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Proposed Co-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 FOR ENTRY OF AN ORDER
PURSUANT TO SECTIONS 105 AND 363
OF THE BANKRUPTCY CODE
AUTHORIZING DEBTOR TO PAY OR**

**HONOR PREPETITION OBLIGATIONS
TO CERTAIN FOREIGN VENDORS,
SERVICE PROVIDERS AND
GOVERNMENTS IN THE ORDINARY
COURSE OF BUSINESS; EXHIBIT A;
PROPOSED ORDER**

Date: March 21, 2003

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 this Court for entry of an order authorizing the Debtor to pay or honor prepetition obligations to certain foreign vendors, service providers and governments in the ordinary course of business (the “Motion”). In support of the Motion, the Debtor respectfully represents as follows:

I. JURISDICTION

1. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The bases for the relief requested herein are sections 105(a) and 363 of title 11 of the United States Code (the “Bankruptcy Code”).

II. BACKGROUND

3. 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.

4. 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

5. 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.

6. 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

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.

million, respectively. The Debtor's reported assets and liabilities, as of December 31, 2001, were approximately \$305 million and \$327 million, respectively.

7. 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

8. 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").

9. 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.

10. 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

11. 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

12. 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

13. 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.

14. 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.

15. 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.

16. 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.

17. 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

18. 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

19. By this Motion, the Debtor seeks entry of an order authorizing the Debtor to pay, in its discretion and in the ordinary course of business, prepetition claims (the "Foreign Claims") owing to certain foreign vendors, service providers, regulatory agencies and governments (collectively, the "Foreign Entities"). The Foreign Entities include, among other groups, foreign airports, professionals, vendors, service providers and utilities.

20. The Debtor also requests that all applicable banks and other financial institutions be authorized and directed to receive, process, honor and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtor related to the claims that the Debtor requests to pay in this Motion, regardless of whether such checks were presented, or fund transfer requests were

submitted, prior to or after the Petition Date; provided, however, that funds are available in the Debtor's accounts to cover such checks and fund transfers.

21. The Debtor further proposes that the satisfaction of the Foreign Claims shall not be deemed in any way to be an assumption or adoption of any contracts or agreements that relate to such operations.

22. Finally, the Debtor proposes that (i) in exchange for the Debtor's payment, the Foreign Entities must agree to continue to provide goods and/or services to the Debtor postpetition on ordinary and customary business terms (the "Customary Terms") and (ii) if any Foreign Entity accepts payment pursuant to the order granting this Motion and thereafter does not continue to provide goods and/or services on Customary Terms during the pendency of the Debtor's chapter 11 case, any payment of a prepetition claim received by such Foreign Entity shall be deemed to be an improper postpetition transfer recoverable by the Debtor upon written request.

IV. BASIS FOR RELIEF REQUESTED

23. The Debtor provides flight service (i) between the state of Hawaii and nine cities in the continental United States and Anchorage, Alaska (ii) among the six major islands in the state of Hawaii, and (iii) the state of Hawaii and Pago

Pago, American Samoa³ and Papeete, Tahiti.⁴ The Debtor also employs sales agents located, among other locations, in Tokyo, Japan.

24. In connection with the Debtor's business operations, the Debtor makes payments to Foreign Entities in the ordinary course of its business. The Debtor estimates that the average monthly disbursements to or for the benefit of Foreign Entities amounts to approximately \$200,000 and that the total amount of Foreign Claims outstanding as of the Petition Date is approximately \$107,000. See Exhibit A (List of Foreign Vendors).⁵

25. If the Debtor's outstanding prepetition obligations to Foreign Entities are not satisfied, the Foreign Entities could take actions that could severely disrupt the Debtor's operations. For instance, the Foreign Entities may argue that they are not subject to the jurisdiction of this Court and thus not subject to the automatic stay imposed by section 362(a) of the Bankruptcy Code. The Foreign Entities could then sue the Debtor in foreign courts, obtain judgments against the Debtor, and thereafter seek to enforce those judgments against the Debtor's foreign assets. Moreover, foreign suppliers could refuse to continue to conduct business with the Debtor, thereby impairing the Debtor's operations. Additionally, in connection

³ The Territory of American Samoa is an unincorporated and unorganized territory of the United States. For purposes of this Motion and given the particularities of such territory's legal status, the Territory of American Samoa will be considered as a foreign location.

⁴ Tahiti is one of several islands comprised in the Territory of French Polynesia, an overseas territory of France.

with its flight services in Papeete, Tahiti and Pago Pago, American Samoa, the Debtor is paying certain landing fees and the failure to pay such landing fees or any other government fees could result in the revocation the Debtor's landing rights.

26. Such actions would likely create operational difficulties, which would severely undermine the Debtor's efforts to reassure its foreign and domestic customers that chapter 11 is not tantamount to liquidation, damage the Debtor's goodwill among the flying public, and jeopardize the Debtor's reorganization prospects. Moreover, it would be cumbersome and expensive, and in some cases impossible, for the Debtor to prevent or remedy such actions.

27. Further, most Foreign Entities have agreed to provide services to the Debtor on Customary Terms provided that the Debtor pays for such services in the ordinary course of business. Any failure by the Debtor to pay the Foreign Entities on Customary Terms would likely result in the Foreign Entities either refusing to continue to provide their services to the Debtor or trying to renegotiate the Customary Terms with the Debtor.

28. Therefore, the Debtor believes that it is in the best interest of its estate and creditors to satisfy all Foreign Claims, the most important of which are

⁵ The Debtor believes that the list of foreign vendors is complete. However, to the extent that any Foreign Entities were left off of the list inadvertently, the Debtor is seeking authorization to pay Foreign Claims relating to such Foreign Entities.

described below, because it is absolutely critical to maintain the confidence of the flying public in the Debtor's operations and to maintain good relations with the Foreign Entities.

A. On-Board Services and Supplies

29. The Debtor regularly makes payments to foreign vendors that provide food and other supplies to passengers in the foreign jurisdictions to which it flies.

30. The Debtor's ongoing business is dependent on its ability to continue paying such foreign vendors and service providers. While the Debtor utilizes the goods and services of domestic vendors whenever possible, the services of foreign vendors and suppliers are necessary when either the items being provided by such vendors are perishable, or the services being provided must be performed when the Debtor's airplanes and crew are in foreign jurisdictions. Because such goods and services are necessary and in many instances are not easily or quickly replaced, the Debtor must be able to continue paying foreign vendors and service providers in the ordinary course of business. Even if the Debtor has contracts with such foreign vendors and service providers, the Debtor's inability to enforce the automatic stay in many jurisdictions may severely damage the Debtor's reorganization efforts.

31. The Debtor estimates that the average amount paid per month to the Foreign Entities providing on-board services and supplies is approximately \$3,500

and that the amount due to Foreign Entities providing on-board services and supplies as of the Petition Date is \$11,000.

B. Goods and Services Incidental to Service in Foreign Jurisdictions

32. The Debtor also regularly makes payments to foreign service providers for airplane maintenance, ground and cargo handling and security. The Debtor also has various professionals providing sales services, placing advertisements and obtaining promotional services in overseas locations.

33. The Debtor's payment for these services is necessary to the Debtor's foreign operations because nonpayment would likely lead to the interruption of the Debtor's services in the foreign jurisdictions. The items in this category are generally services that the Debtor needs to maintain in order to service foreign jurisdictions and that must be provided by foreign vendors by their very definition. Because such goods and services are necessary, and are in many instances not easily or quickly replaced, the Debtor must be able to continue paying foreign vendors and service providers in the ordinary course of business. Even if the Debtor has contracts with such foreign vendors and service providers, the Debtor's inability to enforce the automatic stay in many jurisdictions may severely damage the Debtor's reorganization efforts.

34. The Debtor estimates that the average amount paid per month to Foreign Entities providing goods and services incidental to service in foreign

jurisdictions is approximately \$165,000 and that the amount due to Foreign Entities providing goods and services incidental to service in foreign jurisdictions as of the Petition Date is \$96,000.

C. Hotel and Transportation Services

35. The Debtor also makes payments to foreign hotels to provide overnight crew and lodging for any inconvenienced passengers lodging in overseas locations and for transportation regarding the same.

36. The Debtor's business would be significantly disrupted if it was unable to pay for the hotels and the transportation of its airline crews and any inconvenienced passengers. It is necessary to the continuing ability of the Debtor to fly to be able to provide its crews with adequate lodging and other necessities while they are overseas, not only because of the impact that it has on the morale of the Debtor's employees, but also due to the nature of the Debtor's business, which requires a well-rested and alert staff. Because such services are necessary, it is imperative that the Debtor be able to pay these foreign vendors in the ordinary course of business.

37. The Debtor estimates that the average amount paid per month to the Foreign Entities providing hotel and transportation services is approximately \$14,000 and that the amount due to Foreign Entities providing hotel and transportation services as of the Petition Date is \$0.

D. Utilities Services

38. In connection with the operation of the Debtor's business, the Debtor obtains electricity, natural gas, water, telephone, and/or similar services through accounts with various foreign utility companies (the "Foreign Utility Companies").

39. Uninterrupted utility services are essential to the Debtor's ongoing operations and, therefore, to the success of the Debtor's reorganization. The Debtor is engaged in the business of providing transportation services in the United States and in certain foreign locations. As such, the Debtor cannot continue to perform these services without utility services. Should the Foreign Utility Companies refuse or discontinue service, even for a brief period, the Debtor's business operations would be severely disrupted. Unlike in domestic markets, where the Debtor can enforce the terms of section 366 of the Bankruptcy Code, the automatic stay, and the terms of an order that the Debtor has requested concurrently herewith with respect to the treatment of utilities in this chapter 11 case, enforcement of such statutory protections and orders would be difficult, if not impossible, in foreign jurisdictions. The Debtor must be able to pay such utilities in the ordinary course of business or risk severe harm to its foreign operations.

40. The Debtor estimates that the average amount paid per month in relation to the Foreign Utility Companies is approximately \$2,350 and that the amount due to Foreign Utility Companies as of the Petition Date is \$0.

V. APPLICABLE AUTHORITY

41. The Court's general equitable powers are codified in section 105(a) of the Bankruptcy Code. Section 105(a) empowers the Court to "issue any order, process, or judgment that is necessary to carry out the provisions of this title." 11 U.S.C. § 105(a). See Debtor's Consolidated Memorandum of Law.

42. Similar relief has been granted in other airline restructuring cases. See In re UAL Corp., Case No. 02-48191 (Bankr. N.D. Ill. Dec. 11, 2002) (court authorized payment of estimated \$35 million per month of foreign claims in the ordinary course of business); In re U.S. Airways Group, Inc., Case No. 02-83894 (Bankr. E.D. Va. Aug. 12, 2002) (court authorized payment of estimated \$15 million per month of foreign claims in the ordinary course of business); In re Trans World Airlines, Inc., Case No. 01-00056 (Bankr. D. Del. Mar. 27, 2001) (authorizing payment of \$13 million of foreign claims in the ordinary course of business); In re America West Airlines, Inc., Case No. 91-07505 (Bankr. D. Ariz. Jun. 27, 1991) (court authorized payment of estimated \$8 million of foreign claims in the ordinary course of business); In re Pan Am Corp., Case No. 91-10080 (Bankr. S.D.N.Y. 1991) (court authorized payment of \$50 million to foreign vendors and foreign governments); In re Continental Airlines, Inc., Case No. 90-931 (Bankr. D. Del. 1990) (authorizing payment of foreign claims estimated at \$20 million in the ordinary course of business); In re Eastern Airlines, Inc., Case No.

89-10449 (Bankr. S.D.N.Y. 1989) (authorizing payment of estimated \$16 million of prepetition foreign claims in the ordinary course of business).

43. Furthermore, bankruptcy courts in this Circuit and in other Circuits routinely grant authorization for chapter 11 debtors to pay claims of foreign entities where the automatic stay cannot be enforced readily in the United States and it would be unduly time-consuming and expensive to attempt to enforce the automatic stay in the foreign entity's home country. See, e.g., In re Kmart Corp., Case No. 02-02474 (Bankr. N.D. Ill. Feb. 13, 2002) (SPS); In re WorldCom, Inc., Case No. 02-13533 (Bankr. S.D.N.Y. Aug. 13, 2002) (AJG); In re Global Crossing, Ltd., Case No. 02-40188 (Bankr. S.D.N.Y. Jan. 29, 2002) (AJG); In re Ames Department Stores, Case No. 01-42217 (Bankr. S.D.N.Y. Aug. 21, 2001) (REG); In re Washington Group International, Inc., Case No. 01-31627 (Bankr. D. Nev. May 14, 2001) (GWZ).

44. The prompt payment of the Debtor's prepetition obligations to the Foreign Entities, as described in this Motion, is absolutely crucial to the preservation and protection of the Debtor's estate, and ultimately to its successful reorganization. Payment of such obligations will contribute significantly to the Debtor's revenue-generating capability by enabling the Debtor to provide a high level of service and to retain the confidence and goodwill of its customers and

foreign suppliers. Without that support, the interests of all creditors will suffer because the value of the Debtor's estate is likely to suffer drastic diminution.

45. Finally, the Debtor requests that, notwithstanding the possible applicability of Bankruptcy Rules 6004(g), 7062, 9014, or otherwise, the order to be entered in connection with the Motion be immediately effective and enforceable upon its entry.

VI. NOTICE

46. Notice of the Motion has been provided to (i) the Office of the United States Trustee for the District of Hawaii, (ii) the parties identified on the Debtor's list of twenty largest unsecured creditors, (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.

VII. NO PRIOR REQUEST

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

WHEREFORE, the Debtor requests entry of an order, substantially in the form attached hereto, granting the relief requested herein and such other and further relief the Court deems just and proper.

Dated: Honolulu, Hawaii, March 21, 2003

By: Lisa Beckerman
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

EXHIBIT B

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)

**ORDER PURSUANT TO SECTIONS 105
AND 363 OF THE BANKRUPTCY CODE
AUTHORIZING DEBTOR TO PAY OR
HONOR PREPETITION OBLIGATIONS
TO CERTAIN FOREIGN VENDORS,
SERVICE PROVIDERS AND
GOVERNMENTS IN THE ORDINARY
COURSE OF BUSINESS**

This matter coming before the Court on the Motion for an Order Authorizing the Debtor to Pay or Honor Prepetition Obligations to Certain Foreign Vendors, Service Providers and Governments in the Ordinary Course of Business (the “Motion”),⁶ 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

⁶ Capitalized terms not otherwise defined herein have the meaning given to them in the Motion

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 authorized, but not directed, in the reasonable exercise of its business judgment, to pay or honor prepetition obligations to Foreign Entities, including without limitation the Foreign Claims, in the ordinary course of business, without further Order from this Court.
3. By accepting payment pursuant to this Order, the Foreign Entities agree to continue to provide goods and/or services to the Debtor postpetition on Customary Terms.
4. If any Foreign Entities accept payment pursuant to this Order and thereafter does not continue to provide goods and/or services on Customary Terms during the pendency of the Debtor's chapter 11 case, then any payment on a prepetition claim received by such Foreign Entities shall be deemed to be a postpetition transfer recoverable by the Debtor upon written request.

5. In accordance with this Order, 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, and to honor all fund transfer requests made by the Debtor related thereto, to the extent that sufficient funds are on deposit in such accounts.

6. 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.

7. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Honolulu, Hawaii, _____, 2003.

UNITED STATES BANKRUPTCY JUDGE

In re Hawaiian Airlines, Inc., Chapter 11, Case No. 03-_____;
ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE BANKRUPTCY
CODE AUTHORIZING DEBTOR TO PAY OR HONOR PREPETITION
OBLIGATIONS TO CERTAIN FOREIGN VENDORS, SERVICE PROVIDERS
AND GOVERNMENTS IN THE ORDINARY COURSE OF BUSINESS