS A PROFESSIONAL UTILIZED  
IN THE ORDINARY COURSE OF BUSINESS**

I, [\_\_\_\_\_], under penalty of perjury, declare as follows:

1. I am a [partner] in the firm of [\_\_\_\_\_] (the “Firm”), professionals employed by Hawaiian Airlines, Inc., as debtor and debtor in possession (the “Debtor”), in the ordinary course of their business. This Declaration is submitted in compliance with the Order Pursuant to sections 105(a), 327, 328 and 330 of the Bankruptcy Code Authorizing Debtor to Employ Professionals Utilized in the Ordinary Course of Business (the “Ordinary Course Professionals Order”).

2. Neither I, the Firm, nor any member, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtor, its creditors or stockholders, or any party in interest herein, except as set forth hereinafter.



specificity all such persons or entities when lists of all creditors of the Debtor have been prepared and will make any further disclosures as may be appropriate at that time. The Firm intends to apply for compensation for professional services rendered in connection with this chapter 11 case directly to the Debtor, in accordance with the Ordinary Course Professionals Order, with such application to request compensation for services based on the hourly rates set forth below, plus reimbursement of actual necessary expenses and other charges incurred by the Firm. The principal [attorneys and paralegals/other professionals] designated to represent the Debtor and their current standard hourly rates are:

<b>Name of Professional</b>	<b>Standard Hourly Rate</b>

6. The hourly rates set forth are subject to periodic adjustments to reflect the economy and other conditions. The hourly rates set forth above are the Firm's

standard hourly rates for work of this nature. The rates are set at a level designed to fairly compensate the Firm for the work of its [attorneys and paralegals/other professionals] and to cover fixed and routine overhead expenses. It is the Firm's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, travel costs, telecommunications, express mail, messenger service, photocopying costs, document processing, temporary employment of additional staff, overtime meals, Lexis and Westlaw expenses, court fees, transcript costs and, in general, all identifiable expenses that would not have been incurred except for representation of a particular client. The Firm will charge the Debtor for these expenses in a manner and at rates consistent with charges made generally to the Firm's other clients. The Firm believes it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

7. Except as provided in the Ordinary Course Professionals Order, no representations or promises have been received by the Firm [nor by any partner, counsel or associate thereof] as to compensation in connection with this chapter 11 case other than in accordance with the provisions of the Bankruptcy Code. The Firm has no agreement with any other entity to share with such entity any compensation received by the Firm in connection with this chapter 11 case.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_, 2003.

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[Professional Name]

**EXHIBIT C**

**Retention Questionnaire**

HAWAIIAN AIRLINES, INC.  
Chapter 11 Case No. 03 - \_\_\_\_\_

**RETENTION QUESTIONNAIRE**

TO BE COMPLETED BY PROFESSIONALS EMPLOYED BY HAWAIIAN AIRLINES, INC. (THE “DEBTOR”).

DO NOT FILE THIS QUESTIONNAIRE WITH THE COURT  
RETURN IT FOR FILING WITH THE DEBTOR AT:

Patrick J. Ivie, Esq.  
Akin Gump Strauss Hauer & Feld LLP  
2029 Century Park East, Suite 2400  
Los Angeles, CA 90067  
Fax: (310) 229-1001  
Tel: (310) 728-3326

If more space is needed, please complete on a separate page and attach.

1. Name and address of firm:

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2. Date of retention: \_\_\_\_\_

3. Type of services provided (accounting, legal, etc.):  
\_\_\_\_\_

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4. Brief description of services to be provided:

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5. Arrangements for compensation (hourly, contingent, etc.):

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(a) Average hourly rate (if applicable): \_\_\_\_\_

(b) Estimated average monthly compensation based on prepetition retention (if firm was employed prepetition):

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6. Prepetition claims against the Debtor held by the firm:

Amount of claim: \$ \_\_\_\_\_

Date claim arose: \_\_\_\_\_

Source of claim: \_\_\_\_\_

7. Prepetition claims against the Debtor held individually by any member, associate, or professional employee of the firm:

Name: \_\_\_\_\_

Status: \_\_\_\_\_

Amount of claim: \$ \_\_\_\_\_

Date claim arose: \_\_\_\_\_

Source of claim: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Stock of the Debtor or its affiliates currently held by the firm:

Kind of shares: \_\_\_\_\_

Number of shares: \_\_\_\_\_

9. Stock of the Debtor or its affiliates currently held individually by any member, associate, or professional employee of the firm:

Name: \_\_\_\_\_

Status: \_\_\_\_\_  
\_\_\_\_\_

Kind of shares: \_\_\_\_\_

Number of shares: \_\_\_\_\_

10. Disclose the nature and provide a brief description of any interest adverse to the Debtor or to its estate with respect to the matters on which the above-named firm is to be employed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Payments made by the Debtor to the firm in the last year:

Date of Payment	Amount of Payment

IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF HAWAII

In re ) **Case No. 03 -**  
 ) (Chapter 11)  
HAWAIIAN AIRLINES, INC., )  
a Hawaii corporation, ) **ORDER PURSUANT TO SECTIONS 105(A),**  
 ) **327, 328 AND 330 OF THE BANKRUPTCY**  
Debtor. ) **CODE AUTHORIZING DEBTOR TO**  
 ) **EMPLOY PROFESSIONALS UTILIZED IN**  
 ) **THE ORDINARY COURSE OF BUSINESS**  
 )  
 )  
 )  
 )  
 ) Date: March 21, 2003  
 ) Time:  
 ) Judge: Hon. Robert J. Faris  
 )  
\_\_\_\_\_ )

Upon consideration of the Expedited Motion of the Debtor for Order Pursuant to Sections 105(a), 327, 328 and 330 of the Bankruptcy Code Authorizing Debtor to Employ Professionals Utilized in the Ordinary Course of Business (the “Motion”), 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 is authorized to employ the Ordinary Course Professionals listed on Exhibit A attached to the Motion in the ordinary course of business, without the need to file individual retention or fee applications for each such professional, as provided herein.
3. The Debtor is authorized to supplement the list of Ordinary Course Professionals as needed as additional Ordinary Course Professionals are to be used, and the Debtor shall file each such supplemental list with the Court and serve it, by first class mail, on the Office of the United States Trustee, counsel to any committee appointed in this chapter 11 case pursuant to section 1102 of the Bankruptcy Code and those parties who request notice pursuant to Rule 2002(g) of the Federal Rules of Bankruptcy Procedure. If no objections to any such supplemental list are filed, and served upon counsel for the Debtor so as to be received, within ten days after service thereof, the same shall be deemed approved by this Court and all professionals listed thereon shall be deemed to be Ordinary Course Professionals within the purview of this Order without the necessity of a hearing or further notice.
4. Each Ordinary Course Professional shall file with the Court (i) a declaration substantially in the form of Exhibit B to the Motion (a “Declaration of

Disinterestedness”) and (ii) a retention questionnaire in the form of Exhibit C to the Motion (a “Retention Questionnaire”), and serve copies thereof on the Debtor, the Office of the United States Trustee, counsel to any committee appointed in this chapter 11 case appointed pursuant to section 1102 of the Bankruptcy Code and those parties who request notice pursuant to Bankruptcy Rule 2002(g), prior to or contemporaneous with the submission to the Debtor of invoices accompanying a request for compensation.

5. The Debtor shall not make any payment to any Ordinary Course Professional who has failed to file a Declaration of Disinterestedness or a Retention Questionnaire.

6. The Debtor is authorized and empowered to make monthly payments for postpetition compensation and reimbursement of postpetition expenses to each of the Ordinary Course Professionals in the manner customarily made by the Debtor prior to the commencement of this chapter 11 case, in the full amount billed by any such Ordinary Course Professionals, upon receipt therefrom of a Declaration of Disinterestedness and a Retention Questionnaire, and reasonably detailed invoices indicating the nature of the professional services rendered and calculated in accordance with such professional’s standard billing practices (without prejudice to the Debtor’s rights to dispute any such invoices); provided, however, that subject to further Order of the Court after notice to interested parties,

the Debtor shall not pay any individual Ordinary Course Professional in excess of \$10,000 for postpetition compensation and reimbursement of postpetition expenses in a single month, nor in excess of \$150,000 during the pendency of this chapter 11 case. In the event an Ordinary Course Professional seeks more than \$10,000 in a single month or \$150,000 in the aggregate in this chapter 11 case, that professional shall file a fee application for the full amount of its fees in accordance with sections 330 and 331 of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and any other order of this Court in respect of compensation.

7. The Debtor shall file a statement with the Court and serve such statement on the United States Trustee on March 31, June 30, September 30, and December 31 of every year (except March 31, 2003) that this chapter 11 case is pending. This statement will include the following information for each Ordinary Course Professional: (a) the name of such Ordinary Course Professional; (b) the aggregate amounts paid as compensation for services rendered and reimbursement of expenses incurred by such Ordinary Course Professional during the previous 90 days; and (c) a general description of the services rendered by each Ordinary Course Professional.

8. This Order shall not apply to any professional retained by the Debtor pursuant to a separate order of this Court.

9. 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.

Dated: Honolulu, Hawaii, \_\_\_\_\_, 2003.

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UNITED STATES BANKRUPTCY JUDGE

APPROVED AS TO FORM

\_\_\_\_\_  
OFFICE OF THE UNITED STATES TRUSTEE

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In re Hawaiian Airlines, Inc., Chapter 11, Case No. 03-\_\_\_\_\_;  
ORDER PURSUANT TO SECTIONS 105(a), 327, 328 AND 330 OF THE  
BANKRUPTCY CODE AUTHORIZING DEBTOR TO EMPLOY  
PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS