



July 2, 2018

Sharon Soper
MEC President
Association of Flight Attendants
3375 Koapaka Street, Suite F-238-10
Honolulu, HI 96819

Aloha Sharon,

I'm writing this note in response to inquiries about the process going forward with respect to our Letter of Intent (LOI) for Boeing 787-9s.

As you know from our previous orders for both A330-200s and A321neos, the Company has established a practice of not entering into firm purchase commitments for new aircraft until we have negotiated definitive terms for operating the aircraft in our ALPA and AFA agreements. The logic behind this is quite straightforward: these agreements will bind Hawaiian to billions of dollars of future expenditure, and the management and board can only responsibly commit the company to this future spending with certainty that we have agreements in place that will allow us to enter the aircraft into service. As such, the LOI we signed with Boeing in March allowed Hawaiian to walk away from the order at Hawaiian's complete discretion. At our request Boeing has moved the deadline for signing the Purchase Agreement forward on a couple of occasions to allow us time to reach agreement on the operating terms with ALPA and AFA. In the meantime, we have devoted management time to the early preparations that are necessary to accomplish a 2021 entry-into-service for the aircraft (for example evaluating various internal configuration, seat and galley options, etc.), but we have done so without making any financial commitments to purchase products associated with the new airplanes.

Having now reached terms with ALPA, if the AFA Tentative Agreement is successfully ratified by the membership we intend to sign the 787-9 Purchase Agreement this month and to continue the work necessary to allow for a 2021 entry into service. At that point we would be committed to a firm order for 10 aircraft.

Should the AFA TA fail to ratify, we will not be signing the 787-9 Purchase Agreement. While Boeing has been flexible with us as we work through our process they have no obligation to keep the negotiated deal on the table beyond this month, and their patience with us may begin to wane. Additionally, we cannot continue to devote internal resources to the entry-into-service preparations without certainty about the ability to reach terms for operating the aircraft – at some point it simply makes more sense for us to focus these teams on other initiatives.

Management and the board are excited by the opportunities the 787-9 presents for Hawaiian, and I know that many of our colleagues throughout the Company are as well. But it is not the only viable course forward for us to expand our widebody fleet. The A330-200 serves our network well today and it remains an in-production aircraft by Airbus, enabling us to consider incremental orders. Alternatively, mid-life A330-200s are available in the market and we could consider purchasing some of these aircraft and reconfiguring them for our fleet.

Of course, these options were on the table when we signed the 787-9 LOI, so if they were our preferred choice we would already have been going down that road. The 787-9, as a newer generation aircraft has lower operating costs (particularly for fuel and maintenance), better range allowing for new network possibilities and is highly regarded by customers. I think it will be an outstanding aircraft to operate as our flagship widebody product for the 2020s and beyond.

Please don't hesitate to reach out if there are other questions we can clarify.

Warmest Regards,

A handwritten signature in black ink, appearing to read 'Peter Ingram', with a long, sweeping horizontal line extending to the right.

Peter Ingram
President & Chief Executive Officer