

HAWAIIAN AIRLINES INC/HI
Form 424B5
May 14, 2013

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**Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-187255, 333-187255-01**

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but it is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 14, 2013

PROSPECTUS SUPPLEMENT TO PROSPECTUS, DATED APRIL 18, 2013

\$444,540,000

2013-1 PASS THROUGH TRUSTS PASS THROUGH CERTIFICATES, SERIES 2013-1

Two classes of the Hawaiian Airlines Pass Through Certificates, Series 2013-1, are being offered under this prospectus supplement: Class A and B. A separate trust will be established for each class of certificates. The proceeds from the sale of certificates will initially be held in escrow, and interest on the escrowed funds will be payable semiannually on each January 15 and July 15, commencing January 15, 2014. The trusts will use the escrowed funds to acquire equipment notes. The equipment notes will be issued by Hawaiian Airlines, Inc. ("Hawaiian Airlines") and will be secured by six new Airbus aircraft scheduled for delivery from November 2013 to October 2014. Payments on the equipment notes held in each trust will be passed through to the holders of certificates of such trust.

Interest on the equipment notes will be payable semiannually on each January 15 and July 15 after issuance (but not before January 15, 2014). Principal payments on the equipment notes are scheduled on January 15 and July 15 in certain years, beginning on January 15, 2015.

The Class A certificates will rank senior to the Class B certificates.

Natixis S.A., acting via its New York Branch, will provide the initial liquidity facility for the Class A and B certificates, in each case in an amount sufficient to make three semiannual interest payments.

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The payment obligations of Hawaiian Airlines under the equipment notes will be fully and unconditionally guaranteed by Hawaiian Holdings, Inc.

The certificates will not be listed on any national securities exchange.

Investing in the certificates involves risks. See "Risk Factors" beginning on page S-19.

Pass Through Certificates	Face Amount	Interest Rate	Final Expected Distribution Date	Price to Public ¹
Class A	\$328,260,000	%	January 15, 2026	100%
Class B	\$116,280,000	%	January 15, 2022	100%

¹

Plus accrued interest, if any, from the date of issuance.

The underwriters will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$444,540,000. Hawaiian Airlines will pay the underwriters a commission of \$. Delivery of the certificates in book-entry form only will be made on or about , 2013.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Bookrunners

Citigroup

Sole Structuring Agent

Goldman, Sachs & Co.

Morgan Stanley

Lead Manager

Natixis

Co-Managers

J.P. Morgan

Wells Fargo Securities

The date of this prospectus supplement is May , 2013.

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PRESENTATION OF INFORMATION

These offering materials consist of two documents: (a) this Prospectus Supplement, which describes the terms of the certificates that we are currently offering, and (b) the accompanying Prospectus, which provides general information about our pass through certificates, some of which may not apply to the certificates that we are currently offering. The information in this Prospectus Supplement replaces any inconsistent information included in the accompanying Prospectus.

We have given certain capitalized terms specific meanings for purposes of this Prospectus Supplement. The "Index of Terms" attached as Appendix I to this Prospectus Supplement lists the page in this Prospectus Supplement on which we have defined each such term.

At various places in this Prospectus Supplement and the Prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this Prospectus Supplement and the Prospectus can be found is listed in the Table of Contents below. All such cross references in this Prospectus Supplement are to captions contained in this Prospectus Supplement and not in the Prospectus, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the documents incorporated by reference herein and therein may contain certain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, without limitation: any expectations of operating expenses, deferred revenue, interest rates, income taxes, deferred tax assets, valuation allowance or other financial items; statements regarding factors that may affect our operating results; statements regarding areas of strategic focus; statements regarding factors that may affect our ability to fund our working capital, capital expenditures or other general purpose needs; statements related to the impact of our low-cost structure on funding our growth strategy and market opportunities; statements regarding our ability to pay taxes with working capital; estimates of fair value measurements; statements related to aircraft maintenance and repair costs and deposits and timing of maintenance activities; statements related to cash flow from operations and seasonality; estimates of required funding of and contributions to our defined benefit pension and disability plan; estimates of annual fuel expenses and measure of the effects of fuel prices on our business; statements regarding the availability and cost of fuel; statements regarding our wages and benefits and labor costs and agreements; statements regarding the implementation, effective date and costs of compliance with regulations promulgated by the FAA, DOT and other regulatory agencies; statements related to airport rent rates and landing fees; statements regarding aircraft rent expense; statements regarding our total capacity and yields on routes; statements regarding compliance with potential environmental regulations; statements regarding cost liability and deferred revenue estimates related to the frequent flyer program; statements related to our hedging program; statements concerning the impact of, and changes to, accounting principles, policies and estimates; statements regarding our tax valuation allowance; statements regarding credit card holdback; statements regarding the availability of financing; statements regarding our capital expenditures; statements regarding potential violations under our debt or lease obligations; statements regarding our ability to comply with covenants under our financing arrangements; statements regarding our intention to obtain additional debt or lease financing for aircraft deliveries; statements related to capital expenditures impacting future debt levels and pre-delivery payments; statements regarding the expiration of aircraft leases; statements related to risk management, credit risks and air traffic liability; statements related to future U.S. and global economic conditions or performance; statements related to changes in our fleet plan and related cash outlays; statements related to expected delivery of new aircraft; and associated costs for spare engines, replacement parts, maintenance, employee training and other implementation

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activities; statements projecting non-aircraft related capital expenditures; statements related to commissions and selling expenses; statements related to potential route expansion; statements related to the increase in frequency on existing routes; statements related to the effects of any litigation on our operations or business; statements related to the amount of competition on our routes by other domestic and foreign carriers; statements related to continuous investments in technology and systems; and statements as to other matters that do not relate strictly to historical facts or statements of assumptions underlying any of the foregoing. The words "anticipate," "expect," "believe," "goal," "plan," "intend," "estimate," "may," "will," and similar expressions and variations thereof are also intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. These statements appear in this Prospectus Supplement, the accompanying Prospectus and the documents incorporated by reference herein and therein particularly in the sections entitled "Prospectus Supplement Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Business," and include statements regarding the intent, belief or current expectations of Hawaiian Holdings, Inc. and management that are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. These statements are not guarantees of future performance and are subject to numerous risks, uncertainties, and assumptions that are difficult to predict. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" set forth below.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, we do not plan to publicly update or revise any forward-looking statements contained herein after we distribute the Prospectus Supplement, whether as a result of any new information, future events or otherwise.

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You should rely only on the information contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus or to which these documents refer you. We have not authorized anyone to provide you with information that is different. This Prospectus Supplement and the accompanying Prospectus may be used only where it is legal to sell these securities. The information contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus may be accurate only on the date of this Prospectus Supplement or the accompanying Prospectus, as applicable.

Table of Contents**PROSPECTUS SUPPLEMENT SUMMARY**

This summary highlights selected information from this Prospectus Supplement, the accompanying Prospectus and the information incorporated by reference herein and therein and may not contain all of the information that is important to you. For more complete information about the Certificates and Hawaiian Airlines, Inc. ("Hawaiian Airlines" or "Hawaiian"), you should read this entire Prospectus Supplement and the accompanying Prospectus, as well as the materials filed by Hawaiian Holdings, Inc. ("Hawaiian Holdings") with the Securities and Exchange Commission that are considered to be part of this Prospectus Supplement and the Prospectus. See "Incorporation of Certain Documents by Reference" in this Prospectus Supplement and the Prospectus.

Overview of Hawaiian Airlines

Hawaiian Airlines is a destination carrier that provides a leisure-focused travel experience to, from, and amongst the Hawaiian Islands. Our brand, network and product are reflective of our deep roots in our host Hawaiian culture that make our service uniquely "Hawaiian". By reflecting the beauty, culture and gracious traditions of our home, we make each flight an extension of Hawai'i itself by providing outstanding service, safety, and the spirit of aloha to residents and visitors of Hawai'i. Founded in 1929, Hawaiian is presently the eleventh largest domestic airline in the United States based on revenue passenger miles⁽¹⁾.

We have a diversified network providing scheduled air transportation for passengers and cargo between the Hawaiian Islands and certain cities in the United States (North America routes), Oceania and Asia (International routes), and amongst the Hawaiian Islands (Neighbor Island routes). We operate approximately 215 scheduled flights per day, including 160 jet flights between the Hawaiian Islands. We offer nonstop service to Hawai'i from 11 U.S. gateway cities, more than any other airline, along with service from Japan, South Korea, the Philippines, Australia, New Zealand, American Samoa, Tahiti and, beginning on July 9, 2013, Taiwan.

As of May 1, 2013, our fleet consisted of 47 aircraft. The table below summarizes our total fleet as of December 31, 2012 and May 1, 2013 and our expected fleet as of December 31, 2013, December 31, 2014 and December 31, 2015 (based on existing agreements):

	December 31, 2012	May 1, 2013	December 31, 2013	December 31, 2014	December 31, 2015	Number of Seats per Aircraft	Markets Served
Aircraft Type	Total	Total	Total	Total	Total		
A330-200	9	12	14	19	22	294	N. America, Int'l
767-300(1)	16	15	12	10	7	252 - 264	N. America, Int'l
717-200	18	18	18	18	18	118 - 123	Neighbor Island
ATR42(2)(3)	2	2	3	3	3	48	Neighbor Island
Total	45	47	47	50	50		

(1) The decrease in the number of 767-300 aircraft from 2012 to 2015 is due to the return of leased aircraft at the end of their lease terms and the planned retirement of aircraft at the end of their estimated useful lives.

(2) The ATR42 turboprop aircraft are owned by a separate subsidiary of Hawaiian Holdings and are expected to begin operations later this year on Neighbor Island routes previously unserved by us.

(3) Hawaiian has entered into a letter of intent to acquire a third ATR42 turboprop in the third quarter of 2013.

(1) As reported by the Research and Innovative Technology Administration Bureau of Transportation Services as of January 31, 2013.

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As of May 1, 2013, we had capital commitments for aircraft and aircraft-related equipment which included firm orders for 10 Airbus A330 aircraft for delivery between 2013 and 2015 and six Airbus A350XWB aircraft and 16 Airbus A321neo aircraft for delivery beginning in 2017.

Hawaiian Market

Hawai'i is a popular leisure travel destination, with approximately eight million visitors in 2012. Over 80% of these visits are for pleasure, according to the Hawai'i Tourism Authority. Travelers choose Hawai'i because of the unique experiences and activities offered by the Islands, the clean environment, beautiful scenery, safety, security and the excellent value for visitors. Hawai'i attracts a stable and diverse base of domestic visitors (approximately 69% of all visitors, of which 58% are from the Western U.S.) and international visitors (31% of all visitors, of which approximately 60% are from Japan). The majority of trips to Hawai'i are made by repeat visitors, and the average stay is 8 to 10 days as reported by the Hawai'i Tourism Authority as of December 31, 2012.

Our Competitive Strengths

We believe we compete successfully in the airline industry by leveraging our following strengths:

Leader in the Hawai'i Market. Hawaiian holds market leading positions in each of our three route networks, based on the markets we serve, as measured by seat share per published U.S. Department of Transportation "DOT" Scheduling Data. We believe that Hawai'i's status as a premier travel destination and its stable and diverse visitor base results in a resilient, leisure-oriented tourism market. In 2012, our market share in Neighbor Island travel was approximately 88%, of which approximately 70% of demand is from residents of Hawai'i. Our codeshare and interline partnerships support the breadth of our network and enable us to attract additional customers for travel on Hawaiian.

Strong Leisure-Based Product. As a destination carrier, our leisure-focused product offering is differentiated by selling the experience of the Hawaiian Islands. Leisure travel economics are generally more resilient than business travel, as customers' plans are flexible and purchase decisions are more sensitive to price, which allows carriers to stimulate traffic more easily with promotions and operate at higher load factors which reduces cost per passenger. Our customer service, reliability and safety record are consistently industry-recognized for excellence, and we believe the strength of our product enables us to achieve fares and passenger yields superior to our competitors. Our fleet of Boeing 767 and Airbus A330 aircraft feature a seat configuration optimized for long-distance, leisure-oriented service, seating 252 to 294 passengers in two classes of service. Our in-flight service celebrates the local culture and food of Hawai'i and has won numerous accolades as the top Domestic Airline for service quality and performance from Airline Quality Rating, Conde Nast Traveler, Travel + Leisure and Zagat.

Diversified Revenue Base. We believe that diversifying our sources of revenue contributes to our goal of stable profitability. Since 2007, we have executed a business plan to balance our operations and to reduce our reliance on any single market. During this period, revenue from our International markets as a percentage of our total passenger revenue grew from 7% to 30%. Correspondingly, North America decreased from 70% to 46% and our Neighbor Island markets reduced from 33% to 24%. Our total revenue grew from \$1.0 billion in 2007 to \$2.0 billion in 2012. We have also grown our non-passenger revenue, which includes our sales of ancillary products and services such as baggage fees, cargo, interline commissions and Premier Club, which totaled in excess of \$195 million in 2012.

Excellent Airline Operations. We are in our 84th year of continuous service, the longest airline serving Hawai'i, and have significant experience as an airline operator. In 2012, we carried over nine million customers from 21 domestic and international destinations and were ranked number one in on-time performance, our ninth consecutive year, and had the fewest flight cancellations among U.S. airlines. Our integrated safety management system and comprehensive maintenance programs are

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tailored to the requirements of our short-haul and long-haul networks. We averaged 93.4% on-time performance in 2012, which exceeded the industry average by 11.5 percentage points. We value our employees and believe that our excellent employee relations improves service quality and operational performance and differentiates us from other airlines.

Track Record of Stable Profitability & Strong Balance Sheet. We believe that our differentiated business model has delivered consistent financial results in challenging economic conditions. Since 2006, our earnings before interest expense, taxes, depreciation, amortization and aircraft rent ("EBITDAR") margin has ranged from 12.3% to 23.0%. At March 31, 2013, we had total liquidity of \$507.1 million, consisting of \$438.2 million in cash and cash equivalents and \$68.9 million available under our Revolving Credit Facility, which had no outstanding borrowings. Our total liquidity represents 25.1% of our total revenues earned in the twelve months ended March 31, 2013.

Our Business Strategy

Our vision is to build value for our stockholders and other stakeholders by growing our operations profitably and leveraging our leading position and product in the Hawai'i market. The key elements of our strategy to achieve this mission are:

Offer a Differentiated Product And Customer Experience. We are a destination carrier with North America and International networks centered on travel to the Hawaiian Islands and sharing with our customers the spirit of Hawai'i. Our onboard service has been designed to provide more of what our guests value most: complimentary meals, made-in-Hawai'i products, and our friendly, attentive service. Our online website, departure lounges, employees and facilities contribute to a favorable travel experience. We believe that sharing our Hawaiian tradition of hospitality with our guests differentiates our product offering and increases customer satisfaction and loyalty.

Operate a Modern Fleet Optimized to Serve Hawai'i. We operate a modern fleet, which is optimized for our network, efficiency of operations, and leisure-oriented service. Our Neighbor Island fleet of Boeing 717 aircraft is built specifically for short-range, high-frequency routes which provide daily connections for residents and visitors of the Hawaiian Islands. Our current wide-body fleet renewal program provides improved operating economics and passenger experience on North America and International routes with Airbus A330 aircraft supplementing and replacing our Boeing 767 aircraft. Beginning in 2017, we plan to acquire six new Airbus A350XWB aircraft and 16 new Airbus A321neo aircraft, which will open new markets not economical for service by Hawaiian's present fleet.

Grow Our Network in High Demand Markets. We believe there are opportunities for us to grow profitably by serving new International and North American gateways. The Asia-Pacific region is forecast to have the most growth potential, an average growth rate of 5.4% over the next 20 years, as published by Airbus in the 2012 *Global Market Forecast*. To execute our International expansion strategy and maintain our status as the leading carrier in the Hawaiian market, we employ a disciplined route and fleet expansion strategy to evaluate economic and market conditions to maintain profitability across our growing network. Through the economic downturn, we successfully grew our market share in each of our three route networks, while simultaneously increasing our operating margins. As part of our initiatives to expand into new markets with high demand, Hawaiian has grown its network in the following markets:

International 11 new non-stop routes from Honolulu to Japan (Fukuoka, Osaka, Tokyo, Sapporo and Sendai beginning June 25, 2013), South Korea (Seoul), Australia (Brisbane), New Zealand (Auckland), Taiwan (Taipei) beginning July 9, 2013 and recently announced China (Beijing) beginning in 2014 pending approval by Chinese regulatory agencies; and

North America Four new non-stop routes from Honolulu to New York, Maui to Oakland, Maui to San Jose and Maui to Los Angeles.

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Collateral

The Airbus A330 is one of the most widely used twin-engine long-haul wide-body aircraft, especially in high-growth international regions such as Asia and the Middle East. The A330 family has nearly 1,000 aircraft in service around the world with more than 90 operators. For Hawaiian, the A330 offers improved engines, increased range, longer maintenance intervals, standardized cargo capabilities and new technology which allows us to continue expansion in our long-haul markets.⁽¹⁾

Given our corporate strategy, the A330 represents an essential component of our current fleet and is core to our future fleet plan. The 2013-1 collateral represents 33% of the entire A330 fleet (including future deliveries up to the end of 2014) and when compared to our entire fleet, the 2013-1 collateral represents 25%.⁽²⁾

Source: Hawaiian Airlines' fleet which reflects current contractual commitments excluding flexibility rights for new aircraft deliveries and lease return dates. Accounts for all current aircraft, future deliveries, and retirements through December 31, 2014.

⁽¹⁾ Source: Airbus Website

⁽²⁾ Valuations based on Hawaiian book value by aircraft type as of March 31, 2013.

Table of Contents**Summary of Terms of Certificates**

	Class A Certificates	Class B Certificates
Aggregate Face Amount	\$328,260,000	\$116,280,000
Interest Rate	%	%
Initial Loan to Aircraft Value (cumulative)(1)	52.8%	71.5%
Highest Loan to Aircraft Value (cumulative)(2)	52.8%	71.5%
Expected Principal Distribution Window (in years)	1.6 - 12.6	1.6 - 8.6
Initial Average Life (in years from Issuance Date)	9.0	6.9
Regular Distribution Dates	January 15 and July 15	January 15 and July 15
Final Expected Distribution Date	January 15, 2026	January 15, 2022
Final Maturity Date	July 15, 2027	July 15, 2023
Minimum Denomination	\$1,000	\$1,000
Section 1110 Protection	Yes	Yes
Liquidity Facility Coverage	3 semiannual interest payments	3 semiannual interest payments

(1)

These percentages are determined as of January 15, 2015, the first Regular Distribution Date after all Aircraft are expected to have been financed pursuant to the Offering. In calculating these percentages, we have assumed that the financings of all Aircraft hereunder are completed prior to January 15, 2015 and that the aggregate appraised value of such Aircraft is \$601,950,700 as of such date. The appraised value is only an estimate and reflects certain assumptions. See "Description of the Aircraft and the Appraisals The Appraisals".

(2)

See " Loan to Aircraft Value Ratios".

Equipment Notes and the Aircraft

The six Aircraft to be financed pursuant to this Offering will consist of six new Airbus A330-243 aircraft scheduled for delivery between November 2013 and October 2014. See "Description of the Aircraft and the Appraisals The Appraisals" for a description of the six Aircraft to be financed with the proceeds of this Offering. Set forth below is certain information about the Equipment Notes expected to be held in the Trusts and the aircraft expected to secure such Equipment Notes:

Aircraft Type(1)	Registration Number	Manufacturer's Serial Number	Delivery Month	Principal Amount of Equipment Notes	Appraised Value(2)	Latest Equipment Note Maturity Date
A330-243	N395HA	1469	November 2013	\$ 76,110,000	\$ 102,030,000	January 15, 2026
A330-243	N396HA	1488	January 2014	74,150,000	103,070,000	January 15, 2026
A330-243	N399HA	1496	February 2014	73,600,000	103,070,000	January 15, 2026
A330-243	N370HA	TBD	April 2014	72,890,000	103,070,000	January 15, 2026
A330-243	N374HA	TBD	June 2014	72,790,000	103,070,000	January 15, 2026
A330-243	N373HA	TBD	October 2014	75,000,000	103,070,000	January 15, 2026

(1)

The indicated registration number, manufacturer's serial number and delivery month for each aircraft reflect our current expectations, although these may differ for the actual aircraft financed hereunder. The deadline for purposes of financing an Aircraft pursuant to this Offering is January 15, 2015

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(or later under certain circumstances). The financing pursuant to this Offering of each Aircraft is expected to be effected at delivery of such Aircraft by Airbus to Hawaiian. The actual delivery date for any aircraft may be subject to delay or acceleration. See "Description of the Aircraft and the Appraisals Timing of Financing the Aircraft". Hawaiian has certain rights to substitute other aircraft if the scheduled delivery date of any Aircraft is delayed for more than 30 days after the month scheduled for delivery. See "Description of the Aircraft and the Appraisals Substitute Aircraft".

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(2)

The appraised value of each Aircraft set forth above is the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms. Such appraisals indicate appraised base value, projected as of the scheduled delivery month of the applicable Aircraft. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See "Risk Factors Risks Relating to the Certificates and the Offering The Appraisals are only estimates of Aircraft value".

Loan to Aircraft Value Ratios

The following table sets forth loan to Aircraft value ratios ("LTVs") for each Class of Certificates as of January 15, 2015, the first Regular Distribution Date after all Aircraft are expected to have been financed pursuant to the Offering, and each Regular Distribution Date thereafter. The LTVs for any Class of Certificates for the period prior to January 15, 2015, are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trusts and the related Aircraft will not be included in the calculation. The table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. See "Risk Factors Risks Relating to the Certificates and the Offering The Appraisals are only estimates of Aircraft value".

Regular Distribution Date	Assumed Aggregate Aircraft Value(1)	Outstanding Balance(2)		LTV(3)	
		Class A Certificates	Class B Certificates	Class A Certificates	Class B Certificates
January 15, 2015	\$601,950,700	\$317,660,000	\$113,020,000	52.8%	71.5%
July 15, 2015	592,690,000	306,609,009	108,014,350	51.7	70.0
January 15, 2016	583,429,300	295,962,977	102,480,336	50.7	68.3
July 15, 2016	574,168,600	284,692,045	100,159,072	49.6	67.0
January 15, 2017	564,907,900	273,842,828	97,659,522	48.5	65.8
July 15, 2017	555,647,200	263,864,312	94,579,549	47.5	64.5
January 15, 2018	546,386,500	254,695,449	91,636,458	46.6	63.4
July 15, 2018	537,125,800	245,844,424	88,608,238	45.8	62.3
January 15, 2019	527,865,100	237,720,244	85,260,088	45.0	61.2
July 15, 2019	518,604,400	229,864,536	82,036,460	44.3	60.1
January 15, 2020	509,343,700	222,268,428	78,932,781	43.6	59.1
July 15, 2020	500,083,000	214,923,341	75,564,921	43.0	58.1
January 15, 2021	490,822,300	207,820,981	65,649,994	42.3	55.7
July 15, 2021	481,561,600	196,337,789	45,090,234	40.8	50.1
January 15, 2022	472,300,900	195,137,789	0	41.3	0.0
July 15, 2022	463,040,200	184,571,723	0	39.9	0.0
January 15, 2023	453,779,500	173,336,467	0	38.2	0.0
July 15, 2023	444,518,800	162,952,598	0	36.7	0.0
January 15, 2024	435,258,100	153,065,730	0	35.2	0.0
July 15, 2024	425,997,400	143,654,355	0	33.7	0.0
January 15, 2025	416,736,700	134,697,842	0	32.3	0.0
July 15, 2025	407,476,000	127,533,144	0	31.3	0.0
January 15, 2026	398,215,300	0	0	0.0	0.0

(1)

We have assumed that all Aircraft will be financed under this Offering prior to January 15, 2015, and that the appraised value of each Aircraft, determined as described under "Equipment Notes and the Aircraft", declines from that of the initial appraised value of such Aircraft by approximately 3% per year for the first 15 years after the year of delivery of such Aircraft, in each case prior to the final expected Regular Distribution Date. Other rates or methods of depreciation may result in materially different LTVs. We cannot assure you that the depreciation rate and method used for purposes of the table will occur or predict the actual future value of any Aircraft. See "Risk Factors Risks Relating to the Certificates and the Offering The Appraisals are only estimates of Aircraft value".

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- (2) In calculating the outstanding balances of each Class of Certificates, we have assumed that the Trusts will acquire the Equipment Notes for all Aircraft. Outstanding balances as of each Regular Distribution Date are shown after giving effect to distributions expected to be made on such distribution date.
- (3) The LTVs for each Class of Certificates were obtained for each Regular Distribution Date by dividing (i) the expected outstanding balance of such Class (together, in the case of the Class B Certificates, with the expected outstanding balance of the Class A Certificates) after giving effect to the distributions expected to be made on such distribution date, by (ii) the assumed value of all of the Aircraft on such date based on the assumptions described above. For purposes of these calculations, it has been assumed that all of the six Airbus A330-243 aircraft are financed hereunder. The outstanding balances and LTVs of each Class of Certificate will change if the Trusts do not acquire Equipment Notes with respect to all the Aircraft.

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Cash Flow Structure

Set forth below is a diagram illustrating the structure for the offering of the Certificates and certain cash flows.

-
- (1) The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture.
 - (2) The Liquidity Facility for each of the Class A Certificates and the Class B Certificates is expected to be sufficient to cover up to three consecutive semiannual interest payments with respect to such Class, except that the Liquidity Facilities will not cover interest on the Deposits.
 - (3) The proceeds of the offering of each Class of Certificates will initially be held in escrow and deposited with the Depositary, pending financing of each Aircraft. The Depositary will hold such funds as interest bearing Deposits. Each Trust will withdraw funds from the Deposits relating to such Trust to purchase Equipment Notes from time to time as each Aircraft is financed. The scheduled payments

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of interest on the Equipment Notes and on the Deposits relating to a Trust, taken together, will be sufficient to pay accrued interest on the outstanding Certificates of such Trust. If any funds remain as Deposits with respect to a Trust at the Delivery Period Termination Date, such funds will be withdrawn by the Escrow Agent and distributed to the holders of the Certificates issued by such Trust, together with accrued and unpaid interest thereon. No interest will accrue with respect to the Deposits after they have been fully withdrawn.

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The Offering

Certificates Offered

Class A Pass Through Certificates, Series 2013-1.

Class B Pass Through Certificates, Series 2013-1.

Use of Proceeds

Each Class of Certificates will represent a fractional undivided interest in a related Trust. The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depositary, pending financing of each Aircraft under this Offering. Each Trust will withdraw funds from the Deposits relating to such Trust to acquire Equipment Notes as these Aircraft are financed. The Equipment Notes will be issued to finance the purchase by Hawaiian of six new Airbus aircraft.

Subordination Agent, Trustee, Paying
Agent and Loan Trustee
Escrow Agent
Depositary
Liquidity Provider
Trust Property

Wilmington Trust, National Association.
Wells Fargo Bank Northwest, National Association
Natixis S.A., acting via its New York Branch
Natixis S.A., acting via its New York Branch
The property of each Trust will include:

Equipment Notes acquired by such Trust.

The Hawaiian Holdings Guarantee (as defined below) with respect to such Equipment Notes.

All monies receivable under the Liquidity Facility for such Trust.

Hawaiian Holdings Guarantee

Funds from time to time deposited with the applicable Trustee in accounts relating to such Trust, including payments made by Hawaiian on the Equipment Notes held in such Trust. Pursuant to a guarantee agreement (the "Hawaiian Holdings Guarantee"), Hawaiian Holdings will unconditionally guarantee the payment obligations of Hawaiian under each Equipment Note issued by Hawaiian.

Regular Distribution Dates
Record Dates
Distributions

January 15 and July 15, commencing on January 15, 2014.
The fifteenth day preceding the related Distribution Date.
The Trustee will distribute all payments of principal, premium (if any) and interest received on the Equipment Notes held in each Trust to the holders of the Certificates of such Trust, subject to the subordination provisions applicable to the Certificates.
Scheduled payments of principal and interest made on the Equipment Notes will be distributed on the applicable Regular Distribution Dates.

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Subordination	Payments of principal, premium (if any) and interest made on the Equipment Notes resulting from any early redemption of such Equipment Notes will be distributed on a special distribution date after not less than 15 days' notice from the Trustee to the applicable Certificateholders. Distributions on the Certificates will be made in the following order: First, to the holders of the Class A Certificates to pay interest on the Class A Certificates. Second, to the holders of Class B Certificates to pay interest on the Preferred B Pool Balance. Third, to the holders of the Class A Certificates to make distributions in respect of the Pool Balance of the Class A Certificates. Fourth, to the holders of the Class B Certificates to pay interest on the Pool Balance of the Class B Certificates not previously distributed under clause "Second" above. Fifth, to the holders of the Class B Certificates to make distributions in respect of the Pool Balance of the Class B Certificates.
Control of Loan Trustee	The holders of at least a majority of the outstanding principal amount of Equipment Notes issued under each Indenture will be entitled to direct the Loan Trustee under such Indenture in taking action as long as no Indenture Default is continuing thereunder. If an Indenture Default is continuing, subject to certain conditions, the "Controlling Party" will direct the Loan Trustee under such Indenture (including in exercising remedies, such as accelerating such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes). The Controlling Party will be: The Class A Trustee. Upon payment of final distributions to the holders of Class A Certificates, the Class B Trustee. Under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the largest amount owed to it. In exercising remedies during the nine months after the earlier of (a) the acceleration of the Equipment Notes issued pursuant to any Indenture or (b) the bankruptcy of Hawaiian, the Equipment Notes and the Aircraft subject to the lien of such Indenture may not be sold for less than certain specified minimums.

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Right to Purchase Other Classes of
Certificates

If Hawaiian is in bankruptcy and certain specified circumstances then exist:

The Class B Certificateholders will have the right to purchase all but not less than all of the Class A Certificates.

If an additional class of junior certificates has been issued, the holders of such junior certificates will have the right to purchase all but not less than all of the Class A and Class B Certificates.

The purchase price will be the outstanding balance of the applicable Class of Certificates plus accrued and unpaid interest.

Liquidity Facilities

Under the Liquidity Facility for each of the Class A and Class B Trusts, the Liquidity Provider will, if necessary, make advances in an aggregate amount sufficient to pay interest on the applicable Certificates on up to three successive semiannual Regular Distribution Dates at the interest rate for such Certificates. Drawings under the Liquidity Facilities cannot be used to pay any amount in respect of the Certificates other than interest and will not cover interest payable on amounts held in escrow as Deposits with the Depositary. Notwithstanding the subordination provisions applicable to the Certificates, the holders of the Certificates to be issued by the Class A Trust or the Class B Trust will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility for such Trust. Upon each drawing under any Liquidity Facility to pay interest on the Certificates, the Subordination Agent will reimburse the applicable Liquidity Provider for the amount of such drawing. Such reimbursement obligation and all interest, fees and other amounts owing to the Liquidity Provider under each Liquidity Facility and certain other agreements will rank equally with comparable obligations relating to the other Liquidity Facility and will rank senior to the Certificates in right of payment.

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Escrowed Funds	Funds in escrow for the Certificateholders of each Trust will be held by the Depositary as Deposits relating to such Trust. The Trustees may withdraw these funds from time to time to purchase Equipment Notes on or prior to the deadline established for purposes of this Offering. On each Regular Distribution Date, the Depositary will pay interest accrued on the Deposits relating to such Trust at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The Deposits relating to each Trust and interest paid thereon will not be subject to the subordination provisions applicable to the Certificates. The Deposits cannot be used to pay any other amount in respect of the Certificates.
Unused Escrowed Funds	All of the Deposits held in escrow may not be used to purchase Equipment Notes by the deadline established for purposes of this Offering. This may occur because of delays in the financing of Aircraft or other reasons. See "Description of the Certificates Obligation to Purchase Equipment Notes". If any funds remain as Deposits with respect to any Trust after such deadline, such funds will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest, to the Certificateholders of such Trust after at least 15 days' prior written notice. See "Description of the Deposit Agreements Unused Deposits".
Obligation to Purchase Equipment Notes	The Trustees will be obligated to purchase the Equipment Notes issued with respect to each Aircraft pursuant to the Note Purchase Agreement. Hawaiian will enter into a secured debt financing with respect to each Aircraft pursuant to financing agreements substantially in the forms attached to the Note Purchase Agreement. The terms of such financing agreements must not vary the Required Terms set forth in the Note Purchase Agreement. In addition, Hawaiian must certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders. Hawaiian must also obtain written confirmation from each Rating Agency that the use of financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. The Trustees will not be obligated to purchase Equipment Notes if, at the time of issuance, Hawaiian is in bankruptcy or certain other specified events have occurred. See "Description of the Certificates Obligation to Purchase Equipment Notes".

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Issuances of Additional Classes of
Certificates

Additional pass through certificates of one or more separate pass through trusts, which will evidence fractional undivided ownership interests in equipment notes secured by Aircraft, may be issued. Any such transaction may relate to (a) the issuance of a single new series of subordinated equipment notes with respect to some or all of the Aircraft at any time after the Issuance Date or (b) the refinancing of Series B Equipment Notes or any such series of subordinated equipment notes issued with respect to all (but not less than all) of the Aircraft secured by such refinanced notes at any time after the Delivery Period Termination Date. The holders of additional pass through certificates relating to such subordinated equipment notes will have the right to purchase all of the Class A and Class B Certificates under certain circumstances after a bankruptcy of Hawaiian at the outstanding principal balance of the Certificates plus accrued and unpaid interest and other amounts due to Certificateholders, but without a premium. Consummation of any such issuance of additional pass through certificates will be subject to satisfaction of certain conditions, including receipt of confirmation from the Rating Agencies that it will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates that remains outstanding. See "Possible Issuance of Additional Junior Certificates and Refinancing of Certificates".

Equipment Notes

(a) Issuer

Hawaiian. Hawaiian's executive offices are located at 3375 Koapaka Street, Suite G-350, Honolulu, Hawaii 96819. Hawaiian's telephone number is (808) 835-3700.

(b) Interest

The Equipment Notes held in each Trust will accrue interest at the rate per annum for the Certificates issued by such Trust set forth on the cover page of this Prospectus Supplement. Interest will be payable on January 15 and July 15 of each year, commencing on the first such date after issuance of such Equipment Notes (but not before January 15, 2014). Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c) Principal

Principal payments on the Equipment Notes are scheduled on January 15 and July 15 in certain years, commencing on January 15, 2015.

(d) Redemption

Aircraft Event of Loss. If an Event of Loss occurs with respect to an Aircraft, all of the Equipment Notes issued with respect to such Aircraft will be redeemed, unless Hawaiian replaces such Aircraft under the related financing agreements. The redemption price in such case will be the unpaid principal amount of such Equipment Notes, together with accrued interest, but without any premium.

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	<i>Optional Redemption.</i> Hawaiian may elect to redeem all of the Equipment Notes issued with respect to an Aircraft prior to maturity only if all outstanding Equipment Notes with respect to all other Aircraft are simultaneously redeemed. In addition, Hawaiian may elect to redeem all of the Series B Equipment Notes in connection with a refinancing of such Series. The redemption price for any optional redemption will be the unpaid principal amount of the relevant Equipment Notes, together with accrued interest and Make-Whole Premium.
(e) Security	The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft.
(f) Cross-collateralization	The Equipment Notes held in the Trusts will be cross-collateralized. This means that any proceeds from the exercise of remedies with respect to an Aircraft will be available to cover shortfalls then due under Equipment Notes issued with respect to the other Aircraft. In the absence of any such shortfall, excess proceeds will be held by the relevant Loan Trustee as additional collateral for such other Equipment Notes.
(g) Cross-default	There will be cross-default provisions in the Indentures. This means that if the Equipment Notes issued with respect to one Aircraft are in default and remedies are exercisable with respect to such Aircraft, the Equipment Notes issued with respect to the remaining Aircraft will also be in default, and remedies will be exercisable with respect to all Aircraft.
(h) Section 1110 Protection	Hawaiian's outside counsel will provide its opinion to the Trustees that the benefits of Section 1110 of the U.S. Bankruptcy Code will be available with respect to the Equipment Notes.
Certain Federal Income Tax Consequences	Each person acquiring an interest in Certificates generally should report on its federal income tax return its pro rata share of income from the relevant Deposits and income from the Equipment Notes and other property held by the relevant Trust. See "Certain U.S. Federal Tax Consequences".
Certain ERISA Considerations	Each person who acquires a Certificate will be deemed to have represented that either: (a) no employee benefit plan assets have been used to purchase or hold such Certificate or (b) the purchase and holding of such Certificate are exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions. See "Certain ERISA Considerations".

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Threshold Rating for the Depositary	Fitch Long-term A-	Moody's Short-term P-1	Standard & Poor's Long-term A-
Depositary Rating	The Depositary meets the Depositary Threshold Rating requirement.		
Threshold Rating for the Liquidity Provider	Fitch Long-term BBB-	Moody's Long-term Baa2	Standard & Poor's Long-term BBB-
Liquidity Provider Rating	The Liquidity Provider meets the Liquidity Threshold Rating requirement.		

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The following tables present our summary historical consolidated financial and operating data with respect to Hawaiian Holdings, Inc. We have derived the summary consolidated statement of operations data presented below under the caption "Selected Financial Data" for the fiscal years ended December 31, 2012, December 31, 2011 and December 31, 2010 and the summary consolidated balance sheet data as of December 31, 2012 and December 31, 2011 from our audited consolidated financial statements and related notes included elsewhere in this Prospectus Supplement. We have derived the summary consolidated financial data as of and for the three months ended March 31, 2013 and March 31, 2012 from our unaudited consolidated financial statements included elsewhere in this Prospectus Supplement. We have derived the summary consolidated statement of operations data for the fiscal years ended December 31, 2009 and December 31, 2008 and the summary consolidated balance sheet data as of December 31, 2010, December 31, 2009 and December 31, 2008 from our audited consolidated financial statements not included in this Prospectus Supplement. The following summary consolidated financial and operating data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Prospectus Supplement. Our historical results are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results to be expected in the full year.

Selected Financial Data

	Three Months ended March 31,				Year ended December 31,		
(in thousands)	2013	2012	2012	2011	2010	2009	2008
	(unaudited)						
Summary of Operations:							
Operating revenue	\$ 490,754	\$ 435,494	\$ 1,962,353	\$ 1,650,459	\$ 1,310,093	\$ 1,183,306	\$ 1,210,865
Operating expenses(a)(b)	502,680	422,594	1,832,955	1,630,176	1,218,815	1,075,822	1,118,967
Operating income (loss)	(11,926)	12,900	129,398	20,283	91,278	107,484	91,898
Net income (loss)(c)(d)(e)	(17,145)	7,258	53,237	(2,649)	110,255	116,720	28,586
Balance Sheet Items:							
Cash and cash equivalents	\$ 438,221	\$ 376,020	\$ 405,880	\$ 304,115	\$ 285,037	\$ 300,738	\$ 203,872
Property and equipment, net	1,076,396	839,135	1,068,718	729,127	418,120	318,884	315,469
Total assets	1,945,655	1,669,083	1,865,824	1,487,529	1,117,499	1,028,886	929,134
Long-term debt and capital lease obligations, excluding current maturities(f)	542,642	494,102	553,009	424,436	171,884	190,335	232,218
Shareholders' equity(g)	225,202	232,470	268,602	222,876	277,869	176,089	53,313

- (a) During 2008, we recorded a \$52.5 million reduction of operating expenses resulting from a litigation settlement for which we received payment from Mesa Airlines in May 2008.
- (b) During 2011, we recorded a \$70.0 million lease termination charge related to the purchase of our existing fleet of Boeing 717-200 aircraft previously under lease agreements, as discussed in "Note 7 Leases" to our audited consolidated financial statements for the year ended December 31, 2012. This amount is reflected as a separate line item in our operating expenses.
- (c) In 2008, we recognized a \$7.8 million other than temporary impairment of our auction rate securities.
- (d) In 2009, net income was positively affected by a decrease in our deferred tax asset valuation allowance of \$60.2 million due to a \$25.0 million judgmental reversal of the valuation allowance, with the remainder

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attributable to the realization of deferred tax assets previously fully reserved, including the impact of favorable tax accounting changes permitted during the year.

(e)

In 2010, net income was positively affected by the release of our remaining valuation allowance of \$57.5 million as described in "Note 8 Income Taxes" to our audited consolidated financial statements for the year ended December 31, 2012.

(f)

In 2012, we borrowed \$133.0 million to finance a portion of the purchase price of two Airbus A330-200 aircraft delivered in 2012 and took delivery of three aircraft (two Boeing 717-200 aircraft and one Airbus A330-200 aircraft) under capital leases. In 2011, we issued \$86.25 million principal amount of convertible senior notes (the "Convertible Notes") due March 2016 and used the proceeds to pay off our outstanding secured revolving credit facility, borrowed \$192.8 million through secured loan agreements to finance a portion of the purchase price of fifteen Boeing 717-200 aircraft and borrowed \$132 million to finance a portion of the purchase price of two Airbus A330-200 aircraft delivered in 2011. See further discussion at "Note 6 Debt" to our audited consolidated financial statements for the year ended December 31, 2012.

(g)

Shareholders' equity amounts include significant changes in our pension liability recorded in accumulated other comprehensive loss shown in the Consolidated Statements of Shareholders' Equity and Comprehensive Loss. See further discussion in the consolidated financial statements.

Selected Consolidated Statistical Data (unaudited)

	Three Months Ended March 31,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(in thousands, except as otherwise indicated)				
Scheduled Operations:					
Revenue passengers flown	2,397	2,218	9,476	8,659	8,418
Revenue passenger miles (RPM)	3,205,482	2,630,287	12,195,875	10,139,949	8,665,869
Available seat miles (ASM)	3,960,295	3,139,965	14,660,030	12,022,194	10,134,601
Passenger revenue per RPM (Yield)	13.72¢	14.86¢	14.49¢	14.60¢	13.33¢
Passenger load factor (RPM/ASM)	80.9%	83.8%	83.2%	84.3%	85.5%
Passenger revenue per ASM (PRASM)	11.11¢	12.45¢	12.05¢	12.32¢	11.40¢
Total Operations:					
Operating revenue per ASM (RASM)	12.37¢	13.86¢	13.36¢	13.71¢	12.91¢
Operating cost per ASM (CASM)(a)	12.68¢	13.45¢	12.48¢	13.54¢	12.01¢
CASM excluding aircraft fuel(a)(b)	8.28¢	8.99¢	8.18¢	9.28¢	8.83¢
CASM excluding lease termination costs and aircraft fuel(b)	8.28¢	8.99¢	8.18¢	8.70¢	8.83¢
Gallons of jet fuel consumed	53,935	43,125	199,465	164,002	140,995
Average cost per gallon of jet fuel (actual)(c)	\$ 3.24	\$ 3.25	\$ 3.17	\$ 3.13	\$ 2.29

(a)

Includes lease termination charges of \$70.0 million incurred in 2011.

(b)

Represents adjusted unit costs, a non-GAAP measure.

(c)

Includes applicable taxes and fees.

Recent Developments

First Quarter 2013 Financial Highlights

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Passenger revenue increased 12.5% to \$439.9 million from the prior-year period.

Operating cost per available seat mile (CASM) decreased 5.7% from the prior-year period, and CASM excluding fuel decreased 7.9% from the prior-year period.

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Unrestricted cash and cash equivalents increased 8.0% from December 31, 2012.

Operational

Ranked #1 nationally for the ninth consecutive year for on-time performance in 2012 and the month of February 2013 by the U.S. Department of Transportation Air Travel Consumer Report.

Unveiled branding and livery for our new Neighbor Island turboprop operations as "Ohana by Hawaiian" for service to begin in the summer between Honolulu and Moloka'i and Lana'i.

Fleet

Added one new Airbus A330-200 aircraft in February 2013 and two new Airbus A330-200 aircraft in April 2013 for North America and International service.

Executed a purchase agreement with Airbus for 16 new A321neo aircraft for delivery between 2017 and 2020, with purchase rights for an additional nine aircraft. The long-range, single-aisle aircraft will complement Hawaiian's existing fleet of twin-aisle aircraft used for long-haul flying between Hawai'i and the U.S. West Coast.

New routes, changes to routes and increased frequencies

Honolulu to Auckland, New Zealand three-times-weekly service launched in March 2013.

Announced Honolulu to Sendai, Japan three-times-weekly service beginning in June 2013.

Announced Honolulu to Taipei, Taiwan three-times-weekly service beginning in July 2013.

Announced the addition of seasonal frequency flights between Honolulu and three Oceania gateways, Sydney, Brisbane and Auckland in September and October 2013.

Announced three-times-weekly service between Honolulu and Beijing, China beginning in April 2014 pending government approval.

Announced the discontinuation of service from Honolulu to Manila, Philippines beginning August 1, 2013.

See table below for reconciliation between GAAP Consolidated Net Income (Loss) to EBITDA for the years ended December 31, 2006, 2007, 2008, 2009, 2010, 2011 and 2012.

	2012	2011	2010	2009	2008	2007	2006
	(in thousands)						
Net Income (loss)	53,237	(2,649)	110,255	116,720	28,586	7,051	(40,547)
Income tax (benefit) expense	32,549	1,567	(28,266)	(19,524)	24,623	(9,122)	(463)
Interest expense and amortization of debt discount and issuance costs	43,522	24,521	16,835	20,653	20,656	25,510	17,476

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Depreciation and amortization	85,599	66,262	57,712	52,648	48,678	45,952	28,865
EBITDA	214,907	89,701	156,536	170,497	122,543	69,391	5,331
Operating Revenue	1,962,353	1,650,459	1,310,093	1,183,306	1,210,865	982,555	888,047
EBITDA Margin	11.0%	5.4%	11.9%	14.4%	10.1%	7.1%	0.6%
Aircraft Rent	98,786	112,883	112,721	102,091	99,803	97,626	109,592
Aircraft Rent Margin	5.0%	6.9%	8.6%	8.6%	8.2%	9.9%	12.3%
EBITDA and Aircraft Rent Margin	16.0%	12.3%	20.5%	23.0%	18.3%	17.0%	12.9%

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"EBITDA" represents earnings before income taxes, interest expense and depreciation and amortization. EBITDA is not a calculation based on generally accepted accounting principles and should not be considered as an alternative to net income or operating income as indicators of our financial performance or to cash flow as a measure of liquidity. EBITDA is included as a supplemental disclosure because we believe it is a useful indicator of our operating performance. Further, EBITDA is a well-recognized performance measurement that is frequently used by securities analysts, investors and other interested parties in comparing the operating performance of companies. We believe EBITDA and Aircraft Rent margin are useful in evaluating our operating performance compared to our competitors because its calculation generally eliminates the effects of financing, income taxes, rent and the accounting effects of capital spending and acquisitions, which items may vary between periods for different companies for reasons unrelated to overall operating performance.

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RISK FACTORS

Unless the context otherwise requires, references in this "Risk Factors" section to "Hawaiian" or "Hawaiian Airlines" means Hawaiian Airlines, Inc., and references to "Hawaiian Holdings," "the Company," "we," "us" and "our" means Hawaiian's parent, Hawaiian Holdings, Inc. and its consolidated subsidiaries, including Hawaiian.

In addition to the risks identified elsewhere in this Prospectus Supplement, the following risk factors apply to our business, results of operations and financial conditions:

Economic Risks

Our business is affected by global economic volatility.

Our business and results of operations are significantly impacted by general world-wide economic conditions. Demand for discretionary purchases including air travel and vacations to Hawai'i remains unpredictable. Deterioration in demand may result in a reduction in our passenger traffic and/or increased competitive pressure on fares in the markets we serve, resulting in a negative impact to our operations and financial condition. We cannot assure that we would be able to offset such revenue reductions by reducing our costs.

Our business is highly dependent on the price and availability of fuel.

Our results and operations are heavily impacted by the price and availability of jet fuel. Fuel costs represented 34.5%, 31.5% and 26.5% of Hawaiian's operating expenses for the years ended December 31, 2012, 2011 and 2010, respectively, and 34.7% of Hawaiian's operating expenses for the three months ended March 31, 2013. As of December 31, 2012 and March 31, 2013, approximately 58% of our fuel was based on Singapore jet fuel prices, 35% was based on U.S. West Coast jet fuel prices and 7% on other jet fuel prices. As of March 31, 2013, Singapore jet fuel prices were \$2.91 per gallon and U.S. West Coast jet fuel prices were \$3.08 per gallon. Based on gallons expected to be consumed for the remainder of 2013, for every one cent change in the cost per gallon of jet fuel, Hawaiian's annual fuel expense increases or decreases by approximately \$1.7 million. The cost and availability of jet fuel remain volatile and are subject to political, economic and market factors that are generally outside of our control. Prices may be affected by many factors including, without limitation, the impact of political instability, crude oil production and refining capacity, unexpected changes in the availability of petroleum products due to disruptions at distribution systems or refineries, unpredicted increases in demand due to weather or the pace of global economic growth, inventory reserve levels of crude oil and other petroleum products, the relative fluctuation between the U.S. dollar and other major currencies and the actions of speculators in commodity markets. Because of the effects of these factors on the price and availability of jet fuel, the cost and future availability of fuel cannot be predicted with any degree of certainty. Also, due to the competitive nature of the airline industry, there can be no assurance that we will increase our fares or other fees to sufficiently offset increased fuel prices.

We enter into derivative agreements to protect against fuel price risk to provide an offset against rising fuel costs. These derivative instruments have not been designated as hedges under ASC Topic 815, *Derivatives and Hedging* (ASC 815), for hedge accounting treatment. There is no assurance that such agreements will protect us against price volatility during unfavorable market conditions which may also expose us to counterparty credit risk. Also, if fuel prices fall significantly below the levels in existence at the time we enter into our hedging contracts, we may be required to post a significant amount of cash collateral, which could have an impact on the level of our unrestricted cash and cash equivalents and adversely affect our liquidity.

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Our business is highly dependent on tourism to, from and amongst the Hawaiian Islands and our financial results could suffer if there is a downturn in tourism levels.

Our principal base of operations is in Hawai'i and our revenue is linked primarily to the number of travelers (mostly tourists) to, from and amongst the Hawaiian Islands. Hawai'i tourism levels are affected by, among other things, the political and economic climate in Hawai'i's main tourism markets, the availability of hotel accommodations, promotional spending by competing destinations, the popularity of Hawai'i as a tourist destination relative to other vacation destinations and other global factors, including natural disasters, safety and security. From time to time, various events and industry specific problems such as strikes have had a negative impact on tourism in Hawai'i. The occurrence of natural disasters, such as earthquakes and tsunamis, in Hawai'i or other parts of the world, could also have a material adverse effect on Hawai'i tourism. In addition, the potential or actual occurrence of terrorist attacks, wars such as those in Afghanistan and Iraq, and the threat of other negative world events have had, and may in the future again have, a material adverse effect on Hawai'i tourism. No assurance can be given that the level of passenger traffic to Hawai'i will not decline in the future. A decline in the level of Hawai'i passenger traffic could have a material adverse effect on our results of operations and financial condition.

Our business is exposed to foreign currency exchange rate fluctuations.

Our business is expanding internationally with approximately 30% of our passenger revenue from our International routes. Fluctuations in foreign currencies can significantly affect our results of operations and financial condition. To manage the effects of fluctuating exchange rates, the Company periodically enters into foreign currency forward contracts, designated as cash flow hedges under ASC Topic 815, *Derivatives and Hedging* (ASC 815), for hedge accounting treatment. There is no assurance that such agreements will protect us against foreign currency exchange rate fluctuations during unfavorable market conditions which may also expose us to counterparty credit risk.

Liquidity Risks

See "Management's Discussion and Analysis of Financial Conditions and Results of Operations," for further information regarding our liquidity.

Our financial liquidity could be adversely affected by credit market conditions.

Our business requires access to capital markets to finance equipment purchases, including aircraft, and to provide liquidity in seasonal or cyclical periods of weaker revenue generation. In particular, we intend to obtain additional debt or lease financing for our upcoming aircraft deliveries. Additionally, we will face specific funding requirements upon the expiration of indebtedness related to the purchase of three previously leased Boeing 767-300 aircraft at the end of 2013 and with respect to our obligation under purchase agreements with Airbus to acquire wide-body A330-200 aircraft, A350XWB-800 aircraft and A321neo narrow-body aircraft with expected delivery dates through 2020. Global credit market conditions remain unsettled, affecting the availability of financing and increasing the cost of financing that can be acquired. We can offer no assurance that the financing we need will be available when required or that the economic terms on which it is available will not adversely affect our financial condition. If we cannot obtain financing or we cannot obtain financing on commercially reasonable terms, our business and financial condition will be adversely affected.

Our substantial debt could adversely affect our liquidity and financial condition, and include covenants that impose restrictions on our financial and business operations.

At December 31, 2012, our total debt, less debt discount, was \$554.6 million, of which \$489.8 million was fixed-rate debt. At March 31, 2013, our total debt, less debt discount, was

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\$543.3 million, of which \$481.9 million was fixed-rate debt. Our fixed-rate debt primarily consists of facility agreements for our aircraft purchases. Our substantial debt obligations may adversely affect our ability to incur additional debt in the future on acceptable terms or at all, which will impact our ability to fund our working capital, capital expenditures, acquisitions or other general purpose needs.

Our substantial debt and related covenants could:

expose us to general adverse economic and industry conditions;

require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow for other operational purposes;

increase the volatility of the price of our common stock;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

limit, along with the financial and other restrictive covenants in the agreements governing our debt, our ability to borrow additional funds; and

place us at a competitive disadvantage compared to other less leveraged competitors and competitors with debt agreements on more favorable terms than us.

The terms of certain of our financing agreements restrict our ability to, among other things, incur additional indebtedness, grant liens, merge or consolidate, dispose of assets, prepay indebtedness, make investments, make acquisitions, enter into certain transactions with affiliates, repurchase stock and, in the case of Hawaiian, pay dividends or make distributions to the Company. These agreements also require us to meet certain financial covenants. If we breach any of these covenants it could result in a default under these facilities, which could cause our outstanding obligations under these facilities to accelerate and become due and payable immediately, and could also cause us to default under our other debt or lease obligations and lead to an acceleration of the obligations related to such other debt or lease obligations. The existence of such a default could also preclude us from borrowing funds under our credit facilities. Our ability to comply with the provisions of financing agreements can be affected by events beyond our control and a default under any such financing agreements if not cured or waived, could have a material adverse effect on us. In the event our debt is accelerated, we may not have sufficient liquidity to repay these obligations or to refinance our debt obligations, resulting in a material adverse effect on us.

We could be required to maintain reserves under our credit card processing agreements which could adversely affect our financial and business operations.

Under our bank-issued credit card processing agreements, certain proceeds from advance ticket sales may be held back to serve as collateral to cover any possible chargebacks or other disputed charges that may occur. These holdbacks, which are included in restricted cash in our consolidated balance sheets set forth in the consolidated financial statements included elsewhere in this Prospectus Supplement, totaled \$5.0 million at December 31, 2012 and at March 31, 2013. In the event of a material adverse change in our business, the holdback could incrementally increase to an amount up to 100% of the applicable credit card air traffic liability, which would also cause an increase in the level of restricted cash. If we are unable to obtain a waiver, or otherwise mitigate the increase in restricted cash, it could adversely affect our liquidity and also cause a covenant violation under other debt or lease obligations and have a material adverse effect on us.

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Our obligations for funding our defined benefit pension plans are significant and are affected by factors beyond our control.

We sponsor three defined benefit pension plans, as well as a separate plan to administer pilots' disability benefits. Two of the pension plans were frozen effective October 1, 1993, and our collective bargaining agreement with our pilots provides that pension benefit accruals for certain pilots were frozen effective January 1, 2008. Nevertheless, our unfunded pension and disability obligation was \$193.3 million as of December 31, 2012. We made contributions of \$19.4 million and \$12.9 million for 2012 and 2011, respectively. We made contributions of \$2.8 million during the three months ended March 31, 2013, and anticipate funding \$12.0 million (minimum required contribution) to the defined benefit pension and disability plans during the remainder of 2013. The timing and amount of funding requirements depend upon a number of factors, including labor negotiations and changes to pension plan benefits as well as factors outside our control, such as the number and demographic data of qualified retiring employees, asset returns, interest rates and changes in pension laws. These factors, along with the impact of results that can vary significantly from estimates, may significantly impact our funding requirements and have an adverse effect on our financial condition.

Competitive Environment Risks

We operate in an extremely competitive environment.

The airline industry is characterized by low profit margins, high fixed costs and significant price competition. We currently compete with other airlines on our Neighbor Island, North America and International routes. The commencement of, or increase in, service on our routes by existing or new carriers could negatively impact our operating results. Many of our competitors on our North America and International routes are larger and have greater financial resources and brand recognition than we do. Aggressive marketing tactics or a prolonged fare war initiated by one or more of these competitors could adversely affect our financial resources and our ability to compete in these markets.

Since airline markets have few natural barriers to entry, we also face the threat of new entrants in all of our markets, including competition from low-cost carriers (LCC). Allegiant Airlines, a LCC, launched flights from the West Coast to Hawai'i in 2012 and Southwest Airlines has taken further steps to enable the carrier to provide service to Hawai'i in the future, but has yet to formally announce the service. Furthermore, large network carriers have significantly reduced their costs and adjusted their routes to compete with LCCs in their existing markets by diverting resources to long-haul markets such as Hawai'i, where LCC competition has been less severe. As a result, network carriers have reduced their costs of operation and increased capacity in the Hawai'i market. Additional capacity to Hawai'i, whether from network carriers or LCCs, could result in a decrease in our share of the markets in which we operate, a decline in our yields, or both, which could have a material adverse effect on our results of operations and financial condition.

Airline bankruptcy restructuring, strategic combinations or industry consolidation could have an impact on our competitive environment.

In recent years, many of our competitors have dramatically reduced operating costs through a combination of bankruptcy restructuring, industry consolidation and vendor and labor negotiations to increase market strength. Several domestic airlines were able to reduce labor costs, restructure debt and lease agreements and implement other financial improvements through the bankruptcy process. In addition, certain of our competitors have merged to create larger and more financially sound airlines. Through consolidation, carriers have the opportunity to achieve cost reductions by eliminating redundancy in their networks and operating structures. With reduced costs, these competitors are more capable of operating profitably in an environment of reduced fares and may, as a result, increase service in our primary markets or reduce fares to attract additional customers. Because airline

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customers are price sensitive, we cannot assure that we will be able to attract a sufficient number of customers at sufficiently high fare levels to generate profitability, or that we will be able to reduce our operating costs sufficiently to remain competitive with these other airlines.

The concentration of our business in Hawai'i, and between Hawai'i and the U.S. mainland, provides little diversification of our revenue.

Approximately 70% of our passenger revenue is generated from air transportation between the Hawaiian Islands and the U.S. mainland, and amongst the Hawaiian Islands. Many of our competitors, particularly major network carriers with whom we compete on our North America routes, enjoy greater geographical diversification of their revenue. A reduction in the level of demand for travel within Hawai'i, or to Hawai'i from the U.S. mainland, or an increase in the level of industry capacity on these routes may reduce the revenue we are able to generate and adversely affect our financial results. As these routes account for a significantly higher proportion of our revenue than they do for many of our competitors, such a reduction would have a relatively greater adverse effect on our financial results.

Our business is affected by the competitive advantages held by network carriers in the North America market.

The majority of competition on our North America routes is from network carriers such as Alaska, American, Delta, United and US Airways. Network carriers have a number of competitive advantages that may enable them to offer lower fares and attract higher customer traffic levels as compared to us:

Network carriers generate passenger traffic from and throughout the U.S. mainland. In contrast, we lack a comparable direct network to feed passengers to our North America flights and are therefore more reliant on passenger demand in the specific cities we serve. We also rely on our code-share partner agreements (jetBlue, Virgin America Airlines, etc.) to provide customers access to and from North America destinations currently unserved by us.

Most network carriers operate from hubs, which can provide a built-in market of passengers, depending on the economic strength of the hub city and the size of the customer group that frequent the airline. Our Honolulu and Maui hubs do not originate a large proportion of North American travel, nor do they have the population or potential customer franchise of a larger city to provide us with a built-in market. Passengers in the North America market, for the most part, do not originate in Honolulu, but rather on the U.S. mainland, making Honolulu primarily a destination rather than an origin of passenger traffic.

Our Neighbor Island market is affected by narrow body competition from regional carriers.

Approximately 24% of our passenger revenue is generated from our Neighbor Island routes. Our competitors on these routes include regional carriers which provide service amongst the Hawaiian Islands including service between O'ahu, Maui, Hawai'i, Moloka'i, Kaua'i and Lana'i. Although we enjoy a competitive position on the Neighbor Island service, increased competition is possible. For example, Island Air recently announced its intent to increase capacity on travel throughout the Neighbor Island routes with lease commitments for six additional aircraft. We have also recently purchased two turboprop aircraft to expand our Neighbor Island network to areas we currently do not serve and to meet the travel demands of our passengers. However, a decline in our share of the Neighbor Island market due to increased capacity provided by our competitors could have a material adverse effect on our results of operations and financial condition.

Our International routes are affected by competition from domestic and foreign carriers.

Approximately 30% of our revenue is generated from our International routes. Our competitors on these routes include both domestic and foreign carriers. Both domestic and foreign competitors have a

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number of competitive advantages that may enable them to offer lower fares and attract higher customer traffic levels as compared to us:

Many of our domestic competitors have joined airline alliances, including SkyTeam, Star Alliance and Oneworld, none of which we participate in, which provide customers access to each participating airline's international network, allowing for convenience and connectivity to their destinations. These alliances formed by our domestic competitors have increased in recent years. In some instances our domestic competitors have been granted antitrust exemptions to form joint venture arrangements in certain geographies further deepening their cooperation on certain routes. We currently do not participate in a world-wide airline alliance or any joint ventures, which may negatively impact our market share and operations as capacity provided by our competitors increase. To mitigate this risk, we rely on code-share agreements with partner airlines to provide customers access to international destinations currently unserved by us.

Many of our foreign competitors such as Japan Airlines, All Nippon Airways, Qantas, Korean Air and Philippine Airlines, are network carriers that generate passenger traffic throughout International routes that we service. In contrast, we lack a comparable direct network to feed passengers to our International flights, and are therefore more reliant on passenger demand in the specific destinations that we serve. Most network carriers operate from hubs, which can provide a built-in home base market of passengers. Passengers on our International routes, for the most part, do not originate in Hawai'i, but rather internationally, in these foreign markets' home base. We also rely on our code-sharing agreements (All Nippon Airways, Korean Air, Virgin Australia, etc.) and our relationships with travel agencies and wholesale distributors to provide customers access to and from International destinations currently unserved by us.

Strategy and Brand Risks

Our failure to successfully implement our growth strategy and related cost-reduction goals could harm our business.

Our growth strategy includes initiatives to increase revenue, decrease costs, expand our existing markets and initiate service on new routes and markets that we currently do not serve in the U.S. and internationally. It is critical that we achieve our growth strategy in order for our business to attain economies of scale and to sustain or improve our results of operations. If we are unable to utilize and fill increased capacity provided by additional aircraft entering our fleet, hire and retain skilled personnel, secure the required equipment and facilities in a cost-effective manner, or obtain the necessary regulatory approvals, we may not be able to successfully implement our growth strategy into new and existing markets in the U.S. and internationally, and our business and operations could be adversely affected.

We continue to strive toward aggressive cost-containment goals which are an important part of our business strategy to offer the best value to passengers through competitive fares while maintaining acceptable profit margins and return on capital. We believe a lower cost structure will better position us to fund our growth strategy and take advantage of market opportunities. If we are unable to adequately contain our non-fuel unit costs, we likely will not be able to achieve our growth plan and our financial results may suffer.

Our reputation and financial results could be harmed in the event of adverse publicity, including the event of an aircraft accident.

Our customer base is broad and our business activities have significant prominence, particularly in Hawai'i and other destinations we serve. Consequently, negative publicity resulting from real or perceived shortcomings in our customer service, employee relations, business conduct, or other events

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affecting our operations could negatively affect the public image of our company and the willingness of customers to purchase services from us, which could affect our revenue and financial results.

Additionally, we are exposed to potential losses that may be incurred in the event of an aircraft accident. Any such accident could involve not only the repair or replacement of a damaged aircraft and its consequential temporary or permanent loss of revenue, but also significant potential claims of injured passengers and others. We are required by the U.S. Department of Transportation ("DOT") to carry liability insurance, and although we currently maintain liability insurance in amounts consistent with the industry, we cannot be assured that our insurance coverage will adequately cover us from all claims and we may be forced to bear substantial losses incurred with the accident. In addition, any aircraft accident or incident could cause a public perception that we are less safe or reliable than other airlines, which would harm our business.

Our failure to successfully implement our turboprop operations may impact our financial and business operations.

In 2012, we purchased and took delivery of two ATR42 turboprop aircraft with service to new Neighbor Island routes previously unserved by us to begin in 2013. We cannot be assured that we will successfully implement our turboprop operations in a timely and cost-efficient manner and comply with all applicable state and operational regulations. New entrants or changes to existing competition on these Neighbor Island routes currently unserved by us could have an adverse effect on our results of operations and financial condition.

Fleet and Fleet-Related Risks

We are dependent on a limited number of suppliers for aircraft, aircraft engines and parts.

We are dependent on The Boeing Company ("Boeing") and Airbus S.A.S. ("Airbus") as our primary suppliers of aircraft and aircraft-related items. As a result, we are vulnerable to any problems associated with the supply of those aircraft and parts which could result in increased parts and maintenance costs in future years.

Our agreements to purchase Airbus A330-200, A350XWB-800 and A321neo aircraft significantly increases our future financial commitments and operating costs and creates implementation risk associated with the transition from our existing Boeing 767-300 fleet.

As of March 31, 2013, our firm aircraft orders consisted of 12 A330-200 aircraft for delivery between 2013 and 2015, six A350XWB-800 aircraft for delivery beginning in 2017 and 16 A321neo aircraft for delivery beginning in 2017, along with purchase rights for an additional three A330-200 aircraft, six A350XWB-800 aircraft and nine A321neo aircraft. We have made substantial pre-delivery payments for the purchased aircraft and are required to continue these pre-delivery payments as well as payments for the balance of the purchase price through delivery of each aircraft. These commitments substantially increase our future capital spending requirements and will require us to significantly increase our level of debt in future years. There can be no assurance that we will be able to raise capital to finance these requirements or that such financing can be obtained on favorable terms, or at all.

The Airbus aircraft will replace expiring leased and retiring Boeing 767-300 aircraft in future years. Although we do not expect to incur significant lease return costs, we cannot be assured that such costs will not exceed our expectations and adversely impact our results of operations and liquidity.

The addition of the Airbus aircraft to our fleet will require us to incur additional costs related to the acquisition of spare engines and replacement parts, maintenance of the aircraft, training of crews and ground employees, the addition of these aircraft types to our operating certificate and other

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implementation activities. There can be no assurance that we will be able to recover these costs through the future operation of these aircraft in our fleet or that we will not experience delays in the implementation process which could adversely affect our operations or financial performance.

Delays in scheduled aircraft deliveries or other loss of fleet capacity may adversely impact our operations and financial results.

The success of our business depends on, among other things, the ability to effectively operate a certain number and type of aircraft. As mentioned above, we have contractual commitments to purchase and integrate Airbus aircraft into our fleet. If for any reason we are unable to secure deliveries of the Airbus aircraft on contractually scheduled delivery dates and successfully introduce these aircraft into our fleet, then our business, operations and financial performance could be negatively impacted. Our failure to integrate newly purchased Airbus aircraft into our fleet as planned may require us to seek extensions on our existing leased aircraft. Such extensions may require us to operate existing aircraft beyond the point at which it is economically optimal to retire them, resulting in increased maintenance costs.

Information Technology and Third-Party Risks

We are increasingly dependent on technology and automated systems to operate our business.

We depend heavily on technology and automated systems to effectively operate our business. These systems include flight operations systems, communications systems, airport systems, reservations systems, management and accounting systems, commercial websites, including www.hawaiianairlines.com, and other systems, all of which must be able to accommodate high traffic volumes, maintain secure information and provide accurate flight information, as well as process critical financial related transactions. Any substantial or repeated failures of these systems could negatively affect our customer service, compromise the security of customer information, result in the loss of important data, loss of revenue and increased costs, and generally harm our business. Like other companies, our systems may be vulnerable to disruptions due to events beyond our control, including natural disasters, power disruptions, software or equipment failures, terrorist attacks, cybersecurity threats, computer viruses and hackers. There can be no assurance that the measures we have taken to reduce the adverse effects of certain potential failures or disruptions are adequate to prevent or remedy disruptions of our systems. In addition, we will need to continuously make significant investments in technology to periodically upgrade and replace existing systems. If we are unable to make these investments or fail to successfully implement, upgrade or replace our systems, our business could be adversely impacted.

If we do not maintain the privacy and security of customer-related information, we could damage our reputation, incur substantial additional costs and become subject to litigation.

We receive, retain, and transmit certain personal information about our customers. In addition, our online operation at www.hawaiianairlines.com relies on the secure transmission of confidential information over public networks, including credit card information. A compromise of our physical and network security systems through a cybersecurity attack, including those of our business partners, may threaten our customers' personal information being obtained by unauthorized persons, which could adversely affect our reputation, as well as negatively impact our business, results of operations, financial position and liquidity, and could result in the imposition of penalties or litigation against us. In addition, a cybersecurity breach could require that we expend significant additional resources related to the security of information systems which could result in a disruption of our operations.

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We are highly reliant on third-party contractors to provide certain facilities and services for our operations, and termination of our third-party agreements could have a potentially adverse effect on our financial results.

We have historically relied on outside vendors for a variety of services and functions critical to our business, including aircraft maintenance and parts, code-sharing, reservations, computer services including hosting and software maintenance, accounting, frequent flyer programs, passenger processing, ground facilities, baggage and cargo handling, personnel training and the distribution and sale of airline seats. As part of our cost-reduction efforts, our reliance on outside vendors has increased and may continue to do so in the future.

The failure of any of our third-party service providers to adequately perform our service obligations, or other interruptions of services, may reduce our revenues, increase expenses, and prevent us from operating our flights and providing other services to our customers. In addition, our business and financial performance could be materially harmed if our customers believe that our services are unreliable or unsatisfactory.

Labor Relations and Related Costs Risks

We are dependent on satisfactory labor relations.

Labor costs are a significant component of airline expenses and can substantially impact an airline's results of operations. Labor and related benefit costs represented approximately 21% of our operating expenses for the year ended December 31, 2012 and 20% of our operating expenses for the three months ended March 31, 2013. Approximately 87% of our workforce was unionized at December 31, 2012 and March 31, 2013. We may make strategic and operational decisions that require the consent of one or more of our labor unions, and cannot assure you that these labor unions will not require additional wages, benefits or other consideration in return for their consent. In addition, we have entered into collective bargaining agreements with our pilots, mechanical group employees, clerical group employees, flight attendants and dispatchers. Currently, we are not in negotiations with respect to any of our existing collective bargaining agreements. We cannot assure you that future agreements with our employees' unions will be on terms in line with our expectations or comparable to agreements entered into by our competitors, and any future agreements may increase our labor costs or otherwise adversely affect us. If we are unable to reach an agreement with any unionized work group, we may be subject to future work interruptions and/or stoppages, which may hamper or halt operations.

Our operations may be adversely affected if we are unable to attract and retain qualified personnel and key executives, including our Chief Executive Officer.

We are dependent on the knowledge and expertise of our key executives, particularly Mark B. Dunkerley, our Chief Executive Officer, who signed an amended and restated employment agreement in November 2012 for employment through January 1, 2017. Our ability to attract and retain such personnel in the airline industry is highly competitive, and we cannot be certain that we will be able to retain our Chief Executive Officer or other key executives or that we can attract other qualified personnel in the future. Any inability to retain our Chief Executive Officer and other key executives, or attract and retain additional qualified executives, could have a negative impact on our operations.

In addition, as we continue to expand our operations through the acquisition of new aircraft and introduction of service to new markets, it may be challenging to attract qualified personnel including pilots, mechanics, flight attendants and other skilled labor. As we compete with other carriers for qualified personnel we also face the challenge of attracting individuals who embrace our team-oriented, friendly and customer-driven corporate culture. Our inability to attract and retain qualified personnel who embrace our corporate culture, could have a negative impact on our reputation and overall operations.

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Airline Industry, Regulation and Related Costs Risks

The airline industry has substantial operating leverage and is affected by many conditions that are beyond its control, including delays, cancellations and other conditions, which could harm our financial condition and results of operations.

The airline industry operates on low gross profit margins consisting of a high percentage of fixed costs. Due to these fixed costs, the expense incurred on each flight does not vary proportionately with the number of passengers carried, however the revenue generated from a particular flight is directly related to the number of passengers carried and the respective average fares applied. Accordingly, a decrease in the number of passengers carried would cause a corresponding decrease in revenue (if not offset by higher fares), and it may result in a disproportionately greater decrease in profits. Therefore, any general reduction in airline passenger traffic as a result of any of the following or other factors, which are largely outside of our control, could harm our business, financial condition and results of operations:

continued threat of terrorist attacks and conflicts overseas;

actual or threatened war and political instability;

adverse weather and natural disasters;

changes in consumer preferences, perceptions or spending patterns;

increased costs related to security and safety measures;

outbreak of contagious diseases; and

actual or potential disruptions in the air traffic control system.

Our results from operations may be volatile subject to the conditions identified above. We cannot assure you that our financial resources will be sufficient to absorb the effects of any of these unexpected factors should they arise.

Our business is subject to substantial seasonal and cyclical volatility.

Our results of operations will reflect the impact of seasonal volatility primarily due to passenger leisure and holiday travel patterns. As Hawai'i is a popular vacation destination, demand from North America, our largest source of visitors, is typically stronger during June, July, August and December and considerably weaker at other times of the year. As we enter new markets, we could be subject to additional seasonal variations. Because of fluctuations in our results from seasonality, operating results for a historical period are not necessarily indicative of operating results for a future period and operating results for an interim period are not necessarily indicative of operating results for an entire year.

Terrorist attacks or international hostilities, or the fear of terrorist attacks or hostilities, even if not made directly on the airline industry could negatively affect us and the airline industry.

Terrorist attacks, even if not made directly on the airline industry, or the fear of such attacks, hostilities or act of war, could adversely affect the airline industry, including us, and could result in a significant decrease in demand for air travel, increased security costs, increased insurance costs covering war-related risks, and increased flight operational loss due to cancellations and delays. Any future terrorist attacks or the implementation of additional security-related fees could have a material adverse effect on our business, financial condition and results of operations and on the airline industry in general.

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The airline industry is subject to extensive government regulation, new regulations, and taxes which could have an adverse effect on our financial condition and results of operations.

Airlines are subject to extensive regulatory requirements that result in significant costs. Additional laws, regulations, taxes and airport rates and charges imposed by domestic and foreign governments have been proposed from time to time that could significantly increase the cost of airline operations or reduce revenue. For example, the Aviation and Transportation Security Act ("ATSA"), which became law in November 2001, mandates the federalization of certain airport security procedures and imposes additional security requirements on airlines. The Federal Aviation Administration ("FAA") from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures. Some FAA requirements cover, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement and other environmental concerns, commuter aircraft safety and increased inspections and maintenance procedures to be conducted on older aircraft. Under DOT regulations effective January 2012, all taxes and fees imposed by the government must be disclosed in fares charged to customers. Also, in January 2012, the DOT announced new flight crew rest rules which require mandatory rest periods for airline flight crews, including flight attendants and pilots for both traditional scheduled service and charter operations, to prevent fatigue on flights. This rule is effective as of January 2014; however, we have started to implement crew rest pods in our Airbus aircraft that provide long-haul service exceeding the minimum rest requirement rules. We expect to continue incurring expenses to comply with applicable regulations. We cannot predict the impact that laws or regulations may have on our operations or assure you that laws or regulations enacted in the future will not adversely affect us.

Many aspects of airlines' operations are subject to increasingly stringent federal, state, local and foreign laws protecting the environment. U.S. federal laws that have a particular impact on us include the Airport Noise and Capacity Act of 1990, the Clean Air Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act, the Comprehensive Environmental Response Act and the Compensation and Liability Act. Compliance with these and other environmental laws and regulations can require significant expenditures, and violations can lead to significant fines and penalties. Governments globally are increasingly focusing on the environmental impact caused by the consumption of fossil fuels and as a result have proposed or enacted legislation which may increase the cost of providing airline service or restrict its provision. We expect the focus on environmental matters to increase. Future regulatory developments in the U.S. and abroad could adversely affect operations and increase operating costs in the airline industry. For example, potential future actions that may be taken by the U.S. government, foreign governments, or the International Civil Aviation Organization to limit the emission of greenhouse gases by the aviation sector are unknown at this time, but the effect on us and our industry is likely to be adverse and could be significant. The U.S. Congress is considering climate change legislation and the Environmental Protection Agency issued a rule which regulates larger emitters of greenhouse gases. We cannot predict the impact that future environment regulations may have on our operations or assure you that regulations enacted in the future will not adversely affect us. The impact to us and our industry from such actions is likely to be adverse and could be significant, particularly if regulators were to conclude that emissions from commercial aircraft cause significant harm to the upper atmosphere or have a greater impact on climate change than other industries.

Our operations may be adversely affected by our expansion into non-U.S. jurisdictions and the related increase in laws to which we are subject.

The expansion of our operations into non-U.S. jurisdictions has expanded the scope of the laws to which we are subject, both domestically and internationally. In addition, operations in non-U.S. jurisdictions are in many cases subject to the laws of those jurisdictions rather than U.S. law. Laws in

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some jurisdictions differ in significant respects from those in the United States, and these differences can affect our ability to react to changes in our business. Further, enforcement of laws in some jurisdictions can be inconsistent and unpredictable, which can affect our ability to enforce our rights and to undertake activities that we believe are beneficial to our business. As a result, our ability to generate revenue and the expenses paid in non-U.S. jurisdictions may differ from what would be expected if U.S. law governed these operations.

Our financial results may be negatively affected by increased airport rent rates and landing fees at the airports within the State of Hawai'i as a result of the State's modernization plan.

The State of Hawai'i has begun to implement a modernization plan encompassing the airports we serve within the State. Our landing fees and airport rent rates have increased to fund the modernization program. Additionally, we expect the costs for our Neighbor Island operations to increase more than the costs related to our North America and International operations due to phased adjustments to the airport's funding mechanism. Therefore, costs related to the modernization program will have a greater impact on our operations as compared to our competitors, who do not have significant Neighbor Island operations. We can offer no assurance that we will be successful in offsetting these cost increases through other cost reductions or increases in our revenue and, therefore, can offer no assurance that our future financial results will not be negatively affected by them.

Our insurance costs are susceptible to significant increases and further increases in insurance costs or reductions in coverage could have an adverse effect on our financial results.

We carry types and amounts of insurance customary in the airline industry, including coverage for general liability, passenger liability, property damage, aircraft loss or damage, baggage and cargo liability and workers' compensation. We are required by the DOT to carry liability insurance on each of our aircraft. We currently maintain commercial airline insurance with a major group of independent insurers that regularly participate in world aviation insurance markets, including public liability insurance and coverage for losses resulting from the physical destruction or damage to our aircraft. However, there can be no assurance that the amount of such coverage will not be changed or that we will not bear substantial losses from accidents or damage to, or loss of, aircraft or other property due to other factors such as natural disasters. We could incur substantial claims resulting from an accident or damage to, or loss of, aircraft or other property due to other factors such as natural disasters in excess of related insurance coverage that could have a material adverse effect on our results of operations and financial condition.

After the events of September 11, 2001, aviation insurers significantly reduced the maximum amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, they significantly increased the premiums for such coverage as well as for aviation insurance in general. As a result, war-risk insurance in amounts necessary for our operations, and at premiums that are not excessive, is not currently available in the commercial insurance market and we have therefore purchased from the U.S. government third-party war-risk insurance coverage. Should the government discontinue this coverage, obtaining comparable coverage from commercial underwriters could result in substantially higher premiums and more restrictive terms, if it is available at all. If we are unable to obtain adequate war-risk insurance our business could be materially and adversely affected.

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Risks Relating to the Certificates and the Offering

The Appraisals are only estimates of Aircraft value.

Three independent appraisal and consulting firms have prepared appraisals of the Aircraft. Letters summarizing such appraisals are annexed to this Prospectus Supplement as Appendix II. Such appraisals are based on varying assumptions and methodologies, which differ among the appraisers, and were prepared without physical inspection of the Aircraft. Appraisals that are based on other assumptions and methodologies may result in valuations that are materially different from those contained in such appraisals. See "Description of the Aircraft and the Appraisals The Appraisals".

An appraisal is only an estimate of value. It does not indicate the price at which an Aircraft may be purchased from the Aircraft manufacturer. Nor should an appraisal be relied upon as a measure of realizable value. The proceeds realized upon a sale of any Aircraft may be less than its appraised value. In particular, the appraisals of the Aircraft are estimates of values as of delivery dates, most of which are in the future. The value of an Aircraft if remedies are exercised under the applicable Indenture will depend on market and economic conditions, the supply of similar aircraft, the availability of buyers, the condition of the Aircraft and other factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise of remedies would be sufficient to satisfy in full payments due on the Certificates.

Failure to perform maintenance responsibilities may decrease the value of the Aircraft.

To the extent described in the Indentures, we will be responsible for the maintenance, service, repair and overhaul of the Aircraft. If we fail to perform adequately these responsibilities, the value of the Aircraft may be reduced. In addition, the value of the Aircraft may deteriorate even if we fulfill our maintenance responsibilities. As a result, it is possible that upon a liquidation, there will be less proceeds than anticipated to repay the holders of Equipment Notes. See "Description of the Equipment Notes Certain Provisions of the Indentures Maintenance".

Inadequate levels of insurance may result in insufficient proceeds to repay holders of related Equipment Notes.

To the extent described in the Indentures, we must maintain public liability, property damage and all-risk aircraft hull insurance on the Aircraft. If we fail to maintain adequate levels of insurance, the proceeds that could be obtained upon an Event of Loss of an Aircraft may be insufficient to repay the holders of the related Equipment Notes. See "Description of the Equipment Notes Certain Provisions of the Indentures Insurance".

It may be difficult and expensive to exercise repossession rights with respect to an Aircraft.

There will be no general geographic restrictions on our ability to operate the Aircraft. Although we do not currently intend to do so, we may register the Aircraft in specified foreign jurisdictions, lease the Aircraft and enter into interchange or pooling arrangements with respect to the Aircraft, in each case with unrelated third parties and subject to the restrictions in the Indentures and the Participation Agreements. It may be difficult, time-consuming and expensive for a Loan Trustee to exercise repossession rights if an Aircraft is located outside the United States, is registered in a foreign jurisdiction or is leased to a foreign or domestic operator. Additional difficulties may exist if a lessee is the subject of a bankruptcy, insolvency or similar event.

In addition, some jurisdictions may allow for other liens or other third party rights to have priority over a Loan Trustee's security interest in an Aircraft. As a result, the benefits of the related Loan Trustee's security interest in an Aircraft may be less than they would be if the Aircraft were located or registered in the United States.

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Upon repossession of an Aircraft, the Aircraft may need to be stored and insured. The costs of storage and insurance can be significant, and the incurrence of such costs could result in fewer proceeds to repay the holders of the Equipment Notes. In addition, at the time of foreclosing on the lien on the Aircraft under the related Indenture, an Airframe subject to such Indenture might not be equipped with Engines subject to the same Indenture. If the Company fails to transfer title to engines not owned by the Company that are attached to the repossessed Aircraft, it could be difficult, expensive and time-consuming to assemble an Aircraft consisting of an Airframe and Engines subject to the Indenture.

Payments to Certificateholders will be subordinated to certain amounts payable to other parties.

Under the Intercreditor Agreement, each Liquidity Provider will receive payment of all amounts owed to it, including reimbursement of drawings made to pay interest on the Class A Certificates and the Class B Certificates, before the holders of any Class of Certificates receive any funds. In addition, the Subordination Agent and the Trustee will receive some payments before the holders of any Class of Certificates receive distributions.

Payments of principal on the Certificates are subordinated to payments of interest on the Certificates, subject to certain limitations and certain other payments. Consequently, a payment default under any Equipment Note or a Triggering Event may cause the distribution of interest on the Certificates or such other amounts to be made from payments received with respect to principal on one or more series of Equipment Notes. If this occurs, the interest accruing on the remaining Equipment Notes may be less than the amount of interest expected to be distributed on the remaining Certificates. This is because the interest on the Certificates may be based on a Pool Balance that exceeds the outstanding principal balance of the remaining Equipment Notes. As a result of this possible interest shortfall, the holders of the Certificates may not receive the full amount expected after a payment default under any Equipment Note even if all Equipment Notes are eventually paid in full. See "Description of the Intercreditor Agreement Priority of Distributions".

Certain Certificateholders may not participate in controlling the exercise of remedies in a default scenario.

If an Indenture Default is continuing, subject to certain conditions, the Loan Trustee under such Indenture will be directed by the "Controlling Party" in exercising remedies under such Indenture, including accelerating the applicable Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes. See "Description of the Certificates Indenture Defaults and Certain Rights Upon an Indenture Default".

The Controlling Party will be:

The Class A Trustee.

Upon payment of final distributions to the holders of Class A Certificates, the Class B Trustee.

Under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the largest amount owed to it.

As a result of the foregoing, if the Trustee for a Class of Certificates is not the Controlling Party with respect to an Indenture, the Certificateholders of that Class will have no rights to participate in directing the exercise of remedies under such Indenture.

The exercise of remedies over Equipment Notes may result in shortfalls without further recourse.

During the continuation of any Indenture Default under an Indenture, the Equipment Notes issued under such Indenture may be sold in the exercise of remedies with respect to that Indenture,

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subject to certain limitations. See "Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies". The market for Equipment Notes during any Indenture Default may be very limited, and there can be no assurance as to the price at which they could be sold. If any Equipment Notes are sold for less than their outstanding principal amount, certain Certificateholders will receive a smaller amount of principal distributions under the relevant Indenture than anticipated and will not have any claim for the shortfall against Hawaiian, any Liquidity Provider or any Trustee.

Escrowed funds and cash collateral will not be entitled to the benefits of Section 1110, and cross-defaults may not be required to be cured under Section 1110.

Amounts deposited under the Escrow Agreements are not property of Hawaiian and are not entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code. Any cash collateral held as a result of the cross-collateralization of the Equipment Notes also would not be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code. Any default arising under an Indenture solely by reason of the cross-default in such Indenture may not be of a type required to be cured under Section 1110 of the U.S. Bankruptcy Code.

Escrowed funds may be returned if they are not used to buy Equipment Notes.

Under certain circumstances, all of the funds held in escrow as Deposits may not be used to purchase Equipment Notes by the deadline established for purposes of this Offering. See "Description of the Deposit Agreements Unused Deposits". If any funds remain as Deposits with respect to any Trust after such deadline, they will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest but without any premium, to the Certificateholders of such Trust. See "Description of the Deposit Agreements Unused Deposits".

The Certificates will not provide any protection against highly leveraged or extraordinary transactions, including acquisitions and other business combinations.

We do from time to time analyze opportunities presented by various types of transactions, and we may conduct our business in a manner that could cause the market price or liquidity of the Certificates to decline, could have a material adverse effect on our financial condition or the credit rating of the Certificates or otherwise could restrict or impair our ability to pay amounts due under the Equipment Notes and/or the related agreements. The Certificates, the Equipment Notes and the underlying agreements will not contain any financial or other covenants or "event risk" provisions protecting the Certificateholders in the event of a highly leveraged or other extraordinary transaction, including an acquisition or other business combination, affecting us or our affiliates.

There are no restrictive covenants in the transaction documents relating to our ability to incur future indebtedness.

The Certificates, Equipment Notes and the underlying agreements will not (i) require us to maintain any financial ratios or specified levels of net worth, revenues, income, cash flow or liquidity and therefore do not protect Certificateholders in the event that we experience significant adverse changes in our financial condition or results of operations, (ii) limit our ability to incur additional indebtedness or (iii) restrict our ability to pledge our assets. In light of the absence of such restrictions, we may conduct our business in a manner that may cause the market price of the Certificates to decline or otherwise restrict or impair our ability to pay amounts due under the Equipment Notes and/or the related agreements.

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There may be a limited market for resale of Certificates.

Prior to this Offering, there has been no public market for the Certificates. Neither Hawaiian nor any Trust intends to apply for listing of the Certificates on any securities exchange or otherwise. The Underwriters may assist in resales of the Certificates, but they are not required to do so. A secondary market for the Certificates may not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of your Certificates.

The holders of the Certificates are exposed to the credit risk of the Depositary.

The holders of the Certificates may suffer losses or delays in repayment in the event that the Depositary fails to pay when due the Deposits or accrued interest thereon for any reason, including by reason of the insolvency of the Depositary. The Company is not required to indemnify against any failure on the part of the Depositary to repay the Deposits or accrued interest thereon in full on a timely basis.

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USE OF PROCEEDS

The proceeds from the sale of the Certificates being offered hereby will be used to purchase Equipment Notes issued by Hawaiian during the Delivery Period. The Equipment Notes will be issued to finance Hawaiian's purchase of six new Airbus A330-243 Aircraft. Before the proceeds are used to buy Equipment Notes, such proceeds from the sale of the Certificates of each Trust will be deposited with the Depositary on behalf of the applicable Escrow Agent for the benefit of the holders of such Certificates.

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Table of Contents**HAWAIIAN HOLDINGS, INC.****COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges on a historical basis for each of the periods indicated. The ratios have been computed on a consolidated basis. You should read these ratios in connection with our consolidated financial statements, including the notes to those statements, included in this Prospectus Supplement.

	Three months ended March 31,		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(in thousands, except for ratio)						
Earnings							
Income (loss) before income taxes	\$ (27,379)	\$ 11,859	\$ 85,786	\$ (1,082)	\$ 81,989	\$ 97,196	\$ 53,209
Additions:							
Total fixed charges (see below)	22,779	19,784	88,836	71,536	68,034	66,147	63,574
Subtractions:							
Interest capitalized	3,440	2,573	10,524	7,771	2,665		
Earnings as Adjusted	\$ (8,040)	\$ 29,070	\$ 164,098	\$ 62,683	\$ 147,358	\$ 163,343	\$ 116,783
Fixed Charges:							
Interest on indebtedness, expensed or capitalized	\$ 10,021	\$ 7,901	\$ 38,447	\$ 20,991	\$ 15,703	\$ 19,378	\$ 19,289
Amortization of debt discount and accretion of convertible debt	1,356	1,147	5,075	3,530	1,132	1,275	1,367
Portion of rental expense representative of the interest factor(1)	11,402	10,736	45,314	47,015	51,199	45,494	42,918
Total fixed charges	\$ 22,779	\$ 19,784	\$ 88,836	\$ 71,536	\$ 68,034	\$ 66,147	\$ 63,574
Ratio of earnings to fixed charges(2)	N/A	1.47	1.85	N/A	2.17	2.47	1.84
Coverage deficiency	\$ 30,819	\$	\$	\$ 8,853	\$	\$	\$

(1) Represents a percentage of total rent expense. We used 35% for the years 2008 through 2010 and 30% for 2011, 2012 and the three months ended March 31, 2013 and 2012, which we believe is a reasonable estimate of the interest component of rent expense.

(2) For purposes of calculating this ratio, earnings consist of income before income taxes plus fixed charges, net of capitalized interest. Fixed charges consist of interest expense, the amount amortized for debt discounts and the portion of rental expense representative of interest expense. For the three months ended March 31, 2013 and the year ended December 31, 2011, earnings were inadequate to cover fixed charges and the coverage deficiency was \$30.8 million and \$8.9 million, respectively.

N/A
Not applicable, as earnings are inadequate to cover fixed charges.

Table of Contents**SELECTED FINANCIAL AND OPERATING INFORMATION**

The following tables present our selected historical consolidated financial and operating data with respect to Hawaiian Holdings, Inc. We have derived the selected consolidated statement of operations data presented below for the fiscal years ended December 31, 2012, December 31, 2011 and December 31, 2010 and the selected consolidated balance sheet data as of December 31, 2012 and December 31, 2011 from our audited consolidated financial statements and related notes included elsewhere in this Prospectus Supplement. We have derived the selected consolidated financial data as of and for the three months ended March 31, 2013 and March 31, 2012 from our unaudited consolidated financial statements included elsewhere in this Prospectus Supplement. We have derived the selected consolidated statement of operations data for the fiscal years ended December 31, 2009 and December 31, 2008 and the selected consolidated balance sheet data as of December 31, 2010, December 31, 2009 and December 31, 2008 from our audited consolidated financial statements not included in this Prospectus Supplement. The following selected consolidated financial and operating data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Prospectus Supplement. Our historical results are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results to be expected in the full year.

(in thousands)	Three Months ended March 31, (unaudited)		Year ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Summary of Operations:							
Operating revenue	\$ 490,754	\$ 435,494	\$ 1,962,353	\$ 1,650,459	\$ 1,310,093	\$ 1,183,306	\$ 1,210,865
Operating expenses(a)(b)	502,680	422,594	1,832,955	1,630,176	1,218,815	1,075,822	1,118,967
Operating income (loss)	(11,926)	12,900	129,398	20,283	91,278	107,484	91,898
Net income (loss)(c)(d)(e)	(17,145)	7,258	53,237	(2,649)	110,255	116,720	28,586
Balance Sheet Items:							
Cash and cash equivalents	\$ 438,221	\$ 376,020	\$ 405,880	\$ 304,115	\$ 285,037	\$ 300,738	\$ 203,872
Property and equipment, net	1,076,396	839,135	1,068,718	729,127	418,120	318,884	315,469
Total assets	1,945,655	1,699,083	1,865,824	1,487,529	1,117,499	1,028,886	929,134
Long-term debt and capital lease obligations, excluding current maturities(f)	542,642	494,102	553,009	424,436	171,884	190,335	232,218
Shareholders' equity(g)	225,202	232,470	268,602	222,876	277,869	176,089	53,313

- (a) During 2008, we recorded a \$52.5 million reduction of operating expenses resulting from a litigation settlement for which we received payment from Mesa Airlines in May 2008.
- (b) During 2011, we recorded a \$70.0 million lease termination charge related to the purchase of our existing fleet of Boeing 717-200 aircraft previously under lease agreements, as discussed in "Note 7 Leases" to our audited consolidated financial statements for the year ended December 31, 2012. This amount is reflected as a separate line item in our operating expenses.
- (c) In 2008, we recognized a \$7.8 million other than temporary impairment of our auction rate securities.
- (d) In 2009, net income was positively affected by a decrease in our deferred tax asset valuation allowance of \$60.2 million due to a \$25.0 million judgmental reversal of the valuation allowance, with the remainder attributable to the realization of deferred tax assets previously fully reserved, including the impact of favorable tax accounting changes permitted during the year.
- (e) In 2010, net income was positively affected by the release of our remaining valuation allowance of \$57.5 million as described in "Note 8 Income Taxes" to our audited consolidated financial statements for the year ended December 31, 2012.

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(f)

In 2012, we borrowed \$133.0 million to finance a portion of the purchase price of two Airbus A330-200 aircraft delivered in 2012 and took delivery of three aircraft (two Boeing 717-200 aircraft and one Airbus A330-200 aircraft) under capital leases. In 2011, we issued \$86.25 million principal amount of convertible senior notes (the "Convertible Notes") due March 2016 and used the proceeds to pay off our outstanding secured revolving credit facility, borrowed \$192.8 million through secured loan agreements to finance a portion of the purchase price of fifteen Boeing 717-200 aircraft and borrowed \$132 million to finance a portion of the purchase price of two Airbus A330-200 aircraft delivered in 2011. See further discussion at "Note 6 Debt" to our audited consolidated financial statements for the year ended December 31, 2012.

(g)

Shareholders' equity amounts include significant changes in our pension liability recorded in accumulated other comprehensive loss shown in the Consolidated Statements of Shareholders' Equity and Comprehensive Loss. See further discussion in the consolidated financial statements.

The table below sets forth certain operating data (unaudited):

	Three Months Ended March 31,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(in thousands, except as otherwise indicated)				
Scheduled Operations:					
Revenue passengers flown	2,397	2,218	9,476	8,659	8,418
Revenue passenger miles (RPM)	3,205,482	2,630,287	12,195,875	10,139,949	8,665,869
Available seat miles (ASM)	3,960,295	3,139,965	14,660,030	12,022,194	10,134,601
Passenger revenue per RPM (Yield)	13.72¢	14.86¢	14.49¢	14.60¢	13.33¢
Passenger load factor (RPM/ASM)	80.9%	83.8%	83.2%	84.3%	85.5%
Passenger revenue per ASM (PRASM)	11.11¢	12.45¢	12.05¢	12.32¢	11.40¢
Total Operations:					
Operating revenue per ASM (RASM)	12.37¢	13.86¢	13.36¢	13.71¢	12.91¢
Operating cost per ASM (CASM)(a)	12.68¢	13.45¢	12.48¢	13.54¢	12.01¢
CASM excluding aircraft fuel(a)(b)	8.28¢	8.99¢	8.18¢	9.28¢	8.83¢
CASM excluding lease termination costs and aircraft fuel(b)	8.28¢	8.99¢	8.18¢	8.70¢	8.83¢
Gallons of jet fuel consumed	53,935	43,125	199,465	164,002	140,995
Average cost per gallon of jet fuel (actual)(c)	\$ 3.24	\$ 3.25	\$ 3.17	\$ 3.13	\$ 2.29

(a)

Includes lease termination charges of \$70.0 million incurred in 2011.

(b)

Represents adjusted unit costs, a non-GAAP measure.

(c)

Includes applicable taxes and fees.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATIONS**

Overview

Hawaiian Holdings, Inc. (the "Company," "Holdings," "we," "us" and "our") is a holding company incorporated in the State of Delaware. The Company's primary asset is its sole ownership of all issued and outstanding shares of common stock of Hawaiian Airlines, Inc. ("Hawaiian"). Hawaiian was originally incorporated in January 1929 under the laws of the Territory of Hawai'i and became the Company's indirect wholly-owned subsidiary pursuant to a corporate restructuring that was consummated in August 2002. Hawaiian became a Delaware corporation and the Company's direct wholly-owned subsidiary concurrent with its reorganization in June 2005.

Our Business

Our goal is to be the number one destination carrier in the world. We are a leisure airline devoted to the travel needs of the residents and visitors of Hawai'i and offer a unique travel experience. We are strongly rooted in the culture and people of Hawai'i and seek to provide quality service to our customers which exemplifies the spirit of aloha. As of May 1, 2013, we operate a fleet of 18 Boeing 717-200 aircraft, 15 Boeing 767-300 aircraft, and 12 Airbus A330-200 aircraft serving 22 domestic and international destinations. The Company also has two ATR42 turboprop aircraft for pending service to new Neighbor Island destinations in 2013. We are the state's longest-serving airline, as well as the largest provider of passenger air service within Hawai'i (Neighbor Island) and to Hawai'i from the state's primary visitor markets in the U.S. mainland (North America). We offer non-stop service to Hawai'i from more U.S. gateway cities (11) than any other airline, as well as service to Japan, South Korea, the Philippines, Australia, New Zealand, American Samoa, and Tahiti, and also provide approximately 160 daily flights between the Hawaiian Islands.

Our revenue is derived primarily from transporting passengers on our aircraft. Revenue is recognized when either the transportation is provided or when the related ticket expires unused. We measure capacity in terms of available seat miles (ASMs), which represent the number of seats available for passengers multiplied by the number of miles the seats are flown. Yield, or the average amount one passenger pays to fly one mile, is calculated by dividing passenger revenue by revenue passenger miles (RPMs). We strive to increase passenger revenue primarily by increasing our yield per flight or by filling a higher proportion of available seats, which produces higher revenue per available seat mile (RASM). Other revenue primarily consists of baggage fees, cargo revenue, ticket change and cancellation fees, incidental services revenue, sale of frequent flyer miles, revenue earned on reduced rate passengers, inflight revenue, contract services and charter services revenue.

The largest components of our operating expenses are aircraft fuel (including taxes and oil), wages and benefits provided to our employees and aircraft maintenance materials and repairs. The price and availability of aircraft fuel is extremely volatile due to global economic and geopolitical factors that we can neither control nor accurately predict. Maintenance and repair costs are expensed when incurred unless covered by third-party power-by-the-hour services contracts. As of March 31, 2013, Hawaiian had 4,962 active employees.

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Quarter Ended March 31, 2013 Review

First Quarter Financial Highlights

Passenger revenue increased 12.5% to \$439.9 million from the prior-year period.

Operating cost per available seat mile (CASM) decreased 5.7% from the prior-year period, and CASM excluding fuel decreased 7.9% from the prior-year period.

Unrestricted cash and cash equivalents increased 8.0% from December 31, 2012.

First Quarter Business Highlights

Operational

Ranked #1 nationally for the ninth consecutive year for on-time performance in 2012 and the month of February 2013 by the U.S. Department of Transportation Air Travel Consumer Report.

Unveiled branding and livery for our new Neighbor Island turboprop operations as "Ohana by Hawaiian" for service to begin in the summer between Honolulu and Moloka'i and Lana'i.

Fleet

Added one new Airbus A330-200 aircraft in February 2013 for North America and International service.

Executed a purchase agreement with Airbus for 16 new A321neo aircraft for delivery between 2017 and 2020, with purchase rights for an additional nine aircraft. The long-range, single-aisle aircraft will complement Hawaiian's existing fleet of twin-aisle aircraft used for long-haul flying between Hawai'i and the U.S. West Coast.

New routes and increased frequencies

Honolulu to Auckland, New Zealand three-times-weekly service launched in March 2013.

Announced Honolulu to Sendai, Japan three-times-weekly service beginning in June 2013.

Announced Honolulu to Taipei, Taiwan three-times-weekly service beginning in July 2013.

Announced the addition of seasonal frequency flights between Honolulu and three Oceania gateways, Sydney, Brisbane and Auckland in September and October 2013.

Announced three-times-weekly service between Honolulu and Beijing, China beginning in April 2014 pending government approval.

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See " Results of Operations for the Three Months Ended March 31, 2013" below for further discussion of changes in revenues and operating expenses and our reconciliation of non-GAAP measures.

In March 2013, we executed a purchase agreement to acquire 16 Airbus A321neo aircraft with scheduled delivery from 2017 to 2020. These fuel efficient, long-range, single-aisle aircraft will complement our existing fleet of wide-body, twin aisle aircraft used for long-haul flying between Hawai'i and the U.S. West Coast. In addition, during April 2013, we executed a purchase agreement for two Pratt and Whitney spare engines (for our Airbus A321neo aircraft) for expected delivery in 2017 and 2018, with the option to purchase an additional two engines. Pratt and Whitney will also provide off-wing engine maintenance for the Airbus A321neo aircraft.

During the three months ended March 31, 2013, we continued to focus on our International expansion with the launch of our non-stop flight to Auckland, New Zealand with three-times-weekly service initiated in March 2013. We are currently the only U.S. carrier serving this city. Further, we

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announced three-times-weekly service from Honolulu to Sendai, Japan to begin in June 2013, reflecting our fifth destination to Japan since 2010, and in April 2013 announced three-times-weekly service from Honolulu to Beijing, China to begin in April 2014 (subject to government approval), reflecting our first destination to China.

In February 2013, we announced the branding of our turboprop operations as "Ohana by Hawaiian" for our new Neighbor Island service between Honolulu and the islands of Moloka'i and Lana'i, expected to begin during the summer of 2013.

The table below summarizes our total fleet as of March 31, 2012 and 2013, and expected fleet as of June 30, 2013 (based on existing agreements):

Aircraft Type	March 31, 2012			March 31, 2013			June 30, 2013		
	Leased(5)	Owned	Total	Leased(5)	Owned	Total	Leased(5)	Owned	Total
A330-200(1)(2)	3	3	6	6	4	10	7	6	13
767-300(3)	9	7	16	9	7	16	8	7	15
717-200	3	15	18	3	15	18	3	15	18
ATR42(4)					2	2		2	2
Total	15	25	40	18	28	46	18	30	48

- (1) Hawaiian took delivery of a leased A330-200 aircraft in February 2013.
- (2) Hawaiian took delivery of one leased A330-200 aircraft and one owned A330-200 aircraft in April 2013, and will take delivery of one owned A330-200 in June 2013.
- (3) The decrease in the number of leased 767-300 aircraft from the quarter ended March 31, 2013 to the quarter ended June 30, 2013 is due to the return of a leased aircraft in April 2013, at the end of its lease term.
- (4) Hawaiian took delivery of two owned ATR42 turboprop aircraft during the fourth quarter of 2012, with service expected to initiate on our new Neighbor Island routes operated under "Ohana by Hawaiian" during the summer season of 2013.
- (5) Leased aircraft include both aircraft under capital and operating leases. See Note 7 to our consolidated financial statements (unaudited) for the period ended March 31, 2013 for further discussion of our aircraft leases.

Results of Operations for the Three Months Ended March 31, 2013

For the three months ended March 31, 2013, we recorded a net loss of \$17.1 million or \$0.33 per diluted share, compared to net income of \$7.3 million, or \$0.14 per diluted share, in the prior-year period. Our current period results reflect the impact of seasonal volatility, where we typically experience lower demand for travel to Hawai'i during the first three months of the calendar year, combined with excess capacity due to increased competition on certain of our North America and International routes. Our positive prior-period results reflected higher unit revenues (passenger revenue per available seat mile) and higher passenger yield, reflecting the impact of expanding our International routes to Japan and Korea, and increasing frequencies on our Australia route.

Adjusted (non-GAAP) results and per-share amounts

We believe the disclosure of non-GAAP financial measures is useful information to readers of our financial statements because:

We believe it is the basis by which we are evaluated by industry analysts and investors;

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Our results excluding these items are often used in management and board of directors decision-making analysis;

It is useful to monitor performance without these items as it improves a reader's ability to compare our results to other airlines; and

It is consistent with how we present information in our quarterly earnings press releases.

See table below for reconciliation between GAAP consolidated net income (loss) to adjusted consolidated net income (loss), including per share amounts for the quarter ended March 31, 2013 and 2012 (in thousands unless otherwise indicated).

	Three months ended March 31,			
	2013	2012		
	Net loss	Diluted net loss per share	Net income	Diluted net income per share
As reported GAAP	\$ (17,145)	\$ (0.33)	\$ 7,258	\$ 0.14
Less: unrealized (losses) gains on fuel derivative contracts, net of tax	(2,319)	(0.04)	4,005	0.08
Reflecting economic fuel expense	\$ (14,826)	\$ (0.29)	\$ 3,253	\$ 0.06

Selected Consolidated Statistical Data (unaudited)

	Three months ended March 31,	
	2013	2012
	(in thousands, except as otherwise indicated)	
Scheduled Operations:		
Revenue passengers flown	2,397	2,218
Revenue passenger miles (RPM)	3,205,482	2,630,287
Available seat miles (ASM)	3,960,295	3,139,965
Passenger revenue per RPM (Yield)	13.72¢	14.86¢
Passenger load factor (RPM/ASM)	80.9%	83.8%
Passenger revenue per ASM (PRASM)	11.11¢	12.45¢
Total Operations:		
Revenue passengers flown	2,399	2,219
RPM	3,210,632	2,631,442
ASM	3,965,778	3,141,341
Operating revenue per ASM (RASM)	12.37¢	13.86¢
Operating cost per ASM (CASM)	12.68¢	13.45¢
CASM excluding aircraft fuel(b)	8.28¢	8.99¢
Aircraft fuel expense per ASM(a)	4.40¢	4.46¢
Revenue block hours operated (actual)	38,867	33,083
Gallons of jet fuel consumed	53,935	43,125
Average cost per gallon of jet fuel (actual)(a)	\$ 3.24	\$ 3.25

(a) Includes applicable taxes and fees.

(b) Represents adjusted unit costs, a non-GAAP measure.

Table of Contents***Operating Revenue***

Operating revenue was \$490.8 million for the three months ended March 31, 2013, a 12.7% increase over operating revenue of \$435.5 million for the prior-year period, driven primarily by an increase in passenger revenue, which was primarily due to the expansion of our international services.

Passenger Revenue

For the three months ended March 31, 2013, passenger revenue increased \$49.0 million or 12.5%, as compared to the prior-year period, due to increased capacity that was partially offset by decreased yield and load factor as we faced increased competition on certain of our North America and International routes, which led to a decreased load factor and lower average fares in certain portions of our network. Details of these changes are described in the table below:

		Change in passenger revenue (millions)	Change in Yield	Change in RPM	Change in ASM
North America	\$	11.3	(5.8)%	12.9%	13.0%
Neighbor Island		2.7	(2.1)	4.7	(1.8)
International		35.0	(9.6)	47.0	59.7
Total scheduled	\$	49.0	(7.7)%	21.9%	26.1%

North America North America revenue increased by \$11.3 million, or 6.3%, for the three months ended March 31, 2013, as compared to the prior-year period, due to increased capacity, partially offset by decreased yield. The increase in capacity was primarily due to the commencement of new routes that initiated subsequent to March 31, 2012, which reflect non-stop daily service from Honolulu to New York City, New York (launched in June 2012), and a third daily year-round flight from Honolulu to Los Angeles, California (launched in June 2012). We experienced a decrease in yield due to an increase in price discounting related to the increase in overall industry capacity on our existing routes and the effect of an increase in average trip length.

Neighbor Island Neighbor Island revenue increased by \$2.7 million, or 2.6%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to an increased load factor, partially offset by decreased yield. Increased load factor was the result of schedule changes initiated during the fourth quarter of 2012 to decrease capacity on these routes, combined with an increase in overall traffic (RPMs). We experienced a slight decrease in yield primarily due to decreased average fares on these routes, partially offset by the increase in RPMs and load factor. Our prior-period results reflect capacity increases provided by three Boeing 717-200 aircraft which entered the fleet in December 2011 and January 2012.

International International revenue increased by \$35.0 million, or 32.8%, for the three months ended March 31, 2013, as compared to the prior-year period, due to increased capacity, partially offset by decreased load factor and yield. The increase in capacity was primarily due to the commencement of new routes that initiated subsequent to March 31, 2012, which reflect non-stop daily routes from Honolulu to Fukuoka, Japan (launched in April 2012), three-times-weekly service to Sapporo, Japan, Brisbane, Australia (launched in November 2012), and Auckland, New Zealand (launched in March 2013), and the increase in our Seoul, Korea service to daily from four times per week (launched in August 2012). We experienced a decrease in load factor and yield as we faced increased competition on our Japanese routes combined with the weakening of the Japanese Yen, resulting in a decrease in average fares from the prior-year period.

Table of Contents*Other Operating Revenue*

Other operating revenue increased by \$6.2 million, or 14.0%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to increased cargo revenue due to the additional cargo capacity provided by the Airbus A330-200 aircraft and the expansion of our network, and increased charter and incidental revenue.

Operating Expense

Operating expenses were \$502.7 million and \$422.6 million for the three months ended March 31, 2013 and March 31, 2012, respectively. Increases (decreases) in operating expenses for the three months ended March 31, 2013 as compared to the prior-year period is detailed below:

	Changes in operating expenses for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012		
	\$		%
	(in thousands)		
Operating expenses			
Aircraft fuel, including taxes and oil	\$	34,171	24.4%
Wages and benefits		12,611	14.0
Aircraft rent		2,797	12.0
Maintenance materials and repairs		11,547	26.4
Aircraft and passenger servicing		7,713	36.1
Commissions and other selling		4,395	14.9
Depreciation and amortization		(38)	(0.2)
Other rentals and landing fees		(601)	(3.0)
Other		7,491	21.1
Total	\$	80,086	19.0%

Our operations have expanded by approximately 26.2% (measured in ASMs) during the three months ended March 31, 2013, as compared to the prior-year period, primarily due to the addition of four Airbus A330-200 aircraft since March 31, 2012. Our expansion includes the addition of new North America and International routes since March 31, 2012. As a result of this expansion, we have experienced corresponding increases in our variable expenses such as aircraft fuel, wages and benefits, maintenance materials and repairs, aircraft and passenger servicing, commissions and other selling, and other expenses (which primarily consists of purchased services, personnel expenses and professional and technical fees).

We expect operating expenses to increase with the continued expansion of our services and the increase in the number of aircraft in our fleet.

Aircraft Fuel

Aircraft fuel expense increased in the three months ended March 31, 2013 as compared to the prior-year period, due to an increase in fuel gallons consumed driven primarily by the additional

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aircraft that entered the fleet subsequent to March 31, 2012 (four additional Airbus A330-200 aircraft), and partially offset by a decrease in fuel price as illustrated in the following table:

	Three months ended March 31,		
	2013	2012	Change
	(in thousands, except per-gallon amounts)		
Fuel gallons consumed	53,935	43,125	25.1%
Fuel price per gallon, including taxes and delivery	\$ 3.24	\$ 3.25	(0.3)%
Aircraft fuel expense	\$ 174,489	\$ 140,318	24.4%

During the three months ended March 31, 2013 and March 31, 2012, our fuel derivatives were not designated for hedge accounting under ASC 815 and were marked to fair value through nonoperating income (expense) in the unaudited Consolidated Statements of Operations set forth in the Consolidated Financial Statements included elsewhere in this Prospectus Supplement. We recorded a loss on fuel derivatives of \$6.6 million for the three months ended March 31, 2013, compared to a gain of \$5.8 million for the three months ended March 31, 2012.

We believe *economic fuel expense* is the best measure of the effect of fuel prices on our business as it most closely approximates the net cash outflow associated with the purchase of fuel for our operations in a period and is consistent with how management manages our business and assesses our operating performance. We define *economic fuel expense* as raw fuel expense plus (gains)/losses realized through actual cash payments to/(receipts from) hedge counterparties for fuel hedge derivatives settled in the period inclusive of costs related to hedging premiums. *Economic fuel expense* for the three months ended March 31, 2013 and March 31, 2012 is calculated as follows:

	Three Months Ended March 31,		
	2013	2012	Change
	(in thousands, except per-gallon amounts)		
Aircraft fuel expense, including taxes and oil	\$ 174,489	\$ 140,318	24.4%
Realized losses on settlement of fuel derivative contracts	2,696	854	215.7%
Economic fuel expense	\$ 177,185	\$ 141,172	25.5%
Gallons of jet fuel consumed	53,935	43,125	25.1%
Economic fuel costs per gallon	\$ 3.29	\$ 3.27	0.6%

Wages and Benefits

Wages and benefits expense increased by \$12.6 million, or 14.0%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to an increase in the number of employees as we continue to expand our operations with additional aircraft and new routes.

We expect wages and benefits expense to increase in future periods as we continue to add additional employees for the expansion of our operations.

Aircraft Rent

Aircraft rent expense increased by \$2.8 million, or 12.0%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to the addition of two aircraft under operating leases (one A330-200 aircraft in May 2012 and one A330-200 aircraft in February 2013).

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We expect rent expense to increase in future periods as we expand our fleet if we add aircraft under operating leases.

Maintenance materials and repairs

Maintenance materials and repairs expense increased by \$11.5 million, or 26.4%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to increased power-by-the-hour (PBH) expenses for the additional Airbus A330-200 aircraft in our fleet and increases in heavy maintenance expense on our Boeing 767-300 and Boeing 717-200 aircraft.

We expect maintenance materials and repairs expense to increase in future periods as we continue to integrate additional Airbus aircraft into revenue service, and as a result of price escalations imposed in certain of our PBH contracts.

Aircraft and passenger servicing

Aircraft and passenger servicing expenses increased by \$7.7 million, or 36.1%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to volume-related increases as well as increased service costs on our International routes.

We expect aircraft and passenger servicing expenses to increase in future periods as we continue to expand our fleet and add additional routes.

Commissions and other selling

Commissions and other selling expenses increased by \$4.4 million, or 14.9%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to increases in volume-related selling expenses, which include increased travel agency commissions and increases in the volume of tickets purchased through credit cards and global distribution systems.

We expect commissions and other selling expenses to increase in future periods as we continue to expand our fleet and add additional routes.

Depreciation and Amortization

Depreciation and amortization expense decreased by 0.2% for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to our frequent flyer marketing relationship intangible asset which was fully amortized as of December 31, 2012, which was offset by the increase in the number of owned aircraft (two A330-200 aircraft) and aircraft under a capital lease (one A330-200 aircraft) since March 31, 2012.

We expect depreciation and amortization expenses to increase in future periods as we continue to expand our fleet and add additional routes.

Other rentals and landing fees

Other rentals and landing fees expense decreased by \$0.6 million, or 3.0%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to decreased rental and landing fee rates at our Honolulu station, partially offset by the addition of new routes since March 31, 2012.

We expect expenses for other rentals and landing fees to increase in future periods as we continue to add additional routes and increase frequency on our existing routes.

Table of Contents*Other expense*

Other expense increased by \$7.5 million, or 21.1%, for the three months ended March 31, 2013, as compared to the prior-year period, primarily due to increased personnel-related expenses, and increased expenses incurred on services outsourced to third-party vendors resulting from our continued expansion.

We expect other expenses to increase in future periods as we continue to expand our operations.

Operating Costs per Available Seat Mile (CASM)

We have listed separately in the table below our fuel costs per ASM and our non-GAAP unit costs, excluding fuel for the three months ended March 31, 2013 and 2012. These amounts are included in CASM, but for internal purposes we consistently use unit cost metrics that exclude fuel and non-recurring items (if applicable) to measure and monitor our costs.

CASM and CASM, excluding fuel, for the three months ended March 31, 2013 and 2012 are summarized in the table below:

	Three months ended March 31,	
	2013	2012
GAAP operating expenses	\$ 502,680	\$ 422,594
Less: aircraft fuel, including taxes and oil	174,489	140,318
Adjusted operating expenses excluding aircraft fuel	\$ 328,191	\$ 282,276
Available Seat Miles	3,965,778	3,141,341
CASM GAAP	12.68¢	13.45¢
Less: aircraft fuel	4.40	4.46
CASM excluding aircraft fuel	8.28¢	8.99¢

Nonoperating Expense

For the three months ended March 31, 2013, net nonoperating expense increased to \$15.5 million, from \$1.0 million in the prior-year period. The increase in net nonoperating expense is primarily due to recognized losses on fuel derivatives during the three months ended March 31, 2013 compared to recognized gains on fuel derivatives during the prior-year period. Further increase in net nonoperating expense is due to interest expense and amortization of debt discounts and issuance costs due to the additional financings we entered into subsequent to March 31, 2012.

Income Tax Expense (Benefit)

We had effective tax rates of 37.4% and 38.8% for the three months ended March 31, 2013 and 2012, respectively. We consider a variety of factors in determining the effective tax rate, including our forecasted full-year pretax results, the U.S. federal statutory rate of 35%, expected nondeductible expenses and estimated state taxes.

Liquidity and Capital Resources at March 31, 2013

Our liquidity is dependent on the cash we generate from operating activities and our debt financing arrangements. As of March 31, 2013, we had \$438.2 million in cash and cash equivalents, representing an increase of \$32.3 million from December 31, 2012. As of March 31, 2013 and December 31, 2012, our restricted cash balance, which consisted of cash held as collateral by entities that process our credit card transactions for advance ticket sales, was \$5.0 million.

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We have been able to generate sufficient funds from our operations to meet our working capital requirements and typically finance our aircraft through secured debt and lease financings. At March 31, 2013, Hawaiian had approximately \$648.2 million of debt and capital lease obligations, including approximately \$105.5 million that will become due in the next 12 months. Hawaiian has a secured revolving credit facility (the Revolving Credit Facility) in an amount of up to \$75.0 million, and as of March 31, 2013, we had no outstanding borrowings under the Revolving Credit Facility and \$68.9 million available (net of various outstanding letters of credit).

Cash Flows

Net cash provided by operating activities was \$72.5 million and \$119.5 million for the three months ended March 31, 2013 and March 31, 2012, respectively. The decrease in cash provided by operating activities was primarily due to the decrease in net income (loss) from the prior-year period, and the reclassification from restricted cash to unrestricted due to the change in our credit card holdback during the quarter ended March 31, 2012, partially offset by an increase in our air traffic liability balance.

Net cash used in investing activities was \$25.8 million and \$102.8 million for the three months ended March 31, 2013 and March 31, 2012, respectively. The decrease in cash used in investing activities was due to the decrease in purchases of property and equipment and pre-delivery deposits for upcoming aircraft and engine deliveries, which also reflect proceeds of \$34 million from the refund of pre-delivery deposits in connection with the operating lease for our Airbus A330-200 aircraft delivered in February 2013.

Net cash provided by (used in) financing activities was \$(14.4) million and \$55.3 million for the three months ended March 31, 2013 and March 31, 2012, respectively. The decrease in cash provided by financing activities was primarily due to the decrease in proceeds received from debt issuances and an increase in cash repayments for debt and capital lease obligations as compared to the prior-year period.

Capital Commitments

As of March 31, 2013, we had capital commitments for aircraft and aircraft related equipment which included firm aircraft orders for 12 wide-body Airbus A330-200 aircraft for delivery between 2013 and 2015, 16 narrow-body Airbus A321neo aircraft for delivery between 2017 and 2020, six Airbus A350XWB-800 aircraft for delivery beginning in 2017, and four Rolls Royce spare engines scheduled for delivery through 2020. In addition, Hawaiian has purchase rights for an additional three A330-200 aircraft, nine A321neo aircraft and six A350XWB-800 aircraft. During April 2013, Hawaiian executed a purchase agreement for two Pratt and Whitney spare engines (for its Airbus A321neo aircraft) for delivery in 2017 and 2018, and the option to purchase an additional two spare engines. Committed expenditures for these aircraft, engines and related flight equipment approximates \$358 million for the remainder of 2013, \$429 million in 2014, \$246 million in 2015, \$148 million in 2016, \$494 million in 2017 and \$1.1 billion thereafter.

For the remainder of 2013, we expect our other non-aircraft related capital expenditures, which include software, improvements and ramp and maintenance equipment to total approximately \$45 million to \$55 million.

In order to complete the purchase of these aircraft and fund related costs, we must secure acceptable financing. We are currently exploring various financing alternatives, and while we believe that such financing will be available to us, there can be no assurance that financing will be available when required, on acceptable terms, or at all. The inability to secure such financing could have a material adverse effect on us.

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We have secured financing commitments of \$222 million for a portion of the purchase price of three upcoming aircraft deliveries, with expected delivery dates in the second quarter of 2013 (two Airbus A330s with committed financings totaling \$157 million were delivered in April 2013). In addition, we have backstop financing available from aircraft and engine manufacturers, subject to certain customary conditions. See Note 9 to our consolidated financial statements (unaudited) for the period ended March 31, 2013 for further detail regarding our aircraft facility and lease commitments.

Covenants under our Financing Arrangements

The terms of certain of our financing agreements restrict our ability to, among other things, incur additional indebtedness, grant liens, merge or consolidate, dispose of assets, prepay indebtedness, make investments, make acquisitions, enter into certain transactions with affiliates, repurchase stock and, in the case of Hawaiian, pay dividends or make distributions to the Company. These agreements also require us to meet certain financial covenants. These financial tests include maintaining a minimum amount of unrestricted cash and achieving certain levels of fixed charge coverage. As of March 31, 2013, we were in compliance with these covenants. If we are not able to comply with these covenants in the future, our outstanding obligations under these facilities could be accelerated and become due and payable immediately.

Under our bank-issued credit card processing agreements, certain proceeds from advance ticket sales may be held back to serve as collateral to cover any possible chargebacks or other disputed charges that may occur. These holdbacks, which are included in restricted cash in our unaudited Consolidated Balance Sheets set forth in the Consolidated Financial Statements included elsewhere in this Prospectus Supplement, totaled \$5.0 million at March 31, 2013 and December 31, 2012.

In the event of a material adverse change in the business, the holdback could increase to an amount up to 100% of the applicable credit card air traffic liability, which would also cause an increase in the level of restricted cash. If we are unable to obtain a waiver of, or otherwise mitigate the increase in the restriction of cash, it could also cause a covenant violation under other debt or lease obligations and have a material adverse impact on us.

Pension and Postemployment Benefit Plan Funding

We contributed \$2.8 million to our defined benefit and other postretirement plans during the three months ended March 31, 2013, and expect to contribute an additional required minimum of \$12.0 million during the remainder of 2013. Future funding requirements for our defined benefit plans are dependent upon many factors such as interest rates, funded status, applicable regulatory requirements and the level and timing of asset returns.

Table of Contents**Contractual Obligations at March 31, 2013**

Our estimated contractual obligations at March 31, 2013 are summarized in the following table:

Contractual Obligations	Total	Nine months remaining in 2013	2014 - 2015 (in thousands)	2016 - 2017	2018 and thereafter
Debt and capital lease obligations(1)	\$ 845,862	\$ 122,192	\$ 158,959	\$ 232,329	\$ 332,382
Operating leases aircraft and related equipment(2)	640,673	69,170	176,190	141,642	253,671
Operating leases non-aircraft	46,947	3,667	10,135	9,824	23,321
Purchase commitments Capital(3)	2,780,436	357,770	675,322	641,648	1,105,696
Purchase commitments Operating(4)	387,255	29,484	61,447	63,894	232,430
Projected employee benefit contributions(5)	40,413	12,000	28,413		
Total contractual obligations	\$ 4,741,586	\$ 594,283	\$ 1,110,466	\$ 1,089,337	\$ 1,947,500

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- (1) Amounts represent contractual amounts due, including interest. Interest on variable-rate debt was estimated using rates in effect as of March 31, 2013. Amount reflects capital lease obligations for one Airbus A330-200 aircraft and two Boeing 717-200 aircraft.
- (2) Amounts reflect leases for five Airbus A330-200 aircraft, nine Boeing 767-300 aircraft, one Boeing 717-200 aircraft and aircraft-related equipment as of March 31, 2013.
- (3) Amounts include our firm commitments for aircraft and aircraft-related equipment including aircraft orders consisting of 12 wide-body Airbus A330-200 aircraft, 16 narrow-body Airbus A321neo aircraft, six Airbus A350XWB-800 aircraft, four Rolls Royce spare engines and two Pratt and Whitney spare engines. We have secured financing commitments of \$222 million for a portion of the purchase price of three Airbus A330-200 aircraft deliveries, with expected delivery dates in the second quarter of 2013 (two Airbus A330s with committed financings totaling \$157 million were delivered in April 2013).
- (4) Amounts include commitments for services provided by third-parties for aircraft maintenance for our Airbus fleet, accounting, IT and reservations. Total contractual obligations do not include long-term contracts where the commitment is variable in nature (with no minimum guarantee), such as aircraft maintenance deposits due under operating leases and fees due under certain other agreements such as aircraft maintenance power-by-the-hour, computer reservation systems and credit card processing agreements, or when the agreements contain short-term cancellation provisions.
- (5) Amount includes our estimated contributions to our pension plans (based on actuarially determined estimates) and our pilots' disability plan. Amounts are subject to change based on numerous factors, including interest rate levels, the amount and timing of asset returns and the impact of future legislation. We are currently unable to estimate the projected contributions beyond 2015.

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Year Ended December 31, 2012 Review

2012 Financial Highlights

GAAP net income of \$53.2 million or \$1.01 per diluted share. Adjusted net income, reflecting economic fuel expense, of \$55.6 million or \$1.06 per diluted share, an increase of 28.7% year-over-year.

Passenger revenue increased 19.3% year-over-year.

Operating cost per available seat mile (CASM) decrease of 7.8% year-over-year and CASM excluding fuel and lease termination costs decrease of 6.0% year-over-year.

Operating margin of 6.6% and adjusted operating margin, reflecting economic fuel expense, of 7.0% in 2012.

Unrestricted cash and cash equivalents increase of 33.5% year-over-year.

See " Results of Operations for the Year Ended December 31, 2012" below for further discussion of changes in revenues and operating expenses and our reconciliation of non-GAAP measures.

2012 Business Highlights

Operational

Ranked #1 nationally for on-time performance for 10 out of the 11 months reported in 2012 by the U.S. Department of Transportation Air Travel Consumer Report.

First airline to receive carbon credits for reducing carbon dioxide emissions.

Customers

Ranked second overall in the 2012 Airline Quality Rating Report.

Executing our plan for profitability and growth

Added four Airbus A330-200 aircraft for our International and North America routes and two Boeing 717-200 for our Neighbor Island routes to our fleet during 2012.

Launched new non-stop service on our International routes from Honolulu to Fukuoka, Japan (April 2012), Sapporo, Japan (October 2012), and Brisbane, Australia (November 2012).

Launched new non-stop service on our North America routes from Honolulu to New York City, New York (June 2012).

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Announced three-times-weekly non-stop service to Auckland, New Zealand (beginning in March 2013) and Taipei, Taiwan (beginning in July 2013).

Expanded our operations at Hawai'i's second largest airport to create a new Maui hub offering improved connections between Maui and Neighbor Island destinations, as well as flights to and from the West Coast.

In 2012, we focused on our International expansion with the addition of new non-stop International routes from Honolulu to Fukuoka, Japan, Brisbane, Australia and Sapporo, Japan and increased frequency to daily on our routes to Sydney, Australia (May 2012) and Seoul, South Korea (July 2012). We continue to diversify our mix of passenger revenue and have increased our international revenue by 56.1% to 29.8% of total passenger revenue compared to 2011.

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In 2012, we launched new non-stop service from Honolulu to New York City, New York. Also, we implemented a new inflight hospitality program on our North America routes that embraces the celebration of the culture, people and spirit of Hawai'i and continued to provide a complimentary island inspired hot meal.

In 2012, we introduced our new Maui hub offering improved connections between Maui and Neighbor Island destinations, as well as flights to and from the West Coast, and launched a Neighbor Island travel program offering a specialized fare structure designed to stimulate increased travel for the residents of Hawai'i. We continue to search for ways to provide value to both our customers and our business on our Neighbor Island routes as we maintain a significant presence and market share on these routes.

We took delivery and placed into revenue service four Airbus A330-200 aircraft for service on our North America and International routes and two Boeing 717-200 aircraft for service on our Neighbor Island routes. The Company also took delivery of two ATR42 turboprop aircraft with service on our Neighbor Island routes previously unserved by us to begin in 2013. We financed two of the Airbus A330-200 aircraft under secured debt and two Airbus A330-200 aircraft under lease agreements, and both Boeing 717-200 aircraft under lease agreements, and did not finance our ATR42 turboprop aircraft which resulted in a decrease in our unrestricted cash.

In January 2013, we signed a memorandum of understanding for the purchase of 16 new Airbus A321neo aircraft scheduled for delivery between 2017 and 2020, with rights to purchase an additional nine aircraft. We plan to execute a purchase agreement in the first quarter of 2013. The A321neo aircraft will be used to complement Hawaiian's existing fleet of wide-body aircraft for travel to the West Coast on our North America routes. These aircraft are excluded from the table below.

The table below summarizes our total fleet as of December 31, 2011, 2012 and expected 2013 (based on existing agreements):

Aircraft Type	December 31, 2011			December 31, 2012			December 31, 2013		
	Leased(5)	Owned	Total	Leased(5)	Owned	Total	Leased(5)	Owned	Total
A330-200(1)	3	2	5	5	4	9	7	7	14
767-300(2)(3)	9	7	16	9	7	16	6	6	12
717-200	1	15	16	3	15	18	3	15	18
ATR42(4)					2	2		2	2
Total	13	24	37	17	28	45	16	30	46

-
- (1) In 2011, we entered into a commitment to assign the purchase of two A330-200 aircraft at delivery and simultaneously entered into lease agreements for the respective aircraft with scheduled delivery dates in 2013. Currently these two aircraft are reported as leased in the 2013 table above. See "Note 11 Commitments and Contingencies" in our audited consolidated financial statements for the year ended December 31, 2012 for further discussion on the Purchase Aircraft Lease Financing Agreement.
- (2) The decrease in the number of leased 767-300 aircraft from 2012 to 2013 is due to the return of leased aircraft at the end of their lease terms.
- (3) The decrease in the number of owned 767-300 aircraft from 2012 to 2013 is due to the planned retirement of one aircraft at the end of its estimated useful life.
- (4) The ATR42 turboprop aircraft are owned by Hawaiian Holdings, Inc.'s subsidiary and are expected to begin operations on Neighbor Island routes previously unserved by us in 2013.

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(5)

Leased aircraft include both aircraft under capital and operating leases. See Note 7 in our audited consolidated financial statements for the year ended December 31, 2012 for further discussion of our aircraft leases.

Outlook

Our mission every year is to grow a profitable airline with a passion for excellence, our customers, our people and the spirit of Hawai'i. For 2013, we will focus on managing our growth strategy, controlling our costs, integrating new aircraft into our fleet, growing into new and existing markets and operating an innovative business to meet the needs of our new and existing customers.

Results of Operations for the Year Ended December 31, 2012

Our consolidated net income for 2012 was \$53.2 million, or \$1.01 per diluted share, compared to a net loss of \$2.6 million, or \$0.05 per diluted share, in 2011 and net income of \$110.3 million, or \$2.10 per diluted share, in 2010. Significant items impacting the comparability between the periods are as follows:

All periods include adjustments to reflect the timing of unrealized mark-to-market gains or losses related to our outstanding fuel hedge positions.

Our 2011 results reflect a \$70.0 million non-recurring, pre-tax lease termination charge related to the purchase of fifteen Boeing 717-200 aircraft previously under lease agreements.

Our 2010 results reflect a tax benefit of \$28.3 million from the release of our entire remaining tax valuation allowance of \$57.5 million.

Adjusted (non-GAAP) results and per-share amounts

We believe the disclosure of non-GAAP financial measures is useful information to readers of our financial statements because:

We believe it is the basis by which we are evaluated by industry analysts and investors;

Our results excluding these items are often used in management and board of directors' decision making analysis;

It is useful to monitor performance without these items as it improves a reader's ability to compare our results to other airlines; and

It is consistent with how we present information in our quarterly earnings press releases.

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See table below for reconciliation between GAAP consolidated net income (loss) to adjusted consolidated net income, including per share amounts for the years ended December 31, 2012, 2011 and 2010 (in thousands unless otherwise indicated).

	Year ended December 31,					
	2012		2011		2010	
	Net income	Diluted earnings per share	Net income (loss)	Diluted earnings (loss) per share	Net income	Diluted earnings per share
As reported GAAP	\$ 53,237	\$ 1.01	\$ (2,649)	\$ (0.05)	\$ 110,255	\$ 2.10
Add: lease termination expenses related to Boeing 717-200 aircraft purchase, net of tax			42,008	0.83		
Reflecting lease termination costs adjustment	\$ 53,237	\$ 1.01	\$ 39,359	\$ 0.78	\$ 110,255	\$ 2.10
Less: unrealized (losses) gains on fuel derivative contracts, net of tax	(2,375)	(0.05)	(3,859)	(0.07)	2,304	0.04
Less: Non-recurring tax benefits					62,546	1.19
Reflecting economic fuel expense and excluding non-recurring tax benefits and lease termination charges	\$ 55,612	\$ 1.06	\$ 43,218	\$ 0.85	\$ 45,405	\$ 0.87

Selected Consolidated Statistical Data (unaudited)

Below are the operating statistics we use to measure our operating performance.

	Year ended December 31,		
	2012	2011	2010
	(in thousands, except as otherwise indicated)		
Scheduled Operations:			
Revenue passengers flown	9,476	8,659	8,418
Revenue passenger miles (RPM)	12,195,875	10,139,949	8,665,869
Available seat miles (ASM)	14,660,030	12,022,194	10,134,601
Passenger revenue per RPM (Yield)	14.49¢	14.60¢	13.33¢
Passenger load factor (RPM/ASM)	83.2%	84.3%	85.5%
Passenger revenue per ASM (PRASM)	12.05¢	12.32¢	11.40¢
Total Operations:			
Revenue passengers flown	9,484	8,666	8,424
RPM	12,217,635	10,151,218	8,675,427
ASM	14,687,472	12,039,933	10,150,659
Operating revenue per ASM (RASM)	13.36¢	13.71¢	12.91¢
Operating cost per ASM (CASM)(a)	12.48¢	13.54¢	12.01¢
CASM excluding aircraft fuel(a)(b)	8.18¢	9.28¢	8.83¢
CASM excluding lease termination costs and aircraft fuel(b)	8.18¢	8.70¢	8.83¢
Aircraft fuel expense per ASM	4.30¢	4.26¢	3.18¢
Revenue block hours operated (actual)	147,810	125,375	113,158
Gallons of jet fuel consumed	199,465	164,002	140,995
Average cost per gallon of jet fuel (actual)(c)	\$ 3.17	\$ 3.13	\$ 2.29

(a) Includes lease termination charges of \$70.0 million incurred in 2011.

(b) Represents adjusted unit costs, a non-GAAP measure.

(c)

Includes applicable taxes and fees.

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Operating revenue increased over the past three years to \$1.96 billion, \$1.65 billion and \$1.31 billion for the years ended December 31, 2012, 2011 and 2010, respectively, driven primarily by an increase in passenger revenue.

Passenger Revenue

Passenger revenue increased over the past three years to \$1.77 billion, \$1.48 billion and \$1.15 billion for the years ended December 31, 2012, 2011 and 2010, respectively.

The increase in passenger revenue of \$286.4 million, or 19.3%, for the year ended December 31, 2012, as compared to 2011, is primarily due to increased capacity across our network with a flat overall yield as we faced increased competition on certain of our North America and International routes, which led to a decreased load factor and decreased average fare throughout our network.

The increase in passenger revenue of \$325.7 million, or 28.2%, for the year ended December 31, 2011, as compared to 2010, is primarily due to increased yield throughout our network and increased capacity on our North America and International routes due to increased demand which led to an increased load factor and increased average fare throughout our network.

The detail of these changes is described in the table below:

	Year Ended December 31, 2012 as compared to December 31, 2011				Year Ended December 31, 2011 as compared to December 31, 2010			
	Change in scheduled passenger revenue (millions)	Change in Yield	Change in RPM	Change in ASM	Change in scheduled passenger revenue (millions)	Change in Yield	Change in RPM	Change in ASM
North America	\$ 79.5	(0.1)%	10.9%	10.2%	\$ 73.1	9.9%	1.0%	0.7%
Neighbor Island	17.5	(2.2)	6.7	10.9	29.9	9.5	(1.4)	(0.3)
International	189.4	3.6	50.7	54.5	222.7	26.1	133.0	136.5
Total scheduled	\$ 286.4	(0.8)%	20.3%	21.9%	\$ 325.7	9.5%	17.0%	18.6%

North America

North America revenue increased by \$79.5 million in 2012, as compared to 2011, due to increased capacity. The increase in capacity was primarily due to the initiation of non-stop daily routes from Honolulu to New York City, New York (launched in June 2012), the addition of a third daily year-round flight from Honolulu to Los Angeles, California (launched in June 2012), increased frequency from Maui to San Jose and Oakland, California (launched in January 2012), and seasonal summer service from Maui to Los Angeles, California, which was partially offset by increased competition on these routes which led to a decrease in load factor.

North America revenue increased \$73.1 million in 2011, as compared to 2010, primarily due to increased yield due to improved demand.

Neighbor Island

Neighbor Island revenue increased by \$17.5 million in 2012, as compared to 2011, primarily due to increased capacity provided by three Boeing 717-200 aircraft that entered the fleet in the fourth quarter of 2011 and first quarter of 2012, partially offset by decreased yield.

The \$29.9 million increase in 2011, as compared to 2010, was due to increased yield and was partially offset by decreases in capacity.

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International

International revenue increased by \$189.4 million in 2012, as compared to 2011, primarily due to increased capacity and yield. The increase in capacity was primarily due to the delivery of new Airbus A330-200 aircraft that entered the fleet during 2011 and 2012 and the initiation of non-stop daily routes from Fukuoka, Japan (April 2012), the initiation of three-times weekly service to Sapporo, Japan and Brisbane, Australia (November 2012), the increase in our Seoul, Korea service to daily from four times per week (launched in August 2012), the increase in our Sydney, Australia service to daily from four times weekly (launched in December 2011) and the effects of the full year results from routes initiated in 2011.

The \$222.7 million increase in 2011, as compared to 2010, was primarily due to increases in both yield and capacity with the initiation of new routes to Tokyo, Japan in the fourth quarter 2010, and Seoul, South Korea and Osaka, Japan in 2011, and increased frequency on our Sydney, Australia routes in 2011.

Other Operating Revenue

Other operating revenue increased over the past three years to \$195.3 million, \$169.8 million and \$155.1 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The increase in other operating revenue for 2012, as compared to 2011, is primarily due to increased baggage revenue and increased cargo revenue due to the additional cargo capacity provided by the Airbus A330-200 and the expansion of our network.

The increase in other operating revenue for 2011, as compared to 2010, is primarily due to increased baggage revenue, increased cargo revenue due to the additional cargo capacity provided by the Airbus A330-200 aircraft and the expansion of our network and increased charter revenue, which was partially offset by decreases in our cancellation penalties revenue and the marketing component of our frequent flyer revenue.

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Operating expenses were \$1.83 billion, \$1.63 billion and \$1.22 billion, for the years ended December 31, 2012, 2011, and 2010, respectively. Increases (decreases) in operating expenses from 2011 to 2012 and 2010 to 2011 are detailed below.

	Changes in operating expenses for the Year Ended December 31, 2012 as compared to December 31, 2011			Changes in operating expenses for the Year Ended December 31, 2011 as compared to December 31, 2010		
	\$	%		\$	%	
	(in thousands)			(in thousands)		
<i>Operating expense:</i>						
Aircraft fuel, including taxes and oil	\$	118,457	23.1%	\$	190,285	58.9%
Wages and benefits		55,333	17.2		23,674	8.0
Aircraft rent		(14,097)	(12.5)		162	0.1
Maintenance materials and repairs		13,701	8.1		45,876	37.0
Aircraft and passenger servicing		21,575	26.2		20,090	32.3
Commissions and other selling		18,060	18.8		18,067	23.1
Depreciation and amortization		19,337	29.2		8,550	14.8
Other rentals and landing fees		13,178	18.2		14,612	25.3
Other		27,249	21.7		20,031	19.0
Lease termination charges(1)		(70,014)	NM		70,014	NM
Total	\$	202,779	12.4%	\$	411,361	33.8%

NM

Not Meaningful

(1)

Amount reflects the impact of a non-recurring and non-cash pre-tax lease termination expense of \$70.0 million related to the purchase of fifteen Boeing 717-200 aircraft previously under lease agreements recorded during the second quarter of 2011.

Our operations have expanded by approximately 22.0% (measured in ASMs) in 2012, as compared to 2011. As a result of this expansion, we have experienced corresponding increases in our variable expenses such as aircraft fuel, wages and benefits, maintenance materials and repairs, aircraft and passenger servicing, commissions and other selling expenses, other rentals and landing fees and other expenses (which primarily consist of purchased services, personnel and communication expenses).

We expect operating expenses to increase with the continued expansion of our services and the increase in the number of aircraft in our fleet.

Aircraft Fuel

Aircraft fuel expense increased during each of the past three years due to a combination of an increase in fuel price and an increase in consumption as illustrated in the following table:

	Year Ended December 31,			% Change from Year Ended	
	2012	2011	2010	2011	2010
	(in thousands, except per-gallon amounts)				
Fuel gallons consumed	199,465	164,002	140,995	21.6%	16.3%
Fuel price per gallon, including taxes and delivery	\$ 3.17	\$ 3.13	\$ 2.29	1.3%	36.7%
Aircraft fuel expense	\$ 631,741	\$ 513,284	\$ 322,999	23.1%	58.9%

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The increase in fuel expense from 2011 to 2012 is primarily due to an increase in fuel consumption due to the additional aircraft in the fleet (four additional A330-200 and two additional B717-200 aircraft).

The increase in fuel expense from 2010 to 2011 is due to an increase in fuel price and an increase in consumption of fuel due to the additional aircraft in the fleet (four additional A330-200 aircraft and one additional B717-200 partially offset by two B767 returned at the end of their lease terms).

During 2012, 2011 and 2010, our fuel derivatives were not designated for hedge accounting under ASC 815 and were marked to fair value through nonoperating income (expense) in the Consolidated Statements of Operations. We recorded losses on fuel derivatives of \$11.3 million and \$6.9 million for the years ended December 31, 2012 and 2011, respectively, compared to gains of \$0.6 million recorded for the year ended December 31, 2010.

We believe *economic fuel expense* is the best measure of the effect of fuel prices on our business as it most closely approximates the net cash outflow associated with the purchase of fuel for our operations in a period and is consistent with how management manages our business and assesses our operating performance. We define *economic fuel expense* as raw fuel expense plus (gains)/losses realized through actual cash payments to/(receipts from) hedge counterparties for fuel derivatives settled in the period inclusive of costs related to hedging premiums. *Economic fuel expense* for the year-ended 2012, 2011 and 2010 is calculated as follows:

	Year Ended December 31,			% Change from	
	2012	2011	2010	2011	2010
	(in thousands, except per-gallon amounts)				
Aircraft fuel expense, including taxes and oil	\$ 631,741	\$ 513,284	\$ 322,999	23.1%	58.9%
Realized (gains) losses on settlement of fuel derivative contracts	7,372	430	3,199	1,614.4%	(86.6)%
Economic fuel expense	\$ 639,113	\$ 513,714	\$ 326,198	24.4%	57.5%
Gallons of jet fuel consumed	199,465	164,002	140,995	21.6%	16.3%
Economic fuel costs per gallon	\$ 3.20	\$ 3.13	\$ 2.31	2.2%	35.5%

Wages and Benefits

Wages and benefits expense increased by \$55.3 million, or 17.2%, in 2012, as compared to 2011, primarily due to an increase in the number of employees as we continue to expand our operations with additional aircraft and new routes as well as an increase in our pension and other post-retirement expenses due to a decrease in the discount rate used to determine net periodic benefit expense, a decrease in the long-term expected rate of return of assets and an increase in claims costs.

There were no significant changes to wages and benefits expense from 2010 to 2011.

We expect wages and benefits expense to increase in future periods as we continue to add additional employees for the expansion of our operations.

Aircraft Rent

Aircraft rent expense decreased by \$14.1 million, or 12.5%, in 2012, as compared to 2011, due to the full year impact of aircraft leases that ended in 2011, the purchase of our existing fleet of Boeing 717-200 aircraft in June 2011, of which the majority were previously under operating lease agreements, and the return of two Boeing 767-300 aircraft at the end of their lease terms in May and October 2011. The aircraft leases that ended in 2011 were partially offset by the addition of two aircraft under

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operating lease agreements (one B717-200 aircraft in December 2011 and one A330-200 aircraft in May 2012).

Aircraft rent expense increased by \$0.2 million, or 0.1%, in 2011, as compared to 2010, primarily due to the entire year-to-date recognition of aircraft rent expense for three leased Airbus A330-200 aircraft (leases commenced in April, May and November 2010) and lease return costs incurred with the return of the two leased Boeing 767-300 aircraft in May and October 2011. This increase was offset by the purchase of our fleet of Boeing 717-200 aircraft in June 2011, of which the majority were previously under operating lease agreements.

We expect rent expense to increase in future periods as we expand our fleet and the potential addition of aircraft under operating leases.

Maintenance Materials and Repairs

Maintenance materials and repairs expense increased by \$13.7 million, or 8.1%, in 2012, as compared to 2011, primarily due to increased power-by-the-hour (PBH) expenses for the A330-200 aircraft and B717-200 aircraft fleet additions during 2012, partially offset by decreased maintenance expense for our B767-300 due to the non-recurrence of 10-year airframe checks incurred in 2011 and decreased maintenance expense for our B717-200 aircraft due to the non-recurrence of several heavy maintenance checks incurred in 2011.

Maintenance materials and repairs expense increased by \$45.9 million, or 37.0%, in 2011, as compared to 2010, primarily due to increased PBH expenses for the Airbus A330-200 fleet additions during 2011, increases in our PBH rates for our Boeing 717-200 and Boeing 767-300 aircraft, increased maintenance expense on our Boeing 767-300 aircraft and engines and increased heavy maintenance expense on our Boeing 717-200 aircraft due to the continuation of 10-year airframe checks on this fleet.

We expect maintenance materials and repairs expense to increase in future periods as we continue to integrate additional aircraft into revenue service, and as a result of price escalation imposed in certain of our PBH contracts.

Aircraft and Passenger Servicing

Aircraft and passenger servicing expense increased by \$21.6 million, or 26.2%, in 2012, as compared to 2011, and \$20.1 million, or 32.3%, in 2011, as compared to 2010, primarily due to volume-related increases as well as increased service costs on our International routes.

We expect aircraft and passenger servicing expense to increase in future periods as we continue to expand our fleet and add additional routes.

Commissions and Other Selling Expenses

Commissions and other selling expense increased by \$18.1 million, or 18.8%, in 2012, as compared to 2011, and \$18.1 million, or 23.1%, in 2011, as compared to 2010, primarily due to increases in volume-related selling expenses, which include increased travel agency commissions and increases in the volume of tickets purchased through credit cards and global distribution systems.

We expect commissions and other selling expenses to increase in future periods as we continue to expand our fleet and add additional routes.

Depreciation and Amortization

Depreciation and amortization expense increased by \$19.3 million, or 29.2%, in 2012, as compared to 2011, primarily due to the increase in the number of owned aircraft and aircraft under capital leases from 2011.

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There were no significant changes to depreciation and amortization expense from 2010 to 2011.

Other Rentals and Landing Fees

Other rentals and landing fee expense increased by \$13.2 million, or 18.2%, in 2012, as compared to 2011, primarily due to increased rent expense and landing fees with the addition of new routes and increased frequencies on our existing routes since 2011 and increased rent expense at several of our existing locations.

Other rentals and landing fee expense increased by \$14.6 million, or 25.3%, in 2011 as compared to 2010, primarily due to increases in joint use and space rent at our Hawai'i airports and increases in rent expense and landing fees due to the addition of new routes in 2010 and 2011.

We expect expenses for other rentals and landing fees to increase in future periods as we continue to add additional routes and increase frequency on our existing routes.

Lease Termination

During 2011, we entered into a purchase agreement with the lessor for the purchase of fifteen Boeing 717-200 aircraft, each such aircraft including two Rolls-Royce BR700-715 engines, previously held through four capital and eleven operating lease agreements. The purchase price for the fifteen Boeing 717-200 aircraft was \$230 million, comprised of financing of \$192.8 million through secured loan agreements, cash payment of \$25.0 million, and non-cash application of maintenance and security deposits held by the previous lessor and current debt financier of \$12.2 million. We recognized the excess of the purchase price paid over the fair value of the aircraft under operating leases as a cost of terminating the leases under ASC 840 *Leases* and elected to apply the same accounting policy to the aircraft under capital leases. We recorded the fifteen Boeing 717-200 aircraft at its fair value of \$135 million on the December 31, 2011 Consolidated Balance Sheets and reflected lease termination charges of \$70.0 million on the December 31, 2011 Consolidated Statements of Operations.

The purchase of the fifteen Boeing 717-200 aircraft resulted in lower aircraft rent expense in 2012 and 2011, which was partially offset by increases in depreciation and amortization and interest expense.

Operating Costs per Available seat Mile (CASM)

We have listed separately in the table below our fuel costs per ASM and our non-GAAP unit costs, excluding fuel and the non-recurring lease termination charge in 2011. These amounts are included in CASM, but for internal purposes we consistently use unit cost metrics that exclude fuel and non-recurring items to measure and monitor our costs.

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CASM and CASM, excluding fuel and non-recurring lease termination cost, for the year ended December 31, 2012, 2011 and 2010 is summarized in the table below:

	Year Ended December 31,		
	2012	2011	2010
GAAP operating expenses	\$ 1,832,955	\$ 1,630,176	\$ 1,218,815
Less: lease termination costs related to Boeing 717 aircraft purchase		70,014	
Adjusted operating expenses excluding lease termination costs related to Boeing 717 aircraft purchase	\$ 1,832,955	\$ 1,560,162	\$ 1,218,815
Less: aircraft fuel, including taxes and oil	631,741	513,284	322,999
Adjusted operating expenses excluding lease termination costs related to Boeing 717 aircraft purchase and aircraft fuel	\$ 1,201,214	\$ 1,046,878	\$ 895,816
Available Seat Miles	14,687,472	12,039,933	10,150,659
CASM GAAP	12.48¢	13.54¢	12.01¢
Less: lease termination costs related to Boeing 717 aircraft purchase		0.58	
Less: aircraft fuel	4.30	4.26	3.18
CASM excluding aircraft fuel and lease termination costs related to Boeing 717 aircraft purchase	8.18¢	8.70¢	8.83¢

Nonoperating Expense

Nonoperating expense increased over the past three years to \$43.6 million, \$21.4 million and \$9.3 million, for the years ended December 31, 2012, 2011 and 2010, respectively. The year-over-year increases are primarily due to the increased interest expense and amortization of debt discounts and issuance costs due to the additional financings we entered into each year, which was partially offset by increased capitalized interest. The further increase in nonoperating expense in 2012 and 2011 is due to losses incurred on fuel derivatives.

Income Tax (Benefit) Expense

We recorded income tax expense of \$32.5 million and \$1.6 million during 2012 and 2011, respectively, and an income tax benefit of \$28.3 million during 2010. During 2012, we had an effective tax rate of 37.9% which did not significantly differ from the U.S. federal statutory rate of 35%. Our 2011 effective tax rate differed from the statutory rate due to the impact that forecasted permanent tax differences had on our full year 2011 financial projections. The income tax benefit recorded in 2010 was primarily driven by the release of our valuation allowance.

See Note 8 to our audited consolidated financial statements for the year ended December 31, 2012 for further discussion.

Liquidity and Capital Resources at December 31, 2012

Our liquidity is dependent on the cash we generate from operating activities and our debt financing arrangements. As of December 31, 2012, we had \$405.9 million in cash and cash equivalents, representing an increase of \$101.8 million from December 31, 2011. As of December 31, 2012 our restricted cash balance, which consisted of cash held as collateral by entities that process our credit card transactions for advance ticket sales, was \$5.0 million, a decrease of \$25.9 million from

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December 31, 2011, due to a decrease in the cash holdback on our primary credit card processing agreement.

We have been able to generate sufficient funds from our operations to meet our working capital requirements and typically finance our aircraft through secured debt and lease financings. At December 31, 2012, Hawaiian had approximately \$661.2 million of debt and capital lease obligations, including approximately \$108.2 million that will become due in the next 12 months. Hawaiian has a secured revolving credit facility (the Revolving Credit Facility) in an amount of up to \$75.0 million, and as of December 31, 2012, we had no outstanding borrowings under the Revolving Credit Facility and \$68.9 million available (net of various outstanding letters of credit).

Cash Flows

Net cash provided by operating activities increased to \$311.0 million, \$178.8 million and \$150.3 million in 2012, 2011 and 2010, respectively. The increase from 2011 to 2012 in cash provided was primarily due to an increase in our air traffic liability balance for increased future bookings related to advance ticket sales, increases in accounts payable and increases in other accrued liabilities and partially offset by an increase in accounts receivable and long-term prepayments. The increase from 2010 to 2011 is primarily due to increases in our air traffic liability balance for increased future bookings related to advance ticket sales and a decrease in contributions to our pension and disability plans that was partially offset by increases in accounts receivable.

Net cash used in investing activities increased in the past three years to \$290.7 million, \$281.9 million and \$108.7 million for 2012, 2011 and 2010, respectively. The increase from 2011 to 2012 is primarily due to an increase in purchases of property and equipment partially offset by decreases in pre-delivery deposits for upcoming aircraft and engine deliveries. The increase from 2010 to 2011 is primarily due to an increase in purchases of property and equipment which was partially offset by the net sale of investments in 2010 of \$31.8 million, including \$26.7 million for the sale of our auction rate securities.

Net cash provided by (used in) financing activities was \$81.4 million, \$122.2 million and (\$57.3) million for 2012, 2011 and 2010, respectively. The decrease in the net cash provided by financing activities from 2011 to 2012 is primarily due to decreases in cash repayments for debt and capital lease obligations and decreases in the proceeds received from debt issuances. The change from 2010 to 2011 was due to an increase in proceeds received from debt issuances including Aircraft Facility Agreements and the Convertible Notes, decreases in cash repayments for debt and capital lease obligations and the \$10.0 million repurchase of treasury stock in 2010.

Capital Commitments

As of December 31, 2012, the Company had capital commitments for aircraft and aircraft related equipment which included firm aircraft orders for thirteen Airbus A330-200 aircraft for delivery between 2013 and 2015, six Airbus A350XWB-800 aircraft for delivery beginning in 2017 and four Rolls Royce spare engines scheduled for delivery through 2020. In addition, Hawaiian has purchase rights for an additional three A330-200 aircraft and six A350XWB-800 aircraft. Committed expenditures for these aircraft, engines and related flight equipment is approximately \$452 million in 2013, \$431 million in 2014, \$243 million in 2015, \$80 million in 2016, \$265 million in 2017 and \$457 million thereafter.

For 2013, we expect our other non-aircraft related capital expenditures, which include software, improvements, ramp and maintenance equipment to total approximately \$20 million to \$25 million.

In order to complete the purchase of these aircraft and fund related costs, we must secure acceptable financing. We are currently exploring various financing alternatives and, while we believe that such financing will be available to us, there can be no assurance that financing will be available

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when required, or on acceptable terms, or at all. The inability to secure such financing could have a material adverse effect on us. We have secured financing commitments of \$312 million for a portion of the purchase price of four upcoming A330-200 aircraft deliveries, with delivery dates in the first half of 2013. See Note 11 to our audited consolidated financial statements for the year ended December 31, 2012 for further detail regarding our aircraft facility and lease commitments.

Stock Repurchase Program

On July 1, 2010, the Executive Committee of our Board of Directors approved a stock repurchase program (Program) under which we could purchase up to \$10 million of our outstanding common stock. Stock purchases under the Program could be made through the open market, established plans or through privately negotiated transactions, as market conditions permitted. The stock repurchase program was substantially completed in September 2010; we repurchased an aggregate of 1,868,563 shares at an aggregate cost of \$10.0 million. The shares were subsequently retired in 2011.

Covenants under our Financing Arrangements

The terms of certain of our financing agreements restrict our ability to, among other things, incur additional indebtedness, grant liens, merge or consolidate, dispose of assets, prepay indebtedness, make investments, make acquisitions, enter into certain transactions with affiliates, pay dividends or make distributions to our parent company and repurchase stock. These agreements also require us to meet certain financial covenants. These financial tests include maintaining a minimum amount of unrestricted cash and achieving certain levels of fixed charge coverage. As of December 31, 2012, we were in compliance with these covenants. If we are not able to comply with these covenants in the future, our outstanding obligations under these facilities could be accelerated and become due and payable immediately.

Under our bank-issued credit card processing agreements, certain proceeds from advance ticket sales are held back to serve as collateral to cover any possible chargebacks or other disputed charges that may occur. These holdbacks, which are included in restricted cash in our Consolidated Balance Sheets, totaled \$5.0 million at December 31, 2012 and \$30.9 million at December 31, 2011. As of December 31, 2011, the holdback was 25% of the applicable credit card air traffic liability.

In 2012, we entered into an amendment with our largest credit card processor that eliminates the financial triggers for additional holdbacks. In the event of a material adverse change in the business, the holdback could increase to an amount up to 100% of the applicable credit card air traffic liability, which could also cause an increase in the level of restricted cash. There were no amounts subject to this holdback at December 31, 2012. If we are unable to obtain a waiver of, or otherwise mitigate the increase in the amount of restricted cash, it could also cause a covenant violation under our other debt or lease obligations and have a material adverse impact on us.

Pension and Other-Postretirement Benefit Plan Funding

As of December 31, 2012, the excess of the projected benefit obligations over the fair value of plan assets was approximately \$355.3 million. We contributed \$19.4 million, \$12.9 million and \$37.9 million, to our defined benefit pension plans and disability plan during 2012, 2011 and 2010, respectively, satisfying our minimum required 2012 plan year contributions. Future funding requirements for our defined benefit and other postretirement plans are dependent upon many factors such as interest rates, funded status, applicable regulatory requirements and the level and timing of asset returns. In 2013, our minimum required contribution to our defined benefit pension plans and disability plan is \$14.7 million.

Table of Contents***Income tax net operating loss carryforwards***

We have net operating loss (NOLs) carryforwards for federal and state income tax purposes of \$232.0 million. These NOL carryforwards are primarily from accelerated depreciation on owned aircraft, resulting in a tax benefit of \$75.2 million at December 31, 2012, substantially all of which will not begin to expire until 2031. As we expect to report operating profits in future years, we cannot be assured our NOLs will be sufficient to offset net income and we will likely be required to pay income taxes. We believe we will have sufficient working capital to pay taxes as they become due, although we cannot be assured actual taxes incurred in these years will not exceed our expectations.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has (i) made guarantees, (ii) retained a contingent interest in transferred assets, (iii) an obligation under derivative instruments classified as equity or (iv) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the company, or that engages in leasing, hedging or research and development arrangements with the company. We have no arrangements of the types described in the first three categories that we believe may have a current or future material effect on our financial condition, liquidity or results of operations. We do have obligations arising out of variable interests in unconsolidated entities related to certain aircraft leases. To the extent our leases and related guarantees are with a separate legal entity other than a governmental entity, we are not the primary beneficiary because the lease terms are consistent with market terms at the inception of the lease, and the lease does not include a residual value guarantee, fixed price purchase option or similar feature.

Contractual Obligations at December 31, 2012

Our estimated contractual obligations at December 31, 2012 are summarized in the following table:

Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
			(in thousands)		
Debt and capital lease obligations(1)	\$ 870,962	\$ 147,292	\$ 158,959	\$ 232,329	\$ 332,382
Operating leases aircraft and related equipment(2)	563,972	84,983	159,496	124,948	194,545
Operating leases non-aircraft	48,324	4,784	10,443	9,793	23,304
Purchase commitments Capital(3)	1,928,948	452,047	674,037	345,814	457,050
Purchase commitments Operating(4)	397,083	39,312	61,447	63,894	232,430
Projected employee benefit contributions(5)	43,169	14,756	28,413		
Total contractual obligations	\$ 3,852,458	\$ 743,174	\$ 1,092,795	\$ 776,778	\$ 1,239,711

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- (1) Amounts represent contractual amounts due, including interest. Interest on variable-rate debt was estimated using rates in effect as of December 31, 2012. Amounts reflect capital lease obligations for one Airbus A330-200 aircraft and two Boeing 717-200 aircraft.
- (2) Amounts reflect operating leases for four Airbus A330-200 aircraft, nine Boeing 767-300 aircraft, one Boeing 717-200 aircraft and aircraft-related equipment as of December 31, 2012.
- (3) Amounts include our firm commitments for aircraft and aircraft-related equipment including aircraft orders consisting of thirteen wide-body Airbus A330-200 aircraft, six Airbus A350XWB-800 aircraft and four Rolls Royce spare engines. We have received committed financing for four of

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these upcoming A330-200 deliveries in 2013 of \$312 million. The amounts in the table above exclude our memorandum of understanding for the purchase of 16 Airbus A321neo aircraft.

- (4) Amounts include commitments for services provided by third-parties for aircraft maintenance for our Airbus fleet, accounting, IT and reservations. Total contractual obligations do not include long-term contracts where the commitment is variable in nature (with no minimum guarantee), such as aircraft maintenance deposits due under operating leases and fees due under other agreements such as aircraft maintenance power-by-the-hour, computer reservation systems and credit card processing agreements, or when the agreements contain short-term cancellation provisions.
- (5) Amounts include our estimated contributions to our pension plans (based on actuarially determined estimates) and our pilots' disability plan. Amounts are subject to change based on numerous factors, including interest rate levels, the amount and timing of asset returns and the impact of future legislation. We are currently unable to estimate the projected contributions beyond 2015.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon financial statements that have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amount of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies and estimates are defined as those accounting policies and accounting estimates that are reflective of significant judgments and uncertainties, and that potentially result in materially different results under different assumptions and conditions. For a detailed discussion of the application of these and other accounting policies, see Note 2 to our audited consolidated financial statements for the year ended December 31, 2012.

Frequent Flyer Accounting

HawaiianMiles, Hawaiian's frequent flyer travel award program, provides a variety of awards to program members based on accumulated mileage. We utilize the incremental cost method of accounting for free travel awards earned in connection with the purchase of passenger tickets which utilizes a number of estimates including the incremental cost per mile and breakage. We record a liability for the estimated incremental cost of providing travel awards that are expected to be redeemed on Hawaiian or the contractual rate of expected redemption on partner airlines. We estimate the incremental cost of travel awards based on periodic studies of actual costs and apply these cost estimates to all issued miles, less an appropriate breakage factor for estimated miles that will not be redeemed. Incremental cost includes the costs of fuel, meals and beverages, insurance and certain other passenger traffic-related costs, but does not include any costs for aircraft ownership and maintenance. The breakage factor is estimated based on an analysis of historical expirations.

We also sell mileage credits to companies participating in our frequent flyer program. These sales are accounted for as multiple-element arrangements, with one element representing the travel that will ultimately be provided when the mileage credits are redeemed and the other consisting of marketing-related activities that we conduct with the participating company. The estimated fair value of the transportation portion of these mileage credits is deferred and recognized as passenger revenue over the period when transportation is expected to be provided (currently estimated at 22 months). Amounts received in excess of the expected transportation's fair value are recognized immediately as other revenue at the time of sale as compensation for marketing services performed. The estimated fair value

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of the air transportation component is based on several factors, including the equivalent ticket value of similar Company fares and customer habits in redeeming free travel awards.

Under the programs of certain participating companies, credits are accumulated in accounts maintained by the participating company, then transferred into a member's *HawaiianMiles* account for immediate redemption of free travel awards. For those transactions, revenue is amortized over the period during which the mileage is projected to be used (currently estimated at five months).

On a periodic basis, we review and update the assumptions used in our frequent flyer accounting. On an annual basis, we update the deferral period and deferral rate for mileage credits sold to participating companies. We also update the incremental cost assumption quarterly and the breakage rate assumption annually for free travel awards earned in connection with the purchase of passenger tickets.

In the fourth quarter of 2012, we recorded a net frequent flyer pre-tax adjustment of \$7.3 million to correct an error in the accounting for our sale of mileage credits to companies participating in our frequent flyer program that are deferred and recognized as passenger revenue. The correction resulted in a change in the deferral period from 19 to 22 months. The error primarily relates to prior periods and the impact of the error was not material to any prior period or the 2012 fiscal year.

Pension and Other Postretirement and Postemployment Benefits

We account for our defined benefit pension and other postretirement and postemployment plans in accordance with ASC 715, *Compensation Retirement Benefits* (ASC 715). ASC 715 requires companies to measure their plans' assets and obligations to determine the funded status at fiscal year-end, reflect the funded status in the statement of financial position as an asset or liability, and recognize changes in the funded status of the plans in comprehensive income during the year in which the changes occur. ASC 715 does not change the amount of net periodic benefit expense recognized in our results of operations. Pension and other postretirement and postemployment benefit expenses are recognized on an accrual basis over each employee's service periods. Pension expense is generally independent of funding decisions or requirements.

We have elected temporary Airline Relief with regard to applying the funding rules for our qualified pension plans. This relief allows cash contribution requirements to be developed using rules that currently produce lower and more stable contribution requirements than available without this relief; however, this may not be the case throughout the relief period. This relief expires in 2023 for the Salaried and IAM Pension Plans and 2018 for the Pilots Pension Plan.

The calculation of pension and other postretirement and postemployment benefit expenses and its corresponding liabilities require the use of significant assumptions, including the expected long-term rate of return on plan assets, the assumed discount rate and the expected health care cost trend rate. Changes in these assumptions will impact the expense and liability amounts, and future actual

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experience may differ from these assumptions. The assumptions as of December 31, 2012 are as follows:

	2012	2011	2010
Pension:			
Discount rate to determine projected benefit obligation	4.10%	4.94%	5.71%
Expected return on plan assets	7.30%+	7.90%	7.90%
Pilot retirement age	63.5	63.5	63.5
Postretirement:			
Discount rate to determine projected benefit obligation	4.24%	5.14%	5.81%
Expected return on plan assets	N/A	N/A	N/A
Expected health care cost trend rate:			
Initial	8.00%++	9.00%	9.00%
Ultimate	4.75%	4.75%	4.75%
Years to reach ultimate trend rate	7	7	8
Disability:			
Discount rate to determine projected benefit obligation	4.06%	4.91%	5.59%
Expected return on plan assets	6.90%+	7.50%	7.50%

N/A

Not Applicable

+

Expected return on plan assets used to determine the net periodic benefit expense for 2013 changed to 6.55% for the pension plans and 6.15% for the disability plan.

++

Represents the expected health care cost trend rate to determine the projected benefit obligation. The health care cost trend rate used to determine the projected benefit expense was assumed to be 9.0% and to decrease gradually to 4.75% in 2019.

The expected long-term rate of return assumption is developed by evaluating input from the trustee managing the plans' assets, including the trustee's review of asset class return expectations by several consultants and economists, as well as long-term inflation assumptions. Our expected long-term rate of return on plan assets is based on a target allocation of assets, which is based on our goal of earning the highest rate of return while maintaining risk at acceptable levels. The plan strives to sufficiently diversify assets so that adverse or unexpected results from one security class will not have an unduly detrimental impact on the entire portfolio. Our expected long-term rate of return (by category) at December 31, 2012 is as follows:

	Expected Long-Term Rate of Return
Equity securities Domestic	7.53%
Equity securities Foreign	7.50%
Fixed income securities	2.50%

We believe that our long-term asset allocation on average will approximate the targeted allocation. We periodically review our actual asset allocation and will rebalance the pension plan's investments to our targeted allocation when considered appropriate. Pension expense increases as the expected rate of return on plan assets decreases. Lowering the expected long-term rate of return on our pension plan assets by one percent (from 6.55% to 5.55%) and on our disability benefit plan assets by one percent

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(from 6.15% to 5.15%) would increase our estimated 2013 pension and disability benefit expense by approximately \$2.3 million and \$0.1 million, respectively.

We determine the appropriate discount rate for each of our plans based on current rates on high quality corporate bonds that would generate the cash flow necessary to pay plan benefits when due. The pension and other postretirement benefit liabilities and future expense both increase as the discount rate is reduced. Lowering the discount rate by one percent would increase our pension and other postretirement benefit liabilities at December 31, 2012 by approximately \$57.0 million and \$35.2 million, respectively, and would increase our estimated 2013 pension and other postretirement benefit expense by approximately \$2.2 million and \$4.7 million, respectively.

The health care cost trend rate is based upon an evaluation of the Company's historical trends and experience taking into account current and expected market conditions. A one percent increase in the assumed health care cost trend rate would increase the other postretirement benefit obligation as of December 31, 2012 by approximately \$30.7 million and our estimated 2013 other postretirement benefit expense by approximately \$6.2 million. A one percent decrease in the assumed health care cost trend rate would decrease the other postretirement benefit obligation as of December 31, 2012 by approximately \$24.4 million and our estimated 2013 other postretirement benefit expense by approximately \$4.8 million.

Future changes in plan asset returns, plan provisions, assumed discount rates, pilot estimated retirement age, pension funding legislation and various other factors related to the participants in our pension plans will impact our future retirement benefit expense and liabilities. We cannot predict with certainty what these factors will be in the future.

Aircraft Maintenance and Repair Costs

Maintenance and repair costs for owned and leased flight equipment, including the overhaul of aircraft components, are charged to operating expenses as incurred. Engine overhaul costs covered by power-by-the-hour arrangements are paid and expensed as incurred and are based on the amount of hours flown per contract. Under the terms of our power-by-the-hour agreements, we pay a set dollar amount per engine hour flown on a monthly basis and the third-party vendor assumes the obligation to repair the engines at no additional cost to us, subject to certain specified exclusions.

Additionally, although our aircraft lease agreements specifically provide that we, as lessee, are responsible for maintenance of the leased aircraft, we do, under our existing aircraft lease agreements, pay maintenance reserves to aircraft lessors that are applied towards the cost of future maintenance events. These reserves are calculated based on a performance measure, such as flight hours, and are available for reimbursement to us upon the completion of the maintenance of the leased aircraft. If there are sufficient funds on deposit to reimburse us for the invoices initially paid by us and then submitted to the lessor, they are reimbursed to us. However, reimbursements are limited to the available deposits associated with the specific maintenance activity for which we are requesting reimbursement. Under certain of our existing aircraft lease agreements, if there are excess amounts on deposit at the expiration of the lease, the lessor is entitled to retain any excess amounts; whereas at the expiration of certain other of our existing aircraft lease agreements any such excess amounts are returned to us, provided that we have fulfilled all of our obligations under the lease agreements. The maintenance reserves paid under our lease agreements do not transfer either the obligation to maintain the aircraft or the cost risk associated with the maintenance activities to the aircraft lessor. In addition, we maintain the right to select any third-party maintenance provider. Therefore, we record these amounts as a deposit on our balance sheet and then recognize maintenance expense when the underlying maintenance is performed, in accordance with our maintenance accounting policy.

In accordance with ASC 840-10, on a quarterly basis we complete a forecast of maintenance costs for the next scheduled event on applicable leased aircraft and compare these estimates to our

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forecasted nonrefundable deposits to identify costs not expected to be recoverable. Any costs not expected to be recoverable are considered to be not "substantially and contractually related to maintenance of the leased asset." Therefore, we bifurcate and expense the proportionate share that is estimated to not be recoverable from existing and future nonrefundable deposits. In determining whether it is probable that maintenance deposits will be used to fund the cost of the maintenance events, we conduct the following analysis:

We evaluate the aircraft's condition, including the airframe, the engines, the auxiliary power unit and the landing gear.

We then project future usage of the aircraft during the term of the lease based on our business and fleet plan.

We estimate the cost of performing the next scheduled maintenance event. These estimates are based on the experience of our maintenance personnel and available industry data, including historical fleet operating statistic reports published by the aircraft and engine manufacturers.

We compare the forecasted maintenance deposits to be paid at the time of the next scheduled maintenance event to the estimated cost of the next scheduled maintenance event. Those costs not expected to be recoverable are considered to be not "substantially and contractually related to maintenance of the leased asset."

We prospectively account for any changes in estimates.

Our assessment of the recoverability of our maintenance deposits is subject to change in the event that key estimates and assumptions change over time. Those key estimates and assumptions include our fleet plan and the projected total cost and, to a lesser extent, anticipated timing of the major maintenance activities covered by the maintenance reserves.

Based on current market conditions, we believe that further significant changes in our fleet plan are unlikely. Furthermore, based on historical trends and future projections, including those published by the manufacturers of our aircraft and engines, we believe it is unlikely that future maintenance costs for our aircraft will decline to such an extent that the maintenance deposits currently recorded on our Consolidated Balance Sheets would not be used to fund the cost of future maintenance events and, therefore, not be recoverable.

Tax Valuation Allowance

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of Hawaiian's deferred tax assets will not be realized. The ultimate realization of Hawaiian's deferred tax assets is dependent upon our ability to generate future taxable income during the periods in which those temporary differences become deductible. We continue to believe our projections of future taxable income are sufficient to support recognition of our deferred tax assets. As of December 31, 2012, we do not have a tax valuation allowance. For additional information on income taxes, see Note 8 to our audited consolidated financial statements for the year ended December 31, 2012.

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BUSINESS

Overview

Hawaiian Holdings, Inc. (the "Company," "Holdings," "we," "us" and "our") is a holding company incorporated in the State of Delaware. The Company's primary asset is the sole ownership of all issued and outstanding shares of common stock of Hawaiian Airlines. Hawaiian was originally incorporated in January 1929 under the laws of the Territory of Hawai'i and became our indirect wholly-owned subsidiary pursuant to a corporate restructuring that was consummated in August 2002. Hawaiian became a Delaware corporation and the Company's direct wholly-owned subsidiary concurrent with its reorganization and reacquisition by the Company in June 2005.

Hawaiian is engaged in the scheduled air transportation of passengers and cargo amongst the Hawaiian Islands (the Neighbor Island routes), between the Hawaiian Islands and certain cities in the United States (the North America routes), and between the Hawaiian Islands and the South Pacific, Australia and Asia (the International routes), collectively referred to as our Scheduled Operations. In addition, Hawaiian also operates various charter flights. Hawaiian is the largest airline headquartered in Hawai'i and the eleventh largest domestic airline in the United States based on revenue passenger miles reported by the Research and Innovative Technology Administration Bureau of Transportation Services as of January 31, 2013, latest data available. At May 1, 2013, Hawaiian's fleet consisted of 18 Boeing 717-200 aircraft for its Neighbor Island routes and 15 Boeing 767-300 aircraft and 12 Airbus A330-200 aircraft for its North America, International and charter routes. The Company also purchased two ATR42 turboprop aircraft that it expects to begin service in 2013.

Flight Operations

Our flight operations are based in Honolulu, Hawai'i. At March 31, 2013, we operated approximately 215 scheduled flights per day with:

Daily service on our North America routes between the State of Hawai'i and Los Angeles, Oakland, Sacramento, San Diego, San Francisco and San Jose, California; Las Vegas, Nevada; Phoenix, Arizona; Portland, Oregon; Seattle, Washington; and New York City, New York.

Daily service on our Neighbor Island routes among the four major islands of the State of Hawai'i.

Daily service on our International routes between the State of Hawai'i and Seoul, South Korea; Sydney, Australia; and Tokyo, Osaka, and Fukuoka, Japan and scheduled service between the State of Hawai'i and Pago Pago, American Samoa; Papeete, Tahiti; Manila, Philippines; Brisbane, Australia; Sapporo, Japan; and Auckland, New Zealand.

Other ad hoc charters.

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As of May 1, 2013, our fleet consisted of 47 aircraft. The table below summarizes our total fleet as of December 31, 2012, May 1, 2013 and expected as of December 31, 2013, December 31, 2014 and December 31, 2015 (based on existing agreements):

	December 31, 2012	May 1, 2013	December 31, 2013	December 31, 2014	December 31, 2015	Number of Seats per Aircraft	Markets Served
Aircraft Type	Total	Total	Total	Total	Total		
A330-200	9	12	14	19	22	294	N. America, Int'l
767-300(1)	16	15	12	10	7	252 - 264	N. America, Int'l
717-200(2)	18	18	18	18	18	118 - 123	Neighbor Island
ATR42(3)	2	2	3	3	3	48	Neighbor Island
Total	45	47	47	50	50		

- (1) The decrease in the number of 767-300 aircraft from 2012 to 2015 is due to the return of leased aircraft at the end of their lease terms and the planned retirement of aircraft at the end of their estimated useful lives.
- (2) The ATR42 turboprop aircraft are owned by a separate subsidiary of Hawaiian Holdings and are expected to begin operations later this year on Neighbor Island routes previously unserved by us.
- (3) Hawaiian has entered into a letter of intent to acquire a third ATR42 turboprop in the third quarter of 2013.

Fuel

Our operations and financial results are significantly affected by the availability and price of jet fuel. The following table sets forth statistics about Hawaiian's aircraft fuel consumption and cost, including the impact of Hawaiian's fuel hedging program under Accounting Standard Codification (ASC) 815, Accounting for Derivative Instruments and Hedging Activities (ASC 815).

Year	Gallons consumed (in thousands)	Total cost, including taxes	Average cost per gallon	Percent of operating expenses
2012	199,465	\$ 631,741	\$ 3.17	34.5%
2011	164,002	\$ 513,284	\$ 3.13	31.5%
2010	140,995	\$ 322,999	\$ 2.29	26.5%

As illustrated by the table above, fuel costs constitute a significant portion of our operating expenses. Approximately 58% of our fuel is based on Singapore jet fuel prices, 35% is based on U.S. West Coast jet fuel prices and 7% on other jet fuel prices. We purchase aircraft fuel at prevailing market prices, but seek to manage market risk through the execution of a hedging strategy. To manage economic risks associated with fluctuations in aircraft fuel prices, we periodically enter into derivative financial instruments such as heating oil and West Texas Intermediate (WTI) and Brent crude oil call options, put options and collars. During 2012, our fuel derivatives were not designated for hedge accounting under ASC 815 and were marked to fair value through earnings. As such, \$11.3 million in net losses from our fuel hedging activities during 2012 were not recorded as an increase to aircraft fuel expense in operating activities, but rather as a nonoperating expense.

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Aircraft Maintenance

Our aircraft maintenance programs consist of a series of phased or continuous checks for each aircraft type. These checks are performed at specified intervals measured by calendar months, time flown or by the number of takeoffs and landings, or cycles operated. In addition, we perform inspections, repairs and modifications of our aircraft in response to FAA directives. Checks range from "walk around" inspections before each flight's departure, to major overhauls of the airframes which can take several weeks to complete. Aircraft engines are subject to phased maintenance programs designed to detect and remedy potential problems before they occur. The service lives of certain airframe and engine parts and components are time or cycle controlled, and such parts and components are replaced or refurbished prior to the expiration of their time or cycle limits. We have contracts with third-parties to provide certain maintenance on our aircraft and aircraft engines.

Marketing and Ticket Distribution

We utilize various distribution channels including our website, www.hawaiianairlines.com, primarily for our North America and Neighbor Island routes, and travel agencies and wholesale distributors primarily for our International routes.

Since 2003, we have substantially increased the use of our website, www.hawaiianairlines.com, as a distribution channel for our North America and Neighbor Island routes, and the majority of our ticket sales for these routes are made through this channel. With the acceleration of our international route expansion beginning in 2010, our mix of distribution channels has changed as the majority of our International sales are through travel agencies and wholesale distributors.

Our website, now available in Japanese, Korean and Chinese, offers our customers information on our flight schedules, our *HawaiianMiles* frequent flyer program, the ability to book reservations on our flights or connecting flights with any of our code-share partners, the status of our flights as well as the ability to purchase tickets or travel packages. We also publish fares with web-based travel services such as Orbitz, Travelocity, Expedia, Hotwire and Priceline. These comprehensive travel planning websites provide customers with convenient online access to airline, hotel, car rental and other travel services.

Frequent Flyer Program

The *HawaiianMiles* frequent flyer program was initiated in 1983 to encourage and develop customer loyalty. *HawaiianMiles* allows passengers to earn mileage credits by flying with us and our partner carriers. In addition, members earn mileage credits for patronage with our other program partners, including credit card issuers, hotels, car rental firms and general merchants, pursuant to our exchange partnership agreements. We also sell mileage credits to other companies participating in the program.

HawaiianMiles members have a choice of various awards based on accumulated mileage credits, with most of the awards being for free air travel on Hawaiian. Travel awards range from a 7,500 mile award, which is redeemable for a SuperSaver one-way neighbor island flight, to a 210,000 mile award, which is redeemable for an anytime one-way first class flight between the mainland U.S. and Sydney and Brisbane, Australia; Manila, Philippines; Tokyo, Osaka, Fukuoka and Sapporo, Japan; and Seoul, South Korea.

HawaiianMiles accounts with no activity (frequent flyer miles earned or redeemed) for eighteen months automatically expire. The number of free travel awards used for travel on Hawaiian was approximately 490,000 and 492,000 in 2012 and 2011, respectively. The amount of free travel awards as a percentage of total revenue passengers equaled approximately 5.2% and 5.7% in 2012 and 2011, respectively. We believe displacement of revenue passengers is minimal due to our ability to manage

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frequent flyer seat inventory, and the relatively low ratio of free award usage to total revenue passengers.

Code-Sharing and Other Alliances

We have marketing alliances with other airlines that provide reciprocal frequent flyer mileage accrual and redemption privileges and code-sharing on certain flights (one carrier placing its name and flight numbers, or code, on flights operated by the other carrier). These programs enhance our revenue opportunities by:

increasing value to our customers by offering easier access to more travel destinations and better mileage accrual/redemption opportunities;

gaining access to more connecting traffic from other airlines; and

providing members of our alliance partners' frequent flyer programs an opportunity to travel on our system while earning mileage credit in the alliance partners' programs.

Our marketing alliances with other airlines as of March 31, 2013 were as follows:

	Hawaiian Miles Frequent Flyer Agreement	Other Airline Frequent Flyer Agreement	Code-share Hawaiian Flight # on Flights Operated by Other Airline	Code-share Other Airline Flight # on Flights Operated by Hawaiian
All Nippon Airways ("ANA")	Yes	Yes	Yes	Yes
American Airlines ("American")	No	Yes	No	Yes
American Eagle	Yes	No	Yes	No
Delta Air Lines ("Delta")	No	Yes	No	Yes
JetBlue	Yes	Yes	Yes	No
Korean Air	Yes	Yes	Yes	Yes
United Airlines ("United")	No	Yes	No	Yes
US Airways	No	Yes	No	Yes
Virgin America	No	No	Yes	No
Virgin Atlantic Airways	Yes	Yes	No	No
Virgin Australia	Yes	Yes	No	Yes

Although these programs and services increase our ability to be more competitive, they also increase our reliance on third parties.

Competition

The airline industry is extremely competitive. We believe that the principal competitive factors in the airline industry are:

Price;

Flight frequency and schedule;

On-time performance and reliability;

Name recognition;

Marketing affiliations;

Frequent flyer benefits;

Customer service;

Aircraft type; and

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In-flight services.

North America We face multiple competitors on our North America routes including major network carriers such as Alaska Airlines, American, United, Delta and US Airways. In June 2012, Allegiant Airlines, a low cost carrier, initiated service from the U.S. mainland, including various cities in California, Nevada, Oregon, and Washington, to Honolulu and Maui. Various charter companies also provide unscheduled service to Hawai'i mostly under public charter arrangements.

Neighbor Island Our Neighbor Island competitors consist of regional carriers, which include Island Air, Go! Airlines, Mokulele Airlines, Pacific Wings and a number of other "air taxi" companies.

International Currently, we are the only provider of non-stop service between Honolulu and each of Brisbane, Australia, Sapporo, Japan, Pago Pago, American Samoa and Papeete, Tahiti. However, we face multiple competitors from both domestic and foreign carriers on our other non-stop International routes as summarized below:

Daily flights between Honolulu and Sydney, Australia competing directly with Jetstar and Qantas Airways.

Scheduled flights between Honolulu and Manila, Philippines competing directly with Philippine Airlines.

Daily flights between Honolulu and Tokyo's Haneda International Airport competing directly with Japan Airlines, All Nippon Airways and indirectly competing with Delta, United, and China Airlines which provide service to Honolulu from Tokyo's Narita International Airport.

Daily flights between Honolulu and Osaka, Japan competing directly with Japan Airlines and Delta.

Daily flights between Honolulu and Fukuoka, Japan competing directly with Delta.

Daily flights between Honolulu and Seoul, South Korea competing directly with Korean Air and Asiana Airlines.

Scheduled flights between Honolulu and Auckland, New Zealand competing directly with Air New Zealand.

Employees

Hawaiian had 4,962 active employees as of March 31, 2013, 4,906 active employees as of December 31, 2012 and 4,314 active employees as of December 31, 2011. Wages and benefits expense represented approximately 20.4% of our total operating expenses at March 31, 2013 and 20.5% and 19.7% of our total operating expenses in 2012 and 2011, respectively. As of March 31, 2013,

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approximately 86.9% of our employees were covered by labor agreements with the following organized labor groups:

Employee Group	Represented by	Number of Employees	Agreement amendable on(*)
Flight deck crew members	Air Line Pilots Association (ALPA)	605	September 15, 2015
Cabin crew members	Association of Flight Attendants (AFA)	1,523	January 1, 2017
Maintenance and engineering personnel	International Association of Machinists and Aerospace Workers (IAM)	687	April 20, 2014
Customer service representatives	IAM	1,462	January 1, 2014
Flight dispatch personnel	Transport Workers Union (TWU)	33	November 1, 2013

(*)

Our relations with our labor organizations are governed by Title II of the Railway Labor Act of 1926, pursuant to which the collective bargaining agreements between us and these organizations do not expire but instead become amendable as of a certain date if either party wishes to modify the terms of the agreement.

Seasonality

Our operations and financial results are subject to substantial seasonal and cyclical volatility, primarily due to leisure and holiday travel patterns. Hawai'i is a popular vacation destination for travelers. Demand levels are typically weaker in the first quarter of the year with stronger demand periods occurring during June, July, August and December. We may adjust our pricing or the availability of particular fares to obtain an optimal passenger load factor depending on seasonal demand differences.

Customers

Our business is not dependent upon any single customer, or a few customers, the loss of any one would not have a material adverse effect on our business.

Regulation

Our business is subject to extensive and evolving federal, state and local laws and regulations. Many governmental agencies regularly examine our operations to monitor compliance with applicable laws and regulations. Governmental authorities can enforce compliance with applicable laws and regulations and obtain injunctions or impose civil or criminal penalties or modify, suspend or revoke our operating certificates in case of violations.

We cannot guarantee that we will be able to obtain or maintain necessary governmental approvals. Once obtained, operating permits are subject to modification and revocation by the issuing agencies. Compliance with these and any future regulatory requirements could require us to make significant capital and operating expenditures. However, most of these expenditures are made in the normal course of business and do not place us at any competitive disadvantage. The primary U.S. federal statutes affecting our business are discussed below.

Industry Regulations

We are subject to the regulatory jurisdiction of the DOT and the FAA. We operate under a Certificate of Public Convenience and Necessity issued by the DOT (authorizing us to provide

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commercial aircraft service) as well as a Part 121 Scheduled Carrier Operating Certificate issued by the FAA. Both certificates may be altered, amended, modified, suspended or revoked by the DOT/FAA for our failure to comply with the terms and conditions of a certificate. Such action may only be taken after notice and an opportunity for comment is provided, except in emergency situations where such actions may be immediately effective. The DOT has jurisdiction over international routes and international fares for some countries (based upon treaty relations with those countries), consumer protection policies including baggage liability and denied-boarding compensation, and unfair competitive practices as set forth in the Airline Deregulation Act of 1978. The FAA has regulatory jurisdiction over flight operations generally, including equipment, ground facilities, security systems, maintenance and other safety matters. Pursuant to these regulations, we have established, and the FAA has approved, a maintenance program for each type of aircraft we operate that provides for the ongoing maintenance of our aircraft, ranging from frequent routine inspections to major overhauls. In January 2012, new regulations concerning airline passenger protections went into effect. These new regulations included the requirement that airlines and ticket agents include all mandatory taxes and fees in advertised airfares and that all baggage fees are disclosed to consumers when booking online. Additionally, new requirements on placing a reservation on hold without payment and canceling a booking without penalty within 24 hours if the reservation was made at least a week in advance of departure, as well as notification of passengers of flight delays, cancellations, and diversions went into effect. These new regulations were part of the airline passenger protection rules issued by the DOT in April 2011, which included additional rules that were effective as of August 2011. In December 2011, the FAA approved changes to pilots' current flight schedules including the number of flight hours and scheduled duty time allowed as well as mandating minimum off duty hours and rest breaks. These FAA rules will become effective at the end of 2013 or beginning of 2014.

Maintenance Directives

The FAA approves all airline maintenance programs, including modifications to the programs. In addition, the FAA licenses the repair stations and mechanics that perform inspections, repairs and overhauls, as well as the inspectors who monitor the work.

The FAA frequently issues airworthiness directives, often in response to specific incidents or reports by operators or manufacturers, requiring operators of specified equipment types to perform prescribed inspections, repairs or modifications within stated time periods or numbers of cycles. In the last several years, the FAA has issued a number of maintenance directives and other regulations relating to, among other things, wiring requirements for aging aircraft, fuel tank flammability, cargo compartment fire detection/suppression systems, collision avoidance systems, airborne windshear avoidance systems, noise abatement and increased inspection requirements. We cannot predict what new airworthiness directives will be issued and what new regulations will be adopted, or how our business will be affected by any such directives or regulations. We expect that we may incur expenses to comply with new airworthiness directives and regulations.

We believe we are in compliance with all requirements necessary to be in good standing with our air carrier operating certificate issued by the FAA and our certificate of Public Convenience and Necessity issued by the DOT. A modification, suspension or revocation of any of our DOT/FAA authorizations or certificates would have a material adverse impact on our operations.

Airport Security

ATSA mandates that the Transportation Security Administration ("TSA") provide for the screening of all passengers and property, including mail, cargo, carry-on and checked baggage, and other articles that will be carried aboard a passenger aircraft. Under the ATSA, substantially all security screeners at airports are federal employees and significant other elements of airline and airport security are now overseen and performed by federal employees, including security managers, law enforcement officers

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and Federal Air Marshals. The ATSA also provides for increased security on flight decks of aircraft and requires Federal Air Marshals to be present on certain flights, improved airport perimeter access security, airline crew security training, enhanced security screening of passengers, baggage, cargo, mail, employees and vendors, enhanced training and qualifications of security screening personnel, provision of passenger data to U.S. Customs and Border Protection and enhanced background checks. The TSA also has the authority to impose additional fees on the air carriers, if necessary, to cover additional federal aviation security costs. Since 2002, the TSA has imposed an Aviation Security Infrastructure Fee on all airlines in operation prior to 2000 to assist in the cost of providing aviation security. The fees assessed are based on airlines' actual security costs for the year ended December 31, 2000. The TSA may increase these fees through rulemaking, but has not yet initiated such a proceeding. The existing fee structure will remain in place until further notice. Furthermore, because of significantly higher security and other costs incurred by airports since September 11, 2001, many airports have significantly increased their rates and charges to airlines, including us, and may do so again in the future.

Environmental and Employee Safety and Health

We are subject to various laws and government regulations concerning environmental matters and employee safety and health in the U.S. and other countries in which we do business. Many aspects of airlines' operations are subject to increasingly stringent federal, state, local and foreign laws protecting the environment. U.S. federal laws that have a particular impact on us include the Airport Noise and Capacity Act of 1990, the Clean Air Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation, and Liability Act. Certain of our operations are also subject to the oversight of the Occupational Safety and Health Administration ("OSHA") concerning employee safety and health matters. The U.S. Environmental Protection Agency ("EPA"), OSHA, and other federal agencies have been authorized to promulgate regulations that affect our operations. In addition to these federal activities, various states have been delegated certain authority under the aforementioned federal statutes. Many state and local governments have adopted environmental and employee safety and health laws and regulations, some of which are similar to or stricter than federal requirements, such as California. See "Risk Factors Airline Industry, Regulation and Related Costs Risks The airline industry is subject to extensive government regulation, new regulations, and taxes which could have an adverse effect on our financial condition and results of operations".

The EPA is authorized to regulate aircraft emissions and has historically implemented emissions control standards previously adopted by the International Civil Aviation Organization. Our aircraft comply with the existing EPA standards as applicable by engine design date. Concern about climate change and greenhouse gases may result in additional regulation of aircraft emissions in the U.S. and abroad. As a result, we may become subject to taxes, charges or additional requirements to obtain permits or purchase allowances or emission credits for greenhouse gas emissions in various jurisdictions, which could result in taxation or permitting requirements from multiple jurisdictions for the same operations. Cap and trade restrictions have also been proposed in Congress. In addition, other legislative or regulatory action, to regulate greenhouse gas emissions is possible. In particular, the EPA has found that greenhouse gases threaten the public health and welfare, which could result in regulation of greenhouse gas emissions from aircraft. In the event that legislation or regulation is enacted in the U.S. or in the event similar legislation or regulation is enacted in jurisdictions where we operate or where we may operate in the future, it could result in significant costs for us and the airline industry. At this time, we cannot predict whether any such legislation or regulation would apportion costs between one or more jurisdictions in which we operate flights. Under these systems, certain credits may be available to reduce the costs of permits in order to mitigate the impact of such regulations on consumers, but we cannot predict whether we or the airline industry in general will have access to offsets or credits. We are monitoring and evaluating the potential impact of such legislative and regulatory developments. In addition to direct costs, such regulation may have a greater effect on

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the airline industry through increases in fuel costs that could result from fuel suppliers passing on increased costs that they incur under such a system. See "Risk Factors Airline Industry, Regulation and Related Costs Risks The airline industry is subject to extensive government regulation, new regulations, and taxes which could have an adverse effect on our financial condition and results of operations".

We seek to minimize the impact of carbon emissions from our operations through reductions in our fuel consumption and other efforts. We have reduced the fuel needs of our aircraft fleet through the retirement and replacement of certain elements of our fleet and with newer, more fuel efficient aircraft. In addition, we have implemented fuel saving procedures in our flight and ground support operations that further reduce carbon emissions. In February 2012, we earned the first-ever aviation based carbon credits, through the reduction of our carbon dioxide emissions with the use of an eco-friendly engine washing technology. We are also supporting efforts to develop alternative fuels and efforts to modernize the air traffic control system in the U.S. as part of our efforts to reduce our emissions and minimize our impact on the environment.

Noise Abatement

Under the Airport Noise and Capacity Act, the DOT allows local airport authorities to implement procedures designed to abate special noise problems, provided such procedures do not unreasonably interfere with interstate and foreign commerce, or the national transportation system. Certain airports, including the major airports at Los Angeles, San Diego, San Francisco, San Jose, California and Sydney, Australia, have established airport restrictions to limit noise, including restrictions on aircraft types to be used and limits on the number of hourly or daily operations or the time of such operations. Local authorities at other airports could consider adopting similar noise regulations. In some instances, these restrictions have caused curtailments in services or increases in operating costs, and such restrictions could limit our ability to expand our operations.

Taxes

The airline industry is subject to various passenger ticket, cargo and fuel taxes, which change from time to time. Certain of these taxes are assessed directly to the air carrier (e.g., excise taxes on fuel), while certain other of these taxes are pass-through taxes (e.g., excise taxes on air transportation of passengers and cargo). In February 2012, Congress passed the Federal Aviation Administration Modernization and Reform Act of 2012 which provides funding through 2014 for FAA programs and infrastructure projects, including improvements to the national aviation system, reductions in waste and improvements to aviation safety and capacity. This new act extends existing tax structures, including the taxes and fees that airlines, passengers and aircraft owners pay in order to operate the United States aviation system. We cannot predict what future actions Congress may take or whether any such actions by Congress, or any similar activity by the State of Hawai'i, will have a material effect on our costs or revenue.

Civil Reserve Air Fleet Program

The U.S. Department of Defense regulates the Civil Reserve Air Fleet ("CRAF") and government charters. We have elected to participate in the CRAF program whereby in 2012 we agreed to make up to six of our aircraft (four Boeing 767 and two Airbus A330 aircraft) and in 2013 up to nine of our aircraft (four Boeing 767 and five Airbus A330 aircraft) available to the federal government for use by the U.S. military under certain stages of readiness related to national emergencies. The program is a standby arrangement that lets the U.S. Department of Defense U.S. Transportation Command call on as many as nine contractually committed Hawaiian aircraft and crews to supplement military airlift capabilities in 2013.

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A Stage 1 mobilization of the CRAF program is the lowest activation level and would require us to make one passenger aircraft available (Airbus A330). Under the requirements of a Stage 2 mobilization, additional passenger aircraft would be required (one Boeing 767 and two Airbus A330 aircraft in 2013). The remaining aircraft subject to the CRAF program would be mobilized under a Stage 3 mobilization, which for us in 2013 would involve a total of four Boeing 767 and five Airbus A330 aircraft. While the government would reimburse us for the use of these aircraft, the mobilization of aircraft under the CRAF program could have a significant adverse impact on our results of operations. None of our aircraft are presently mobilized under this program.

Other Regulations

The State of Hawai'i is uniquely dependent upon air transportation. The 2008 shutdowns of air carriers Aloha Airlines and ATA Airlines affected the State of Hawai'i, and its legislature responded by enacting legislation that reflects and attempts to address its concerns. For example, House Bill 2250 HD1, Act 1 of the 2008 Special Session, establishes a statutory scheme for the regulation of Hawai'i neighbor island air carriers, provided that federal legislation is enacted to permit its implementation. Congress has not enacted any legislation that would allow this legislation to go into effect. Additionally, several aspects of airline operations are subject to regulation or oversight by federal agencies other than the FAA and the DOT. Federal antitrust laws are enforced by the U.S. Department of Justice. The U.S. Postal Service has jurisdiction over certain aspects of the transportation of mail and related services provided by our cargo services. Labor relations in the air transportation industry are generally regulated under the Railway Labor Act. We and other airlines certificated prior to October 24, 1978 are also subject to preferential hiring rights granted by the Airline Deregulation Act to certain airline employees who have been furloughed or terminated (other than for cause). The Federal Communications Commission issues licenses and regulates the use of all communications frequencies assigned to us and the other airlines. There is increased focus on consumer protection both on the federal and state level. We cannot predict the cost of such requirements on our operations.

Additional laws and regulations are proposed from time to time, which could significantly increase the cost of airline operations by imposing additional requirements or restrictions. U.S. law restricts the ownership of U.S. airlines to corporations where no more than 25% of the voting stock may be held by non-U.S. citizens and the airline must be under the actual control of U.S. citizens. The President and two thirds of the Board of Directors and other managing officers must also be U.S. citizens. Regulations also have been considered from time to time that would prohibit or restrict the ownership and/or transfer of airline routes or takeoff and landing slots and authorizations. Also, the award of international routes to U.S. carriers (and their retention) is regulated by treaties and related agreements between the U.S. and foreign governments, which are amended from time to time. We cannot predict what laws and regulations will be adopted or what changes to international air transportation treaties will be adopted, if any, or how we will be affected by those changes.

Table of Contents**MANAGEMENT****Executive Officers and Directors**

The following table provides information regarding our executive officers and directors as of March 31, 2013.

Name	Age	Position(s)
Mark B. Dunkerley	49	President and Chief Executive Officer of Hawaiian Holdings and Hawaiian, Director
Scott E. Topping	49	Executive Vice President, Chief Financial Officer and Treasurer of Hawaiian Holdings and Hawaiian
Peter R. Ingram	46	Executive Vice President and Chief Commercial Officer of Hawaiian
Ronald Anderson-Lehman	49	Senior Vice President and Chief Information Officer of Hawaiian
Barbara D. Falvey	54	Senior Vice President, Human Resources of Hawaiian
Charles R. Nardello	60	Senior Vice President, Operations of Hawaiian
Glenn G. Taniguchi	70	Senior Vice President, Marketing and Sales of Hawaiian
Hoyt H. Zia	59	Secretary of Hawaiian Holdings and Senior Vice President, General Counsel and Corporate Secretary of Hawaiian
Lawrence S. Hershfield	56	Chair of the Board of Directors
Gregory S. Anderson	56	Director
Brian E. Boyer	67	Director (ALPA Designee)
Randall L. Jenson	44	Director
Bert T. Kobayashi, Jr.	73	Director
Tomoyuki Moriizumi	65	Director