

HAWAIIAN HOLDINGS INC
Form 10-K/A
April 06, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-K/A

(Amendment No. 1)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2005

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-31443

HAWAIIAN HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

71-0879698
(I.R.S. employer
identification no.)

3375 Koapaka Street, Suite G-350 Honolulu, Hawaii
(Address of principal executive offices)

96819
(Zip code)

Registrant's telephone number, including area code: **(808) 835-3700**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (\$.01 par value)	American Stock Exchange and Pacific Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

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Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the registrant was approximately \$111 million, computed by reference to the closing sale price of the Common Stock on the American Stock Exchange, on June 30, 2005, the last business day of the registrant's most recently completed second fiscal quarter.

As of March 31, 2006, 45,945,800 shares of Common Stock of the registrant were outstanding.

EXPLANATORY NOTE

This amendment to our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 is being filed to include Items 10 through 14 of Part III of the Annual Report on Form 10-K, which were omitted in reliance on General Instruction G(3) thereto. As used herein, the *terms Holdings, Company, we, our, and us refer only to Hawaiian Holdings, Inc., and the term Hawaiian refers only to Hawaiian Airlines, Inc. Holdings sole operating subsidiary.*

PART III**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.**

The following table presents the name, age and position of each member of our senior management, each of our current directors, and Mr. Sean Kim, who has recently been nominated by the International Association of Machinists and Aerospace Workers (the IAM) and who we expect to be appointed to our Board of Directors immediately following our annual meeting of stockholders on May 31, 2006. As described in greater detail in the section below entitled Security Ownership of Certain Beneficial Owners and Management Special Preferred Stock, the IAM, the Association of Flight Attendants (the AFA) and the Air Line Pilots Association (the ALPA) (collectively, the Unions) hold one share of our Series B Special Preferred Stock, Series C Special Preferred Stock and Series D Special Preferred Stock, respectively, that, in accordance with our Amended By-Laws, entitle each Union to nominate one director.

Name	Age	Position(s)
Lawrence S. Hershfield	49	Chairman of the Board of Directors
Mark B. Dunkerley	42	Director, Chief Executive Officer and President
Peter R. Ingram	39	Executive Vice President, Chief Financial Officer and Treasurer
David Z. Arakawa	50	Secretary
Randall L. Jenson	37	Director
Gregory S. Anderson	49	Director
Donald J. Carty	59	Director
Thomas B. Fargo	57	Director
Bert T. Kobayashi, Jr.	66	Director
Eric C.W. Nicolai	46	Director (ALPA Designee)
William S. Swelbar	47	Director (AFA Designee)
Sean Kim	55	Director (IAM Designee)

Lawrence S. Hershfield. Mr. Hershfield has been the Chairman of our Board of Directors since July 2004. Mr. Hershfield served as our President and Chief Executive Officer from June 14, 2004 through June 2, 2005. He has been the Chief Executive Officer of Ranch Capital, LLC, which he founded to pursue investments in undervalued or distressed assets or companies, since October 2002. Since June 2004, he has been the Chief Executive Officer and President of RC Aviation Management, LLC, the managing member of RC Aviation LLC (RC Aviation). From August 2001 to September 2002, he was Chief Executive Officer and a Director of FINOVA Group Inc., a financial services company. From February 2001 to August 2001, Mr. Hershfield was Berkadia's Liaison to FINOVA. Berkadia is a joint venture formed by Leucadia National Corporation and Berkshire Hathaway to oversee and fund FINOVA's reorganization. From 1996 to 1998, Mr. Hershfield served as Chief Executive Officer, President and as a director of Pepsi International Bottlers. From 1995 to September 2002, Mr. Hershfield was President of Leucadia International Corporation, a wholly-owned subsidiary of Leucadia National Corporation. Mr. Hershfield received a B.S. in Biology from Bucknell University (1977) and has an M.B.A. from Stanford University Graduate School of Business (1981).

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Mark B. Dunkerley. Mr. Dunkerley has been a member of our Board of Directors and the President and Chief Executive Officer of both Hawaiian and Holdings since June 2, 2005. He previously was President and Chief Operating Officer of Hawaiian from December 2002 and President and Chief Operating Officer of Holdings from February 2003 until he resigned the positions at Holdings following Hawaiian's Chapter 11 Filing and the appointment of the Trustee.

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From August 2001 until March 2002, he was the Chief Operating Officer of the Sabena Airlines Group located in Brussels, Belgium. In October 2001, Sabena Airlines Group filed for the Belgian equivalent of bankruptcy and began its liquidation process in November 2001. In 2001, Mr. Dunkerley served as a consultant with the Roberts Roach firm, which specializes in providing strategic and economic consulting services to the aviation industry. From 1999 to 2000, Mr. Dunkerley was Chief Operating Officer, President and a member of the Board of Directors of Worldwide Flight Services, one of the largest providers of ground services to airlines including baggage and passenger check-in handling at airports worldwide. From 1989 to 1999, Mr. Dunkerley worked for British Airways, where he held a variety of management positions including, most recently, as senior vice president for British Airways Latin America and Caribbean division from 1997 to 1999.

Peter R. Ingram. Mr. Ingram became our Executive Vice President, Chief Financial Officer and Treasurer effective as of November 16, 2005. Mr. Ingram had worked at AMR Corporation, the parent company of American Airlines and American Eagle Airlines, for eleven years prior to joining the Company. Since 2002, he served as Vice President of Finance and Chief Financial Officer for American Eagle Airlines. Prior to that, he spent eight years in finance-related management and director positions for American Airlines. Mr. Ingram received a B.A. in Business Administration from the University of Western Ontario (1988) and has an M.B.A. from Duke University (1994).

David Z. Arakawa. Mr. Arakawa became our Secretary effective as of July 7, 2005 and has been Hawaiian's Senior Vice President, General Counsel and Secretary since March 29, 2005. From 1997 to 2005, Mr. Arakawa served as corporation counsel for the City and County of Honolulu where he acted as the chief legal advisor and representative for the mayor, city council, and all city agencies and employees. From 1984 to 1997, Mr. Arakawa served in private practice, including as a partner with the law firm of Fujiyama Duffy and Fujiyama, serving a wide range of corporate and government clients. Mr. Arakawa began his legal career with the Department of the Prosecuting Attorney where he specialized in career criminal and organized crime cases. Currently, Mr. Arakawa serves as a board member of both the Aiea Neighborhood Board and Aiea Community Association, and is also a member of the Waipahu and Pearl City Community Associations. Mr. Arakawa has a B.A. in History from the University of Hawaii at Manoa (1979) and a J.D. from the William S. Richardson School of Law (1981).

Randall L. Jenson. Mr. Jenson has been a member of our Board of Directors since July 2004. Mr. Jenson was appointed as our Chief Financial Officer, Treasurer and Secretary on June 14, 2004. He resigned as Secretary effective as of July 7, 2005 and as Chief Financial Officer and Treasurer as of November 16, 2005. He is co-founder and Managing Director of Ranch Capital, LLC, which was formed in 2002 to pursue investments in undervalued or distressed assets or companies. Since June 2004, he has been the Vice President and Secretary of RC Aviation Management, LLC, the managing member of RC Aviation. From May 1997 to October 2002, he served in various capacities in or at the direction of Leucadia National Corporation. From August 1999 to April 2002, Mr. Jenson served as the President and Chief Executive Officer of American Investment Bank N.A., a wholly-owned subsidiary of Leucadia National Corporation. He served as a director of the bank from August 1998 to April 2002, and from May 1997 to August 1999, served as Senior Vice President. Mr. Jenson received a B.A. in Accounting from the University of Utah (1991), and has an M.B.A. from Harvard University Graduate School of Business Administration (1997).

Gregory S. Anderson. Mr. Anderson has been a member of our Board of Directors since 2002. Since 2004, Mr. Anderson has been Chairman, Chief Executive Officer and President of Valley Commerce Bank Corporation and Valley Commerce Bank, a commercial bank located in Phoenix, Arizona. From 2002 to 2004, he was Chief Executive Officer, President and managing general partner of Glendora Hospital Partners and Glendora Holdings, a senior housing management and development company. From 1998 to 2002, he was Chief Executive Officer and President of Quality Care Solutions Inc., an Arizona corporation that is a leading provider of healthcare payer software solutions. From 1985 to 1998, Mr. Anderson was general manager of El Dorado Investment Company, Arizona's then largest venture capital company. Mr. Anderson has served on numerous boards of both public and private companies. Currently, Mr. Anderson is a director of Sun Healthcare, Inc., Valley Commerce Bank and several civic boards. He is also the general partner of Glendora Holdings. Mr. Anderson has a B.S. in Finance from Arizona State University (1979) and has been certified by the Center for Executive Development at Stanford University School of Business. Mr. Anderson serves as a member of the Audit Committee and the Governance and Nominating Committee of the Board of Directors.

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Donald J. Carty. Mr. Carty has been a member of our Board of Directors since July 2004. Mr. Carty is the former Chairman of the Board and Chief Executive Officer of AMR Corporation, positions he held from 1998 until April 2003. From 1998 to 2002, Mr. Carty also held the position of President of AMR Corporation. From 1995 to 1998, he was President of American Airlines, Inc., a subsidiary of AMR Corporation. Mr. Carty held other executive level positions with AMR Corporation, American Airlines, Inc. or their subsidiaries from 1978 to 1995. Mr. Carty is also a director of Dell, Inc., Sears Holding Corporation, Placer Dome, Inc., CHC Helicopter Corp. and SolutionsInc, Ltd. Mr. Carty is a graduate of Queen's University in Kingston, Ontario, and of the Harvard University Graduate School of Business Administration. Mr. Carty serves as Chairman of the Audit Committee and a member of the Governance and Nominating Committee and the Compensation Committee of the Board of Directors.

Thomas B. Fargo. Admiral Fargo has been a member of our Board of Directors since March 2005. Admiral Fargo recently retired as Commander U.S. Pacific Command, at Camp H.M. Smith, Hawaii. In that position, he was the senior U.S. Military commander in the Pacific and Indian Ocean areas, where he directed Army, Navy, Marine Corps and Air Force operations. He also commanded the U.S. Fifth Fleet and Naval Forces of the Central Command during two years of Iraqi contingency operations from July 1996 to July 1998 and served as the 29th Commander-in-Chief of the U.S. Pacific Fleet. Admiral Fargo is also a member of the Board of Directors of Hawaiian Electric Industries and the Board of Governors of Iolani School. He is the chairman of the Board of Directors of Loea Corporation and Sago Systems, which are both subsidiaries of Trex Enterprises Corporation of San Diego, CA, which performs research and development, principally on government contracts, of which Admiral Fargo is Executive Vice President. Admiral Fargo is a graduate of the U.S. Naval Academy. Admiral Fargo serves as a member of the Compensation Committee of the Board of Directors.

Bert T. Kobayashi, Jr. Mr. Kobayashi has been a member of our Board of Directors since December 2004. Mr. Kobayashi is senior partner of the law firm of Kobayashi, Sugita & Goda in Honolulu, Hawaii. He currently is director of the First Hawaiian Bank (1974 to present) and BancWest Corporation (1998 to present). Mr. Kobayashi also was a member of the Board of Directors of Western Airlines (from 1976 to 1986, when it was sold to Delta Air Lines) and on the Board of Directors of Schuler Homes (from 1992 to 2001, when it merged with Western Pacific). He formerly sat as chairman of the State of Hawaii Judicial Selection Commission and currently is the President of the University of Hawaii Athletic Foundation. Mr. Kobayashi has a J.D. from the University of California, Hastings College of Law and a B.A. from the University of Hawaii and Gettysburg College. Mr. Kobayashi serves as a member of the Audit Committee, the Governance and Nominating Committee and the Compensation Committee of the Board of Directors.

Eric Nicolai. Mr. Nicolai has been a member of our Board of Directors since September 29, 2005. Mr. Nicolai is a pilot for Hawaiian and has been employed by Hawaiian since December 1985. Mr. Nicolai is the ALPA's designee to the Board of Directors. See Security Ownership of Certain Beneficial Owners and Management - Special Preferred Stock.

William S. Swelbar. Mr. Swelbar has been a member of our Board of Directors since November 16, 2005. Mr. Swelbar has been the President and Managing Partner of Eclat Consulting, Inc. for over ten years. Mr. Swelbar is an Adjunct Fellow of the Economic Strategy Institute and a member of the Advisory Board of the M.I.T. Global Airline Industry Program. Mr. Swelbar received a B.S. from Eastern Michigan University and has an M.B.A. from The George Washington University. Mr. Swelbar is the AFA's designee to the Board of Directors. See Security Ownership of Certain Beneficial Owners and Management - Special Preferred Stock.

Sean Kim. Mr. Kim has been recently nominated by the IAM and is expected to be appointed to our Board of Directors immediately following our annual meeting of stockholders on May 31, 2006. See Security Ownership of Certain Beneficial Owners and Management - Special Preferred Stock. Mr. Kim, an attorney, was a partner with Park Kim & Yu (1976 through 1997), and has been a solo practitioner since 1997. Mr. Kim concentrates his practice on the representation of labor organizations. Mr. Kim has a J.D. from the University of California, Hastings College of Law and a B.A. from the University of Hawaii.

Audit Committee

We have a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act of 1934, as amended (the Exchange Act). The Audit Committee has three members: Mr. Carty (Chairman), Mr. Anderson and Mr. Kobayashi. Pursuant to the Audit Committee charter, the Audit Committee is responsible for the appointment, compensation, retention, and oversight of the work of our independent auditors. Its principal functions are to: (i) oversee the integrity of our financial statements and other financial information provided by us to any governmental body or the public; (ii) oversee our systems of internal controls and procedures regarding finance, accounting, disclosures and legal compliance with applicable laws and regulations; and (iii) monitor the performance of the internal auditors, if any, and the independence, qualifications and performance of the independent auditors and pre-approve services provided by the independent auditors. The Board of Directors has determined that all of the members of the Audit Committee are independent, as that term is used under applicable rules of the Securities and Exchange Commission (the SEC), the American Stock Exchange and the Pacific Exchange. The Board has also determined that Mr. Carty satisfies the criteria set forth in Item 401(h) of Regulation S-K promulgated under the Exchange Act to serve as the audit committee financial expert on the Audit Committee. The Audit Committee met 13 times in 2005.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock, par value \$0.01 per share (the Common Stock), and other equity securities. Such persons are also required to provide us with copies of all such reports filed with the SEC. Based solely upon the information supplied to us by these persons, we are required to report any known failure to file these reports within the specified period. To our knowledge, based solely upon a review of the Section 16(a) reports furnished to us and the written representations of these reporting persons, these persons complied with all filing requirements in a timely fashion for fiscal year 2005, except that (i) Mr. Arakawa did not timely file a Form 3 in connection with his appointment as Secretary in July 2005, (ii) Mr. Dunkerley did not timely file a Form 4 in connection with stock option grants on each of June 10, 2005 and July 25, 2005, and (iii) Mr. Carty did not timely file a Form 4 in connection with a stock option grant on August 10, 2005. Each of these filings was subsequently made.

Code of Ethics

We have adopted a code of ethics (the Code) that applies to our directors, officers and employees. The Code is designed to deter wrongdoing on the part of such persons and to promote: (1) honest and ethical business conduct, including the ethical handling of actual or apparent conflicts of interest between personal and provisional relationships, (2) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to the SEC and in other public communications made by us, (3) compliance with applicable governmental laws, rules and regulations, (4) the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code, and (5) accountability for adherence to the Code. We have also adopted Corporate Governance Guidelines that cover a wide range of business practices and procedures. The Code and the Corporate Governance Guidelines are designed to foster the highest standards of ethics and conduct in all of our business relationships. The Code is posted on our website at www.hawaiianair.com and will be mailed upon written request to Secretary, Hawaiian Holdings, Inc., 3375 Koapaka Street, Suite G-350 Honolulu, Hawaii or by calling (808) 835-3610.

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following Summary Compensation Table sets forth certain information regarding compensation paid for the last three fiscal years to our named executive officers, who consist of all of our current executive officers, Lawrence S. Hershfield, who served as our chief executive officer during fiscal year 2005, and our only other executive officer during fiscal year 2005 (collectively, our named executive officers). We did not pay our

executive officers any compensation during the period from Hawaiian's Chapter 11 Filing in March 2003 through June 2, 2005, the effective date of Hawaiian's joint plan of reorganization. On such date, Mr. Hershfield resigned as President and Chief Executive Officer of Holdings, and Mark B. Dunkerley, who had been serving as Hawaiian's President and Chief Operating Officer, was appointed President and Chief Executive Officer of Holdings and Hawaiian. Following the Chapter 11 Filing and the appointment of the Trustee in 2003, all our then-existing executive officers who previously held similar positions at both Holdings and Hawaiian, with the exception of John W. Adams (who was our Chief Executive Officer from May 2002 to June 2004), resigned from their positions at Holdings.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Other Annual Compensation (\$)(6)	Long-Term Compensation Securities Underlying Options/SARs (#)	All Other Compensation (\$)
		Salary (\$)	Bonus (\$)				
Mark B. Dunkerley(1) President and Chief Executive Officer	2005	460,494	756,250			1,044,000	
	2004	415,000	588,000	54,594			
	2003	408,881	654,000	67,300			
Peter R. Ingram(2) Executive Vice President, Chief Financial Officer and Treasurer	2005	27,147	72,688	59,245		100,000	
	2004						
	2003						
David Z. Arakawa(3) Secretary	2005	141,667	20,000			55,416	
	2004						
	2003						
Lawrence S. Hershfield(4)	2005					120,000	