HAWAIIAN HOLDINGS INC
Form DEF 14A
April 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	Confidential, for Use of the Commission Only (as permitted by Rule 14a 6(e)(2))
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a 12

Hawaiian Holdings, Inc.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a 6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

Lawrence S. Hershfield
Chairman of the Board of Directors

Hawaiian Holdings, Inc.
3375 Koapaka Street, Suite G-350
Honolulu, HI 96819

April 8, 2016

To Our Stockholders:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Hawaiian Holdings, Inc., which will be held at The Hilton Hawaiian Village Beach Resort and Spa, Kalia Executive Conference Center, Hibiscus Room, 2005 Kalia Road, Honolulu, HI 96815, on Wednesday, May 18, 2016, at 8:00 AM, local time.

The attached Notice of Annual Meeting and Proxy Statement contain details of the business to be conducted at the Annual Meeting.

Only stockholders of record of our outstanding common stock and special preferred stock at the close of business on March 21, 2016 will be entitled to notice of and to vote at the Annual Meeting.

Your vote, regardless of the number of shares you own, is important. Whether or not you plan to attend the Annual Meeting, I hope you will vote as soon as possible. You may vote over the Internet, by telephone or by mailing a proxy card. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting if you do not attend in person. Please review the instructions on the proxy card regarding each of these voting options.

Please note that in order for your vote to be counted, you must complete and return the stockholder questionnaire described in the attached Proxy Statement under "Restriction on Foreign Ownership of Voting Stock" and included on the proxy card.

Thank you for your ongoing support of and continued interest in Hawaiian Holdings, Inc.

Sincerely,

Lawrence S. Hershfield
Chairman of the Board of Directors

HAWAIIAN HOLDINGS, INC.
3375 Koapaka Street, Suite G-350
Honolulu, HI 96819
(808) 835-3700

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

The 2016 Annual Meeting of Stockholders (the “Annual Meeting”) of Hawaiian Holdings, Inc. (the “Company”) will be held at The Hilton Hawaiian Village Beach Resort and Spa, Kalia Executive Conference Center, Hibiscus Room, 2005 Kalia Road, Honolulu, HI 96815, on Wednesday, May 18, 2016, at 8:00 AM, local time, to consider and act upon the following matters:

1. To elect six directors from among the nominees described in the Proxy Statement;
2. To ratify Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. To approve the 2016 Management Incentive Plan;
4. To approve, on an advisory basis, the compensation of the Company’s named executive officers, as described in the Proxy Statement; and
5. To transact such other business as may properly come before the Annual Meeting, or any and all adjournments or postponements thereof.

Only stockholders of record of our outstanding common stock and special preferred stock at the close of business on March 21, 2016, the record date, will be entitled to vote at the Annual Meeting. Please note that in order for your vote to be counted, you must complete and return the stockholder questionnaire described in the accompanying Proxy Statement under “Restriction on Foreign Ownership of Voting Stock” and included on the proxy card.

The Board of Directors desires to have maximum representation of stockholders at the Annual Meeting. We are providing access to our proxy materials over the Internet under the rules adopted by the U.S. Securities and Exchange Commission in 2008. We believe that electronic availability of proxy materials allows us to provide stockholders with the information they need while lowering delivery costs and reducing the environmental impact of our Annual Meeting. You may vote over the Internet, by telephone or by mailing a proxy card. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting if you do not attend in person. Please review the instructions on the proxy card regarding each of these voting options. You may revoke your proxy at any time prior to its use, by notice in writing to me, the Company’s Corporate Secretary, by presentation of a later dated proxy or by attending the Annual Meeting and voting in person.

By order of the Board of Directors,

Aaron J. Alter
Corporate Secretary

Dated: April 8, 2016

Your vote is important. To vote your shares, please follow the instructions in the Notice of Internet Availability of Proxy Materials (the "Notice"), which is being mailed to you on or about April 8, 2016.

TABLE OF CONTENTS

GENERAL INFORMATION

Important Notice Regarding Availability of Proxy Materials

This Proxy Statement and our Annual Report to Stockholders are available at http://www.astproxyportal.com/ast/17758.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials to all stockholders entitled to vote at the Annual Meeting, we are furnishing the proxy materials to certain of our stockholders over the Internet. Accordingly, we are mailing the Notice to stockholders on or about April 8, 2016. All stockholders will have the ability to access via the Internet the proxy materials, including this proxy statement and our Annual Report to Stockholders for the fiscal year ended December 31, 2015. Instructions on how to access the proxy materials over the Internet or to request a paper copy of the proxy materials can be found on the Notice. The Notice also instructs you as to how you may submit your vote on the Internet. You will not receive paper copies of the proxy materials unless you request them.

On the date of mailing of the Notice, all stockholders will have the ability to access all of our proxy materials on the Internet. These proxy materials will be available free of charge.

If you share an address with another stockholder, each stockholder may not receive a separate copy of the Notice. Stockholders who do not receive a separate copy of the Notice may request to receive a separate copy of the Notice by calling (808) 835-3613 or by writing to Hawaiian Holdings, Inc., 3375 Koapaka Street, Suite G-350, Honolulu, HI 96819, Attn: Corporate Secretary. Alternatively, stockholders who share an address and receive multiple copies of the Notice can request to receive a single copy by following the same instructions.

Solicitation of Proxies

Our Board of Directors is soliciting the enclosed proxy.

We will make proxy solicitations by mail, and also by telephone, facsimile transmission or otherwise, as we deem necessary. We will bear the costs of this solicitation. We will request banks, brokerage houses, nominees and other fiduciaries nominally holding shares of our common stock, par value $0.01 per share (the "Common Stock"), to forward the Notice and proxy soliciting materials and stockholder questionnaires to the beneficial owners of such Common Stock and to obtain authorization for the execution of proxies. We will, upon request, reimburse such parties for their reasonable expenses in forwarding the Notice and proxy materials and stockholder questionnaires to the beneficial owners.

Record Date, Quorum and Voting Requirements

Holders of shares of Common Stock and our Series B Special Preferred Stock, Series C Special Preferred Stock and Series D Special Preferred Stock (collectively, the "Special Preferred Stock") at the close of business on March 21, 2016 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. On that date, there were 53,589,252 shares of Common Stock and one share each of the Series B Special Preferred Stock, the Series C Special Preferred Stock and the Series D Special Preferred Stock outstanding. Each share of Common Stock and Special Preferred Stock outstanding on the Record Date is entitled to one vote on each matter presented at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of all outstanding shares of stock entitled to vote at the Annual Meeting shall constitute a quorum for the transaction of business at the Annual Meeting. The election of directors (Proposal No. 1) requires a plurality of the votes cast by the holders of shares of Common Stock and Special Preferred Stock at a meeting at which a quorum is present. The other proposals require the affirmative vote of a majority of the votes cast by the holders of shares of Common Stock and Special Preferred Stock at a meeting at which a quorum is present. Our Common Stock is listed on the NASDAQ Global Select Market ("NASDAQ") under the symbol "HA."

Shares of Common Stock and Special Preferred Stock represented by all properly executed proxies received in time for the Annual Meeting will be voted, unless revoked, in accordance with the choices specified in the proxy, subject to our receipt of the stockholder questionnaires described below. See "Restriction on Foreign Ownership of Voting Stock." Unless contrary instructions are indicated on the proxy, the shares will be voted FOR the election of the six director nominees named in this Proxy Statement, FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm, FOR the approval of the 2016 Management Incentive Plan, and FOR the proposal to approve executive compensation by non-binding vote. Representatives of our transfer agent will assist us in the tabulation of the votes. Abstentions are counted as shares represented at the meeting and entitled to vote for purposes of determining a quorum. Abstentions will have no effect on the outcome of the vote for the election of directors. If you abstain from voting on the proposal to ratify the appointment of Ernst & Young LLP (Proposal No. 2), the proposal to

1

approve the 2016 Management Incentive Plan (Proposal No. 3) or the proposal to approve executive compensation by non-binding vote (Proposal No. 4), your abstention will have the same legal effect as a vote “against” such proposal or proposals.

Brokers who hold shares of Common Stock for the accounts of their clients must vote such shares as directed by their clients. If brokers do not receive instructions from their clients, the brokers may vote the shares in their own discretion with respect to certain “discretionary” items, but will not be allowed to vote the shares with respect to certain “non-discretionary” items. The ratification of Ernst & Young LLP as the Company’s independent registered public accounting firm (Proposal No. 2) is considered to be a discretionary item, and your broker will be able to vote on that item even if it does not receive instructions from you, so long as it holds your shares in its name. The election of directors (Proposal No. 1), approval of the 2016 Management Incentive Plan (Proposal No. 3) and approval of the non-binding vote on executive compensation (Proposal No. 4) are “non-discretionary” items. If you do not instruct your broker how to vote with respect to these items, your broker may not vote with respect to these proposals and those votes will be counted as “broker non-votes.” “Broker non-votes” are shares that are held in “street name” by a bank or brokerage firm that indicates on its proxy that it does not have or did not exercise discretionary authority to vote on a particular matter. The Company will count the shares represented by broker non-votes in determining whether there is a quorum. Broker non-votes will have no effect on the outcome of the vote to approve the election of directors (Proposal No. 1), approval of the 2016 Management Incentive Plan (Proposal No. 3) or the non-binding vote on executive compensation (Proposal No. 4).

Restriction on Foreign Ownership of Voting Stock

Our Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) prohibits the ownership or control by non-U.S. citizens of more than 25% of our issued and outstanding voting stock, pursuant to 49 USC Secs. 40102(a)(15) and 41102 and U.S. Department of Transportation regulations. In order to comply with this requirement, we maintain a Foreign Stock Record to keep track of transfers of our voting stock to non-U.S. citizens. At no time will the ownership or control of shares representing more than 25% of our voting stock be registered on the Foreign Stock Record. If, at any time, we determine that the number of shares of our voting stock purportedly registered on the Foreign Stock Record exceeds 25% of the total number of shares of our voting stock, we shall remove sufficient shares from the Foreign Stock Record in reverse chronological order so that the number of shares of our voting stock registered on the Foreign Stock Record does not exceed 25% of our issued and outstanding voting stock. Shares of our voting stock that we know to be owned or controlled by non-U.S. citizens and that are not registered on the Foreign Stock Record shall not be entitled to vote until so registered.

Before any stockholder (including any natural person, as well as any corporation or other entity) of the Company is permitted to vote its shares at the Annual Meeting, that stockholder must complete and return a stockholder questionnaire (included on the proxy card) to establish its citizenship. If any stockholder is determined not to be a U.S. citizen, that stockholder’s stock will be registered on the Foreign Stock Record and voted in accordance with the Certificate of Incorporation, subject to the limitations and procedures described above.

Special Preferred Stock Designees

As described in greater detail in the section below entitled “Security Ownership of Certain Beneficial Owners and Management—Special Preferred Stock,” the International Association of Machinists and Aerospace Workers (the “IAM”), the Association of Flight Attendants (the “AFA”) and the Air Line Pilots Association (the “ALPA”) (each, a "Union" and collectively, the “Unions”) hold one share of the Company’s 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 (each such director, a “Special Preferred Stock Designee”). Mr. Samson Poomaihealani is the IAM’s designee to the Board of Directors, Mr. William S. Swelbar is the AFA’s designee to the Board of Directors and Mr. Duane E. Woerth is the ALPA’s designee to the Board of Directors. On November 9, 2015, Mr. Samson Poomaihealani notified the Company that he will resign as a member of the Board of Directors effective May 17, 2016. On February 3, 2016, the Board of Directors appointed Mr. Joseph Guerrieri, Jr. to the Board of Directors, effective May 17, 2016, to fill the vacancy created by Mr. Poomaihealani's resignation, per the notification from the IAM of Mr. Guerrieri's nomination to serve as the IAM's designee upon Mr. Poomaihealani's resignation. The Special Preferred Stock Designees are not elected by the holders of the Common Stock, and their election is, accordingly, not to be considered at the Annual Meeting.

Revocability of Proxy

Giving the enclosed proxy does not preclude your right to vote in person if you so desire. You may revoke your proxy at any time prior to its exercise by notifying our Corporate Secretary in writing, by giving us a later dated proxy, or by attending the Annual Meeting and voting in person.

2

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

We are committed to adopting and adhering to sound corporate governance principles. Having such principles is essential to operating our business efficiently and to maintaining our integrity and reputation in the marketplace. We have adopted a Code of Ethics that applies to all of our directors, executive officers and other employees. The Code of Ethics, as well as all of the charters of our Board Committees, is available on the Investor Relations section of our website at https://www.hawaiianairlines.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K, regarding any amendment to, or waiver from, a provision of our Code of Ethics with respect to our directors and executive officers, by posting such information on our website, at the address and location specified above.

Board Independence

The Governance and Nominating Committee and the Board of Directors assess the independence of the directors at least annually. The assessment is based upon the applicable NASDAQ listing standards, the federal securities laws and the regulations promulgated by the SEC thereunder. During the annual assessment of director independence, the Governance and Nominating Committee and the Board of Directors consider transactions and relationships between the Company or its subsidiaries or affiliates, on the one hand, and each director, members of his or her immediate family, or other entities with which he or she is affiliated, on the other hand. Based on the review and recommendation by the Governance and Nominating Committee, the Board of Directors has affirmatively determined that a majority of its members and each member of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee are independent within the meaning of the applicable NASDAQ listing standards and the SEC's director independence standards. The independent directors are named below under "Proposal No. 1: Election of Directors."

Board Leadership Structure

Our current Chairman, Mr. Hershfield, has held the role of Chairman since July 2004. From the beginning of his term until June 2005, he was also the Company's President and Chief Executive Officer ("CEO"). When Mr. Dunkerley, who succeeded Mr. Hershfield as CEO, was appointed, we determined that it was in the Company's best interest to separate the roles of CEO and Chairman, and for Mr. Hershfield to continue in his role as Chairman. Separating these positions allows our CEO to focus on our day-to-day business, while allowing the Chairman to lead the Board of Directors in its fundamental role of providing advice to and independent oversight of management. While our Amended By-Laws and corporate governance guidelines do not require that our Chairman and CEO positions be separate, the Board of Directors believes that having separate positions and having an independent outside director serve as Chairman is the appropriate leadership structure for the Company at this time, and contributes to our successful corporate governance. The Board of Directors has charged the Chairman with responsibility for facilitating communication between management and the Board of Directors, and representing Board member views to management, among other things.

Meetings of the Board and Committees

The Board of Directors has established the following committees: the Audit Committee, the Compensation Committee, the Governance and Nominating Committee and the Executive Committee. Each of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee has a committee charter developed under the leadership of its committee chair. Copies of the committee charters are available on the Company's website at https://www.hawaiianairlines.com.

The Board of Directors met seven times and did not act by unanimous written consent during the year ended December 31, 2015. No director attended fewer than 75% of the meetings of the Board of Directors and committee meetings that he or she was obligated to attend, with the exception of Mr. Swelbar, who attended five of the seven meetings of the Board of Directors during the year ended December 31, 2015. Our policy regarding attendance at Board of Directors meetings is that we expect directors to make every effort to attend all Board of Directors meetings, recognizing that scheduling difficulties may at times arise. Members of the Board of Directors are encouraged to attend each annual meeting of stockholders in person. All of our then-current directors attended the 2015 annual meeting of stockholders. The membership and function of each committee during the last fiscal year are described below.

Members serving on the committees of the Board of Directors during the fiscal year ended December 31, 2015 were:

	Audit Committee	Compensation Committee	Governance and Nominating Committee	Executive Committee
Gregory S. Anderson (1)	Chair	Member	Member	
Mark B. Dunkerley				Member
Lawrence S. Hershfield		Member		Chair
Zac S. Hirzel (2)	Member	Member		
Randall L. Jenson (3)	Member		Member	
Bert T. Kobayashi, Jr. (4)	Member	Member	Chair	
Tomoyuki Moriizumi (5)	Member		Member	
Crystal K. Rose		Chair	Member	Member
Richard N. Zwern (6)	Member	Member	Chair	

(1) Mr. Anderson became a member of the Compensation Committee effective February 6, 2015 and ceased serving as a member of the Governance and Nominating Committee effective February 4, 2015.

(2) Mr. Hirzel became a member of the Compensation Committee effective February 6, 2015 and resigned as a member of the Board of Directors, as a member of the Audit Committee and as a member of the Compensation Committee effective March 1, 2016.

(3) Mr. Jenson became a member of the Governance and Nominating Committee effective February 4, 2015.

(4) Mr. Kobayashi ceased serving on the Board of Directors effective May 21, 2015, as a member of the Audit Committee and as Chair of the Governance and Nominating Committee effective February 4, 2015 and as a member of the Compensation Committee effective February 6, 2015.

(5) Mr. Moriizumi became a member of the Audit Committee effective February 4, 2015.

(6) Mr. Zwern became Chair of the Governance and Nominating Committee effective February 4, 2015 and ceased serving as a member of the Audit Committee effective February 4, 2015.

Audit Committee

We have a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Pursuant to the Audit Committee charter, the Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. 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 and the independence, qualifications and performance of the independent registered public accounting firm and pre-approve services provided by the independent registered public accounting firm. The Board of Directors has determined that Mr. Jenson satisfies the criteria set forth in Item 407(d)(5) of Regulation S-K promulgated under the Exchange Act to serve as an “audit committee financial expert” on the Audit Committee. The Audit Committee met eight times and did not act by unanimous written consent during the year ended December 31, 2015. The report of the Audit Committee is included in this Proxy Statement.

Compensation Committee

The Compensation Committee has overall responsibility for evaluating and approving executive officer and director compensation plans, policies and programs of the Company, as well as all equity based and incentive compensation plans and policies. The Compensation Committee oversees the annual review and approval of corporate goals and objectives relevant to the compensation of executive officers, the evaluation of the performance of the executive officers in light of those goals and objectives, and the determination and approval of such officers’ compensation based on such evaluations. The Compensation Committee may delegate its authority to subcommittees or individuals as the Compensation Committee may deem appropriate, except to the extent such delegation would violate any applicable tax or securities laws or the rules and regulations of NASDAQ. The Compensation

4

Committee met five times and acted once by unanimous written consent during the year ended December 31, 2015. The report of the Compensation Committee is included in this Proxy Statement.

Governance and Nominating Committee

The principal functions of the Governance and Nominating Committee are to: (i) monitor and oversee matters of corporate governance, including the evaluation of Board of Director performance and processes and the independence of directors; and (ii) identify, select, evaluate and recommend to the Board of Directors qualified candidates for election or appointment to the Board of Directors.

The Governance and Nominating Committee will consider potential nominees brought to its attention by any director or officer of the Company and will consider such candidates based on their achievement in business, education or public service, experience (including management experience in a public company), background, skills, expertise, accessibility and availability to serve effectively on the Board of Directors. Consistent with the Director Nomination Process attached as Exhibit A to the Governance and Nominating Committee charter, the Board of Directors and the Governance and Nominating Committee give consideration to assuring that the Board of Directors, as a whole, adequately reflects the diversity of the Company's constituencies and the communities in which the Company conducts its business. Diversity, as well as such other factors described above, is reviewed in the context of an assessment of the perceived needs of the Board of Directors or a Board committee at a particular point in time. As a result, the priorities and emphasis of the Board of Directors and the Governance and Nominating Committee may change from time to time to take into account changes in business and other trends, as well as the portfolio of skills and experience of our current and prospective Board members.

The Governance and Nominating Committee will also consider nominees recommended in good faith by stockholders. As described further herein under the section entitled "Stockholder Proposals," stockholders should submit the candidate's name, credentials, contact information and his or her written consent to be considered as a candidate to the Corporate Secretary of the Company at 3375 Koapaka Street, Suite G-350, Honolulu, HI 96819 no earlier than 120 days or later than 90 days prior to the first anniversary of the Annual Meeting. The proposing stockholder should also include his or her contact information and a statement of his or her share ownership (how many shares owned and for how long). Such stockholder recommended candidates will be evaluated in the same manner as candidates nominated by any other person.

The Governance and Nominating Committee also recommends to the Board of Directors the assignment of directors to committees, including the designation of committee chairs. The Governance and Nominating Committee met four times and did not act by unanimous written consent during the year ended December 31, 2015.

Executive Committee

The Executive Committee is empowered to act for the full Board of Directors in intervals between Board of Directors meetings, with the exception of certain matters that by law may not be delegated. The Executive Committee meets as necessary, and all actions by the Executive Committee are reported at the next Board of Directors meeting. The Executive Committee met nine times and acted by unanimous written consent twice during the year ended December 31, 2015.

Executive Sessions of the Board of Directors

The independent directors meet on a regular basis to review the performance of management and the Company. The presiding director at such sessions is Mr. Hershfield, the Chairman of our Board of Directors.

Communications with the Board of Directors

Stockholders may send communications to the Board of Directors at the following address: 3375 Koapaka Street, Suite G-350, Honolulu, HI 96819, specifying whether the communication is directed to the entire Board of Directors, the independent directors or to a particular director. All communications will be compiled by the Company's Corporate Secretary and submitted as appropriate to the Board of Directors or individual directors, as the case may be, on a periodic basis.

Role of Board in Risk Oversight

Management is responsible for the day-to-day management of risks the Company faces, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of

5

Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. The Audit Committee authorized the formation of a Risk Oversight Committee and approved an enterprise risk management program in August 2010 to enhance the existing risk management systems and processes and to further strengthen the Board of Directors' ability to identify, assess and mitigate risks on a Company-wide basis.

Our Chairman meets regularly with our CEO and other senior officers to discuss strategy and risks facing the Company. Senior management attends the quarterly Board meetings and participates in strategic planning sessions with the Board of Directors to discuss strategies, key challenges, risks and opportunities for the Company. Our Board committees also assist the Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and, discusses policies with respect to risk assessment and risk management. Risk assessment reports are regularly provided by management to the Audit Committee. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Governance and Nominating Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance. The Executive Committee meets regularly to review the progress of and provide guidance to management related to decisions that have been delegated to the Executive Committee by the Board of Directors.

Compensation of Directors

Under the Company's policy for directors, each non-employee director receives an annual retainer of $60,000 plus $1,500 for each meeting of the Board of Directors that he or she attends in person and $750 for each meeting he or she attends telephonically, in each case, for meetings attended in excess of eight meetings (whether in-person or via telephone) during the twelve month period beginning June 1st of each year. Additionally, the Chairman of the Board of Directors receives an annual cash retainer of $25,000, the chair of the Audit Committee receives an annual retainer of $24,000, the chair of the Compensation Committee receives an annual retainer of $13,000 and the chair of the Governance and Nominating Committee receives an annual retainer of $10,000. The members of the Audit Committee receive an annual retainer of $12,000, the members of the Compensation Committee receive an annual retainer of $8,000, and the members of the Governance and Nominating Committee receive an annual retainer of $7,000.

The non-employee directors receive an annual automatic equity grant on the date of each annual stockholders meeting equal to that number of stock units determined by dividing $80,000 by the trailing volume weighted average price of the Company's Common Stock over the 30 consecutive trading days ending on the trading day prior to the date of grant, vesting 100% on the day prior to the following year's regularly scheduled annual stockholders meeting, and otherwise subject to the terms and conditions of the Company's standard form of non-employee director stock award agreement. In addition, on the date of each annual stockholders meeting, each non-employee director who was not a director on the date of the prior annual stockholder meeting will automatically be granted an option to purchase 5,000 shares of the Company's Common Stock with an exercise price equal to the fair market value on the date of grant. The option will vest as to 1,667 shares on the first anniversary of the date such non-employee director attended a meeting of the Board of Directors as a director, 1,667 shares on the second anniversary of such meeting and 1,666 shares on the third anniversary of such meeting, subject to such director's continued service through each such vesting date.

Each director and certain members of his or her immediate family and parents are entitled to free travel privileges on the Company's non-chartered flights. Directors are also reimbursed for the taxes imposed on the first $30,000 of incremental cost on non-standby travel on the Company's flights. Following retirement from the Board of Directors after age 40 and at least ten years of service, or after age 55 and at least five years of service, former directors will be eligible for unlimited travel on Company flights. The former director will be responsible for all taxes on this benefit.

The following table shows the compensation paid or accrued during the fiscal year ended December 31, 2015 to the individuals serving on the Board of Directors in 2015:

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
Gregory S. Anderson	84,999	84,401	—	1,286	170,686
Lawrence S. Hershfield	139,667	84,401	—	13,271	237,339
Zac S. Hirzel	70,667	84,401	—	—	155,068
Randall L. Jenson	70,001	84,401	—	5,167	159,569
Bert T. Kobayashi, Jr. (5)	43,334	—	—	3,514	46,848
Tomoyuki Moriizumi	88,084	84,401	—	5,174	177,659
Samson Poomaihealani	53,334	84,401	—	20,920	158,655
Crystal K. Rose	73,334	84,401	—	32,651	190,386
William S. Swelbar	53,334	84,401	—	—	137,735
Duane E. Woerth	53,334	84,401	—	—	137,735
Richard N. Zwern	72,001	84,401	—	16,807	173,209

Supplemental Director Compensation Table—Outstanding Stock Awards as of December 31, 2015

Name(1)	Aggregate Stock Award Shares Outstanding	Award Grant Date(s)	Number of Shares	ASC 718 Grant Date Fair Value($)
Gregory S. Anderson	3,406	5/21/2015	3,406	84,401
Lawrence S. Hershfield	3,406	5/21/2015	3,406	84,401
Zac S. Hirzel	3,406	5/21/2015	3,406	84,401
Randall L. Jenson	3,406	5/21/2015	3,406	84,401
Tomoyuki Moriizumi	3,406	5/21/2015	3,406	84,401
Samson Poomaihealani	3,406	5/21/2015	3,406	84,401
Crystal K. Rose	3,406	5/21/2015	3,406	84,401
William S. Swelbar	3,406	5/21/2015	3,406	84,401
Duane E. Woerth	3,406	5/21/2015	3,406	84,401
Richard N. Zwern	3,406	5/21/2015	3,406	84,401

Supplemental Director Compensation Table—Outstanding Options as of December 31, 2015

Name(1)	Aggregate Option Shares Outstanding	Award Grant Date(s)	Number of Shares	ASC 718 Grant Date Fair Value($)
Zac S. Hirzel	5,000	5/22/2014	5,000	39,800
Randall L. Jenson	10,000	5/30/2007	10,000	18,700
Tomoyuki Moriizumi	5,000	5/24/2012	5,000	16,700
Samson Poomaihealani	5,000	5/25/2010	5,000	21,350
Crystal K. Rose	10,000	5/30/2007	10,000	18,700
Duane E. Woerth	5,000	5/22/2014	5,000	39,800

(1) Mark B. Dunkerley is not included in the table because he is also a named executive officer in the Summary Compensation Table below. He receives no additional compensation for his service as one of our directors.

(2) Represents the grant date fair value of restricted stock units granted to each director in 2015, as calculated in accordance with FASB ASC Topic 718, Compensation—Stock Compensation, or ASC 718.

(3) Represents the grant date fair value of stock options granted to each director in 2015, as calculated in accordance with ASC 718.

(4) The amounts in this column for each non-employee director represent reimbursement of taxes related to flight benefits.

(5) Mr. Kobayashi ceased serving on the Board of Directors effective May 21, 2015.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

The Board of Directors currently consists of ten directors, nine of whom are independent directors. The Board of Directors has affirmatively determined that Mr. Gregory S. Anderson, Mr. Lawrence S. Hershfield, Mr. Randall L. Jenson, Mr. Tomoyuki Moriizumi, Mr. Samson Poomaihealani, Ms. Crystal K. Rose, Mr. William S. Swelbar, Mr. Duane E. Woerth and Mr. Richard N. Zwern are each independent as defined by the NASDAQ listing standards and the applicable rules of the SEC. The Board of Directors has also affirmatively determined that director nominee Mr. Earl E. Fry is independent as defined by the NASDAQ listing standards and the applicable rules of the SEC.

Six directors will be elected at the Annual Meeting to serve for one-year terms and until their successors are elected and qualified. On the recommendation of the Governance and Nominating Committee, the Board of Directors has nominated Mr. Hershfield, Mr. Dunkerley, Mr. Fry, Mr. Jenson, Ms. Rose and Mr. Zwern for election to the Board of Directors at the Annual Meeting. All of the nominees except for Mr. Fry are currently members of the Board of Directors, and all of the nominees have agreed to being named in this Proxy Statement and to continue to serve if elected. In the event that any such nominee is unable to serve, the proxyholders will vote for any other person that the Board of Directors designates. The election of each nominee as a director requires a plurality of the votes cast at the Annual Meeting by holders of shares entitled to vote. The proxies cannot be voted for a greater number of persons than the number of nominees. You will find each nominee’s biographical information below.

Current directors Mr. Gregory S. Anderson and Mr. Tomoyuki Moriizumi have not been nominated for re-election at the Annual Meeting. Additionally, the Board of Directors has adopted a resolution reducing the size of the Board to nine members, effective immediately prior to the Annual Meeting.

As described in greater detail in the section below entitled “Security Ownership of Certain Beneficial Owners and Management—Special Preferred Stock,” the IAM, the AFA and the ALPA hold one share of the Company’s 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. Mr. Samson Poomaihealani is the IAM’s designee to the Board of Directors, Mr. William S. Swelbar is the AFA’s designee to the Board of Directors and Mr. Duane E. Woerth is the ALPA’s designee to the Board of Directors. On November 9, 2015, Mr. Samson Poomaihealani notified the Company that he will resign as a member of the Board of Directors effective May 17, 2016. On February 3, 2016, the Board of Directors appointed Mr. Joseph Guerrieri, Jr. to the Board of Directors, effective May 17, 2016, to fill the vacancy created by Mr. Poomaihealani’s resignation, per the notification from the IAM of Mr. Guerrieri’s nomination to serve as the IAM’s designee upon Mr. Poomaihealani’s resignation. The Board of Directors has also affirmatively determined that Mr. Guerrieri is independent as defined by the NASDAQ listing standards and the applicable rules of the SEC. The Special Preferred Stock Designees are not elected by the holders of the Common Stock, and their election is, accordingly, not to be considered at the Annual Meeting.

Information Regarding Directors

Other than Mr. Gregory S. Anderson and Mr. Tomoyuki Moriizumi, who have not been nominated for re-election at the Annual Meeting, and Mr. Samson Poomaihealani, who will resign effective May 17, 2016, the name, age as of April 8, 2016, present principal occupation or employment and five-year employment history of each of our director nominees is set forth below. Each of the persons listed below is a citizen of the United States. Unless otherwise noted, the business address of each person listed below is 3375 Koapaka Street, Suite G-350, Honolulu, HI 96819 and the telephone number at that address is (808) 835-3700.

Name	Age	Position(s)
Lawrence S. Hershfield	59	Chair of the Board of Directors
Mark B. Dunkerley	52	Director, President and Chief Executive Officer
Earl E. Fry	57	Director nominee
Randall L. Jenson	47	Director
Crystal K. Rose	58	Director
Richard N. Zwern	61	Director
Special Preferred Stock Designees:		
Joseph Guerrieri, Jr.	68	Director (IAM Designee) (will be appointed effective May 17, 2016)
William S. Swelbar	57	Director (AFA Designee)
Duane E. Woerth	67	Director (ALPA 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. He served as Chairman of the Board of Premier Entertainment Biloxi, LLC, which owns the Hard Rock Hotel and Casino in Biloxi, Mississippi, from June 2006 through September 2011 and currently serves as a member of the Board of Directors of Berkadia Commercial Mortgage Servicing Inc., the third largest commercial mortgage servicer in the United States, owned by a joint venture of Berkshire Hathaway Inc. and Leucadia National Inc. Mr. Hershfield also serves as Chairman of the Board of 5D Robotics, Inc., a privately-held Carlsbad, CA-based company involved in technologies that facilitate autonomous movement of vehicles. From 2006 through 2009, Mr. Hershfield served as a Trustee of the Stanford University Business School Trust, and since 2011 has served as a member of the Advisory Board of the Stanford Center for Longevity. 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). Mr. Hershfield serves as a member of the Compensation Committee and as Chair of the Executive Committee. Mr. Hershfield contributes an in-depth familiarity with the Company, its operations and its history resulting from his prior service as its Chief Executive Officer and years of service as its Chairman, as well as a breadth of experience gained from serving as a director or officer of, or investor in, public and private companies in a variety of industries.

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 bankruptcy trustee. 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 provides 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 his last position as Senior Vice President for British Airways' Latin America and Caribbean division from 1997 to 1999. Mr. Dunkerley serves on the Board of Directors of the Hawaii Visitors and Convention Bureau, Hawaii Business Roundtable, the Chamber of Commerce of Hawaii and

Airlines for America (formerly Air Transport Association of America, Inc.). Mr. Dunkerley received a B.S. in Economics from the London School of Economics (1984) and a Master's degree in Air Transportation Economics from the Cranfield Institute of Technology (1985). Mr. Dunkerley serves as a member of the Executive Committee. Mr. Dunkerley's day-to-day leadership of the Company in his role as Chief Executive Officer allows him to contribute to the Board of Directors a deep understanding of the Company's operations and of the challenges and opportunities facing our business.

Earl E. Fry. From December 1999 to August 2015, Mr. Fry served in various capacities at Informatica Corporation, an enterprise data integration software company, including Chief Financial Officer, Chief Administrative Officer and Executive Vice President, Global Customer Support and Services, and most recently as Chief Customer Officer and Executive Vice President, Operations Strategy. Mr. Fry has served on the Board of Directors of Xactly Corporation since September 2005 and on the Board of Directors of Central Pacific Financial Corp. since April 2005. Mr. Fry received a B.B.A. in Accounting from the University of Hawaii (1980) and has an M.B.A. from the Stanford Graduate School of Business (1984). Mr. Fry brings significant professional experience in the areas of finance, accounting and audit oversight to the Board of Directors, which allows him to contribute valuable insight and perspective.

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 in June 2004. He resigned as Secretary effective as of July 2005 and as Chief Financial Officer and Treasurer as of November 2005. In July 2011, he was appointed and currently serves as President and Chief Financial Officer of Berkadia, a company engaged in the origination and servicing of commercial mortgages which is a joint venture of Berkshire Hathaway and Leucadia National Corporation. He is co-founder and currently serves as President of Ranch Capital, LLC, which was formed in 2002 to pursue investments in undervalued or distressed assets or companies. 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. Mr. Jenson received a B.A. in Accounting from the University of Utah (1991), and has an M.B.A. from the Harvard University Graduate School of Business Administration (1997). Mr. Jenson serves as a member of the Audit Committee and the Governance and Nominating Committee. Mr. Jenson's familiarity with our business from his prior service as our Chief Financial Officer and Treasurer, allows him to contribute to the Board of Directors a valuable perspective on the financial operations of our business.

Crystal K. Rose. Ms. Rose has been a member of our Board of Directors since June 2006. Ms. Rose, an attorney, is a partner with Bays Lung Rose & Holma (1986 through present). Ms. Rose is currently the Lead Independent Director of the Board of Directors of Central Pacific Financial Corp. (February 2005 through present) and Central Pacific Bank (August 2004 through present), and a current member of the compensation and governance committees of each. From 2004 to 2006, Ms. Rose was a director of Hawaiian Electric Light Co, Ltd. Ms. Rose also serves on several civic boards. Ms. Rose has a J.D. from the University of California, Hastings College of Law (1982) and a B.S. from Willamette University (1979). Ms. Rose serves as Chair of the Compensation Committee and as a member of the Governance and Nominating Committee and the Executive Committee. Ms. Rose’s legal experience, as a partner with Bays Lung Rose & Holma, as well as her experience as the Lead Independent Director of each of Central Pacific Financial Corp. and Central Pacific Bank, allow her to provide valuable insight and leadership in her positions as Chair of our Compensation Committee and member of our Governance and Nominating Committee and Executive Committee.

Richard N. Zwern. Mr. Zwern has been a member of our Board of Directors since August 2011. Mr. Zwern is Worldwide Director—Executive Development at WPP, the world’s largest communications and marketing services group. Mr. Zwern has spent most of his professional career at Hill & Knowlton, the New York-based public relations and public affairs consulting firm. Mr. Zwern joined Honolulu based Communications Pacific in 1980, acquired the firm with a partner in 1983, and served as president. He led the firm for five more years following its 1989 acquisition by Hill & Knowlton and served as Chief Executive. Mr. Zwern is a graduate of the University of Southern California and holds an M.B.A. from the University of Hawaii. He serves on the Board of Directors and is a member of the Executive Committee of the Hawaiian Humane Society. He also acts as a strategic advisor to Ho’okele Health Innovations, LLC, a Hawaii based healthcare coordination and technology company. Mr. Zwern serves as Chair of the Governance and Nominating Committee and as a member of the Compensation Committee and the Audit Committee. Mr. Zwern’s deep experience advising companies on corporate public image, crisis management and public relations allows him to provide valuable perspective on these aspects of our business to the Board of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO ELECT THE SIX DIRECTORS THAT HAVE BEEN NOMINATED FOR ELECTION TO THE BOARD OF

DIRECTORS.

Special Preferred Stock Designees

Joseph Guerrieri, Jr. Mr. Guerrieri is a member of Guerrieri, Clayman, Bartos and Parcelli, P.C., a nationally recognized law firm specializing in labor and employment law primarily in the airline and railroad industries, which he founded in 1985. Mr. Guerrieri has assisted labor union clients in the negotiations of national collective bargaining agreements for, among others, airline pilots at Delta Airlines and ground employees at United Airlines, Southwest Airlines, Northwest Airlines, Trans World Airlines and US Airways. Prior to entering the private practice of law, Mr. Guerrieri served as an Assistant United States Attorney for the District of Columbia, where he served in the criminal, appellate and civil divisions. Mr. Guerrieri receivevd a B.A. in Political Science from the

University of Michigan (1969) and a J.D. from The George Washington University Law School (1972). Mr. Guerrieri is the IAM'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 2005. Currently, Mr. Swelbar is a Research Engineer with the Massachusetts Institute of Technology's International Center for Air Transportation as well as Executive Vice President of InterVISTAS Consulting LLC. Mr. Swelbar has enjoyed a 30 year consulting career specializing in distressed labor negotiations and regulatory issues governing air transport. Mr. Swelbar received a B.S. from Eastern Michigan University (1982) and an M.B.A. from The George Washington University (1988). Mr. Swelbar is the AFA's designee to the Board of Directors. See "Security Ownership of Certain Beneficial Owners and Management—Special Preferred Stock."

Duane E. Woerth. Mr. Woerth has been a member of our Board of Directors since May 2014 and previously served on our Board of Directors from June 2009 to October 2010. From October 2010 to December 2013, Mr. Woerth served as U.S. Ambassador to the International Civil Aviation Organization. Mr. Woerth was a co-founder of Sojern, Inc. and served as its Senior Vice President of Airlines Relations from July 2007 to September 2010. From 1999 to 2007, he served as President of the Air Line Pilots Association (ALPA), the largest airline pilot union in the world. Prior to that, he worked as First Vice President, leading ALPA's international aviation initiatives from 1991 to 1998. Mr. Woerth also served on the Board of Directors of Northwest Airlines from 1993 to 1999. Additionally, he has over 20 years of pilot experience with Braniff and Northwest Airlines as well as the U.S. Air Force, from which he retired with the rank of Lt. Colonel. During his career, Mr. Woerth led the Department of Transportation (DOT) agency review team with special emphasis on the Federal Aviation Administration and was appointed by the DOT to lead one of two teams on aircraft to quickly propose and implement enhanced security measures following September 11th. Mr. Woerth received a B.S. in Accounting from the University of Nebraska (1970) and a M.A. in Public Administration from the University of Oklahoma (1975). Mr. Woerth is the ALPA's designee to the Board of Directors. See "Security Ownership of Certain Beneficial Owners and Management—Special Preferred Stock."

EXECUTIVE OFFICERS

The following table sets forth the names, ages as of April 8, 2016 and all positions and offices with the Company held by the Company's present executive officers.

Name	Age	Position(s)
Mark B. Dunkerley	52	President and Chief Executive Officer of Holdings and Hawaiian
Aaron J. Alter	58	Executive Vice President, Chief Legal Officer and Corporate Secretary of Holdings and Hawaiian
Ron Anderson Lehman	52	Executive Vice President and Chief Administrative Officer of Hawaiian
Peter R. Ingram	49	Executive Vice President and Chief Commercial Officer of Hawaiian
Shannon L. Okinaka	41	Executive Vice President, Chief Financial Officer and Treasurer of Holdings and Executive Vice President and Chief Financial Officer of Hawaiian
Jonathan D. Snook	49	Executive Vice President and Chief Operating Officer of Hawaiian
Barbara D. Falvey	57	Senior Vice President, Human Resources of Hawaiian
Theo Panagiotoulias	45	Senior Vice President, Global Sales and Alliances of Hawaiian

The following is information with respect to the Company's executive officers who are not also directors of the Company:

Aaron J. Alter. Mr. Alter has served as the Executive Vice President, Chief Legal Officer and Corporate Secretary of Hawaiian and Holdings since January 2016. Previously, Mr. Alter was a partner at Wilson Sonsini Goodrich & Rosati, where he practiced corporate and securities law since 1990. Mr. Alter received an A.B. in Economics and East Asian Studies from Harvard University (1979), an M.B.A from Harvard Business School (1985) and a J.D. from Harvard Law School (1985).

Ron Anderson-Lehman. Mr. Anderson Lehman has served as the Executive Vice President and Chief Administrative Officer of Hawaiian since February 2014. Mr. Anderson Lehman served as Senior Vice President and Chief Information Officer of Hawaiian since June 2012. Previously, Mr. Anderson Lehman worked at Continental Airlines for 10 years prior to joining Hawaiian as its Senior Vice President and Chief Information Officer, a position that he held from 2006 to 2010.

Mr. Anderson Lehman has over 25 years of experience in the airline and travel technology industry, having started his aviation career with United Airlines in April 1986. Mr. Anderson Lehman received a B.S. in Computer Science and a minor in Mathematics from Iowa State University (1985).

Peter R. Ingram. Mr. Ingram has served as the Executive Vice President and Chief Commercial Officer of Hawaiian since October 2011. Previously, Mr. Ingram served as Executive Vice President, Chief Financial Officer and Treasurer of Holdings and Hawaiian since November 2005. Mr. Ingram worked at AMR Corporation, the parent company of American Airlines and American Eagle Airlines, for 11 years prior to joining the Company. From 2002 to 2005, 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 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).

Shannon L. Okinaka. Ms. Okinaka has served as the Executive Vice President, Chief Financial Officer and Treasurer of Holdings and Executive Vice President and Chief Financial Officer of Hawaiian since May 2015. Previously, Ms. Okinaka had served as Senior Vice President, Interim Chief Financial Officer and Treasurer of Holdings and Senior Vice President and Interim Chief Financial Officer of Hawaiian since January 2015 and as Hawaiian’s Vice President – Controller since 2011. Ms. Okinaka joined Hawaiian in 2005 as Senior Director – Sarbanes Oxley Compliance and Special Projects. Ms. Okinaka received a Bachelor of Business Administration degree in Accounting and Management Information Systems from the University of Hawai‘i at Mānoa (1996).

Jonathan D. Snook. Mr. Snook has served as the Executive Vice President and Chief Operating Officer of Hawaiian in December 2015. Previously, Mr. Snook had served as Interim Chief Operating Officer since October 2015. Mr. Snook previously spent over 28 years at AMR Corporation/American Airlines, most recently as its Senior Vice President Customer Service since January 2013 and as its Vice President Operations Planning and Performance from March 2010 to January 2013.

Barbara D. Falvey. Ms. Falvey has served as Hawaiian’s Senior Vice President—Human Resources since July 2005. From March 2003 to June 2005, Ms. Falvey served as Vice President of Ameristar Casinos where she was responsible for corporate human resources. Prior to that, Ms. Falvey spent three years as Senior Vice President of Human Resources for Aladdin Gaming, LLC and 15 years in executive leadership positions in human resources, both at the corporate and property levels, for Caesars World, Inc. Ms. Falvey received a B.A. in English from the University of California, Los Angeles (1983) and an M.S. in Organization Development from Pepperdine University (2003).

Theo Panagiotoulias. Mr. Panagiotoulias has served as Hawaiian's Senior Vice President – Global Sales and Alliances since August 2014. From March 2012 to July 2014, Mr. Panagiotoulias served as the Vice President and General Manager of Sabre, Inc. Prior to that, Mr. Panagiotoulias spent 15 years at American Airlines, where he held several key leadership positions in commercial and operational activities. Mr. Panagiotoulias is a graduate of Haileybury College (1987) in Melbourne, Australia.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis section discusses our executive compensation policies and programs and the compensation decisions made in 2015 for our named executive officers, generally defined under the SEC's proxy rules as a company's chief executive officer, chief financial officer and the other three most highly compensated employees serving as executive officers at year-end. Our named executive officers who were employed at the end of 2015 are:

- Mark B. Dunkerley, President and Chief Executive Officer;
- Shannon L. Okinaka, Executive Vice President, Chief Financial Officer and Treasurer;
- Peter R. Ingram, Executive Vice President and Chief Commercial Officer;
- Ron Anderson-Lehman, Executive Vice President and Chief Administrative Officer; and
- Barbara D. Falvey, Senior Vice President, Human Resources.

In addition, because he was employed for a portion of the year as our Chief Financial Officer, Scott E. Topping is also a named executive officer under the proxy rules. Throughout this Compensation Discussion and Analysis, when we refer to "named executive officers" we mean the named executive officers other than Mr. Topping, whose compensation we will address at the end.

The Compensation Committee administers the compensation policies and programs for our senior executives and our equity-based incentive compensation plans, and rewards strategies for all employees.

Executive Summary and Pay for Performance

The cornerstone of our executive compensation program is pay for performance. Accordingly, while we pay competitive base salaries and other benefits, the majority of our named executive officers' compensation opportunity is based on performance-based incentive or variable compensation.

We operate in a highly competitive industry and recognize that effective compensation strategies are critical in attracting and retaining key employees and maximizing stockholder value creation. The primary objectives of our compensation program, including our executive compensation program, are to attract, retain and motivate the best people available to help the Company achieve its long-term goals and objectives. Our executive compensation program rewards achieving specific goals set for the Company and those set for individual executives. We reward executive performance that meets or surpasses these established goals to align the interests of our executives with the long term interests of our stockholders, and there are adverse consequences for under-performance. We also seek to ensure that the total compensation opportunity provided to our key executives remains competitive relative to the compensation paid to similarly situated executives in the overall market and among our peer companies, taking into consideration the cost of living and challenges of attracting individuals and their families to the Company, often from a considerable distance. In this Compensation Discussion and Analysis, the phrase "our executives" refers to the executive officers of Hawaiian and the Company.

Good Compensation Governance Practices

Our Compensation Committee, assisted by its independent compensation consultant, Frederic W. Cook & Co., Inc. ("Cook & Co."), stays informed of developing good executive compensation governance practices and strives to implement such practices as necessary to help the Company improve its programs and policies. The following are examples of our good compensation governance practices.

- We conduct an annual Say on Pay advisory vote.
- We have limited the upside potential for our annual incentive compensation payout to 200% of the target award opportunity for any individual participant (except for the CEO whose annual incentive opportunity is capped at 200% of his base salary, not his target award opportunity).
- We have stock ownership and share retention guidelines for our executive officers and non-employee directors.
- We do not have single trigger equity acceleration; instead, acceleration in connection with a change in control only is triggered by certain terminations of employment following a change in control.
- We do not have golden parachute excise tax gross-ups.
- 100% of our Chief Executive Officer's equity awards are subject to performance-based vesting, in a manner

13

intended to qualify for deductibility under Internal Revenue Code Section 162(m).

- A substantial portion of our other executive officers' equity awards are subject to performance-based vesting, in a manner intended to qualify for deductibility under Internal Revenue Code Section 162(m).
- The Compensation Committee directly engages Cook & Co. to assist with its evaluation of the potential risks of our compensation programs and policies, including the programs and policies for non-executive officers, and whether such programs and policies could potentially create risks that could have a material adverse effect on the Company.
- We have implemented a clawback policy so that the Company may recover certain compensation in the event of certain financial restatements.

Compensation Advisers

The Compensation Committee has engaged the independent compensation consulting firm of Cook & Co. to assist it in executive compensation matters. In 2015, Cook & Co. served only the Compensation Committee and provided no services to the Company other than the services it provided to the Compensation Committee.

Compensation Committee Adviser Independence

The Compensation Committee has considered the independence of Cook & Co. under NASDAQ and SEC rules and has found no conflict of interest in Cook & Co.'s continuing to advise the Compensation Committee.

The Compensation Committee is also regularly advised by the Company's primary corporate outside legal counsel, Wilson Sonsini Goodrich & Rosati, P.C. ("WSGR"). The Compensation Committee has considered the independence of WSGR under NASDAQ and SEC rules and has found no conflict of interest in WSGR's continuing to advise the Compensation Committee.

The Compensation Committee intends to reassess the independence of its advisers at least annually.

Elements of Compensation

The Compensation Committee works closely with Cook & Co. and management to design an executive compensation program that emphasizes pay-for-performance in order to assist us in attracting and retaining outstanding executives and senior management personnel. The design and implementation of this program continually evolves as we grow, but is based primarily on two elements: (i) providing compensation opportunities competitive with organizations with which we compete for executive talent; and (ii) linking executives' compensation with our financial, operating and competitive performance. Our compensation program is designed to reward both individual and corporate performance and to create incentives to achieve superior operating performance in the current year and also for the long-term benefit of our business to align the interests of management with the long term interests of our stockholders.

The principal components of our executive compensation program (each discussed in detail below) are:

- annual base salary;
- short-term incentive compensation in the form of performance incentive payments payable in cash and/or stock units each year;
- long-term incentive compensation, primarily in the form of equity-based performance awards;
- severance and change in control benefits;
- personal benefits or perquisites; and
- general benefits.

Determining Amount of Each Element of Compensation

In determining the terms of employment agreements with our named executive officers and any incentive, equity-based or other additional compensation, the Compensation Committee reviews publicly available information regarding other companies with which we compete and other publicly-traded corporations in Honolulu, Hawaii; assesses our overall financial condition and the financial condition of the airline industry; consults, when appropriate, with its independent compensation consultant and with outside executive compensation counsel; and, for compensation payable to named executive officers (other than our Chief Executive Officer), consults with our Chief Executive Officer. Additional factors that may impact compensation decisions include the high cost of living in our headquarters city and the relocation distance that an executive officer may be asked to move his/her family. Although some elements of a particular named executive officer's compensation may vary due to specific circumstances of such named executive

officers, the Compensation Committee strives to set a total compensation package that is both equitable and informed by the processes described above.

In October 2014, the Compensation Committee reviewed the annual benchmarking study conducted by Cook & Co., and considered the information provided in this study when it established 2015 compensation levels for the named executive officers. In making these determinations, the Compensation Committee also considered data from (1) a "main" peer group of 9 similarly sized airlines and other companies in the transportation industry, (2) general industry survey data derived from companies with annual revenues between $1 billion and $3 billion; and (3) overall national cost of living differentials.

The following 10 companies made up the "main" peer group: Air Transport Services Group Inc., Alaska Air Group, Inc., Allegiant Travel Company, Atlas Air Worldwide Holdings, Hub Group Inc., JetBlue Airways Corporation, Republic Airways Holdings, Inc., SkyWest, Inc. and Spirit Airlines, Inc.

The Compensation Committee also considered data from four additional major independent airlines in the United States: American Airlines Group, Inc., Delta Airlines, Inc., Southwest Airlines Co., and United Continental Holdings, Inc. not for compensation data purposes, but for benchmarking pay practices and company performance. These airlines are substantially larger than the Company, so the Compensation Committee did not use this group of companies to benchmark named executive officer pay.

Finally, the Compensation Committee monitors the executive compensation practices and pay levels at three local publicly-traded Hawaiian companies: Alexander and Baldwin Inc., Bank of Hawaii Corporation and Hawaiian Electric Industries, Inc. The Compensation Committee uses this group to monitor local compensation trends but does not use this group to benchmark named executive officer compensation levels.

Annual Base Salary

Base salaries for our named executive officers are designed to be competitive in the marketplace for executives of comparable talent and experience, are based on each named executive officer's responsibility and are subject to adjustment based upon individual and Company performance. The base salary of each named executive officer for 2014 and 2015 is listed below. Any increases in salary were made in the judgment of the Compensation Committee, with input from the CEO about individuals other than himself, taking into consideration each executive's skills, experience, performance and contributions, and expectations and requirements for the role. Compensation decisions are not based on benchmarking to a particular level of compensation, although market positioning is a factor taken into consideration.

Named Executive Officer	2014 Base Salary	Final 2015 Base Salary
Mark B. Dunkerley, President and Chief Executive Officer	$660,000	$700,000
Shannon L. Okinaka, Executive Vice President, Chief Financial Officer and Treasurer	$235,000	$375,000*
Peter R. Ingram, Executive Vice President and Chief Commercial Officer	$445,000	$455,000
Ron Anderson-Lehman, Executive Vice President and Chief Administrative Officer	$400,000	$410,000
Barbara D. Falvey, Senior Vice President, Human Resources	$340,000	$345,000

*Ms. Okinaka's salary was increased to $265,000 in February 2015 when she became the interim Chief Financial Officer and in connection with her appointment to the position of Executive Vice President and Chief Financial Officer on May 21, 2015, her base salary was increased to $375,000 per year.

Short-Term Incentive Compensation

Short-term incentive compensation is based on an annual "balanced scorecard" performance incentive plan. 2015 annual performance incentives were awarded under our 2006 Management Incentive Plan (the "2006 Incentive Plan"), which was initially approved by our stockholders at our May 31, 2006 stockholders meeting and was reapproved by our stockholders on May 31, 2011. The 2006 Incentive Plan is administered by the Compensation Committee. The Compensation Committee selects the executives that participate in the 2006 Incentive Plan (after considering the recommendations of the Chief Executive Officer), to establish the length of the annual and long-term performance periods, to establish the performance goals, to determine the amount of incentive compensation payable to any participant, to provide for payment of incentives in cash, in stock or in units, and to make all other determinations and take all other actions necessary or appropriate for proper administration and operation of the 2006 Incentive Plan.

2015 Annual Incentive Compensation

The Compensation Committee, Chief Executive Officer, Chief Financial Officer and Senior Vice President-Human Resources, with advice from Cook & Co., collaborated in determining the financial and non-financial performance criteria to be used for the Company's 2015 balanced scorecard incentive compensation plan.

In 2015, the achievement of financial and non-financial corporate performance goals was weighted 70% for corporate financial goals and 30% for the corporate non-financial performance goals. Attainment of corporate and individual performance goals at 100% of the target level would result in payment of the named executive officers' bonuses at the target level, and payments would be adjusted for achievement above or below the target levels in accordance with the plan.

In 2015, Mr. Dunkerley's individual performance was weighted at 20% and corporate performance was weighted at 80%, Ms. Okinaka's and Ms. Falvey's and Messrs. Anderson-Lehman's and Ingram's individual performances were weighted at 25% and corporate performances were weighted at 75%. Mr. Dunkerley's maximum bonus for 2015 was limited by the terms of his employment agreement to no more than 200% of his annual base salary.

The performance goals and the 2015 targets established by the Compensation Committee are described in the tables below. Each of these goals is weighted within its category as shown below.

As a threshold, before any payment is made, the Company must achieve earnings before interest, taxes, depreciation, amortization and rent (EBITDAR) of at least 80% of budgeted adjusted EBITDAR. The Company's adjusted EBITDAR can be calculated by adding the Company's interest expense, depreciation and amortization expense and aircraft rent expense to its adjusted income before income taxes, each as reported in the financial statements to the Company's 2015 Annual Report on Form 10-K, filed on February 8, 2016, and excluding any payments to be made under the 2015 incentive payment plans.

For the measures that compare the Company's performance with that of its peers, the Company's peer group consists of Alaska Air Group, Inc., Allegiant Travel Company, American Airlines Group, Inc., Delta Airlines, Inc., JetBlue Airways Corporation, Southwest Airlines Co., Spirit Airlines, Inc., and United Continental Holdings, Inc. This peer group was chosen because it includes the Company's primary domestic competitors and also represents the industry participants against which the Company's performance is typically benchmarked by investors.

Corporate Financial Performance Goals

Category	Measure	Target	Category Weight	Result
EBITDAR	Scale described below	$590.7M	40%	101%
Financial Performance			30%	140%
EBITDAR Margin	Comparative ranking with selected carriers	Targeted Level	20%	Target
Revenue per Available Seat Mile (RASM)	Absolute v. approved budget	98% - 102% of target	20%	98.0%
Cost per Available Seat Mile-Fuel Adjusted (CASM)	Absolute v. approved budget	99% - 101% of target	20%	96.7%
Adj Debt/Adj Book Capital	Year-end Percentage	75% - 80%	20%	79.0%
Return on Invested Capital	After Tax Percentage	7% - 8%	20%	16.5%

Achievement of adjusted EBITDAR of 80% of budget would result in an EBITDAR achievement of 86.2% of that category with that achievement increasing by approximately 1% for each 1% increase versus budget up to 94% of the budget. Achievement is flat at 100% for results that range from 94% of budgeted adjusted EBITDAR up to 106%. For each 1% increase above 106% of budget, the achievement increases by 1.4% up to 118%, then 2.8% to a maximum of 200% achievement at 148% of budget.

The corporate non-financial performance criteria and the 2015 targets established by the Compensation Committee are divided into three categories described in the table below: Carrier of Choice, One Ohana and World Class Airline. To determine a

named executive officer's incentive compensation attributable to the 30% weighted corporate performance score for non-financial performance, the goals are weighted as shown below.
Corporate Non-Financial Performance Goals

Category	Measure	Target	Category Weight	Result
Carrier of Choice			9%	140%
Travel and Leisure Magazine (TL) and Conde Nast (CN) Surveys	Published ranking with other carriers serving Hawaii	2nd	25%	1st HI/3rd Domestic
Airline Quality Rankings Survey	Comparative ranking with other carriers	5th - 7th	25%	4th
CSAT	Net Promoters Score	60.1 - 65.0	50%	63.3%
One Ohana			9%	40%
Employee Survey	Survey scores on benchmark questions	7.5 - 8.5	20%	7.3
Employee Survey	Net Promoters Score	23% - 26%	20%	8%
Employee Survey	Engagement Score	69% - 71%	20%	58%
Total Hours of Lost Time as a Percent (%) of Paid Hours	Annual lost time hours as a result of occupational injury as a Percent (%) of Paid Hours	1.71% - 1.79%	20%	3.42%
Total Sick Pay	Percentage of Total Payroll	3.61% - 3.8%	20%	3.36%
World Class Airline			12%	80%
Number of Regulatory Infractions and A4A Reported Damage	A4A standard measure, reportable mishaps plus regulatory fines (annual number)	31 - 37	25%	43
Operational Performance Score	Overall numerical score (annual average of monthly scores)	6.3 - 6.6	50%	6.58
On-time Arrivals (DOT Survey)	Published comparative ranking with other carriers (11/2014 - 10/2015)	2nd - 3rd	8.3%	1st
Baggage Handling (Baggage Irregularity Reports, DOT Survey)	Published comparative ranking with other carriers (11/2014 - 10/2015)	3rd	8.3%	4th
Cancellations (DOT Survey)	Published comparative ranking with other carriers (11/2014 - 10/2015)	3rd	8.3%	1st

For 2015, the Compensation Committee measured the individual performance of our Chief Executive Officer based on its review of Mr. Dunkerley's performance relative to the Company's strategic objectives and the Company's overall performance. The Chief Executive Officer established the criteria upon which to measure the individual performance of each of the other named executive officers. Individual objectives for each of the named executive officers other than the Chief Executive Officer reflect each named executive officer's departmental and corporate responsibilities. Ms. Okinaka's individual performance objectives were related to the Company's financial performance compared to goals. Mr. Anderson-Lehman's individual performance objectives were related to the Company's information technology, human resources, legal, strategic procurement, and facilities performance compared to goals. Mr. Ingram's individual performance objectives were related to the Company's revenue performance compared to goals. Ms. Falvey's individual performance objectives were related to the Company's human resources performance compared to goals. Regarding individual performance, our Chief Executive Officer met with and evaluated each other named executive officer's performance during 2015 and recommended overall individual performance scores to the Compensation Committee for approval based on his assessment of each named executive officer's performance relative to his or her individual objectives. The score for Mr. Dunkerley was based on the Compensation Committee's assessment of Mr. Dunkerley's overall performance, considering the Company's performance relative to its peers.

Based on his or her individual performance scores and the Company's performance relative to the financial and non-financial corporate performance goals, each named executive officer received the amount reported under the heading "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table below. The Compensation Committee believes that the annual incentives paid to its named executive officers for fiscal year 2015 are appropriate in light of the Company's and each individual's performance in 2015.

Long-Term Incentive Compensation

The Compensation Committee believes that granting equity-based awards creates an incentive to promote our long-term interests and generally aligns the potential economic benefit to our executives from those awards with the interests of our stockholders. Equity-based awards are granted by the Compensation Committee to our named executive officers after considering the recommendations of our Chief Executive Officer (except regarding his own awards).

2015 Equity Compensation

For fiscal 2015, the Compensation Committee granted a combination of time-based and performance-based restricted stock units ("RSUs") to all executives, except the awards granted to our Chief Executive Officer which were 100% performance-based. The Compensation Committee determined that both the performance-based and time-based RSU grants provide retention incentives. The time-based RSUs vest in three equal annual installments on each of the first three anniversaries of the grant date, subject to the employee's continued service. The performance-based RSUs are subject to both a continued service requirement and financial performance criteria, allowing for the performance-based award to range between 0% and 200% of the target award opportunity. The vesting of these RSUs is subject to double-trigger accelerated vesting if certain terminations of employment occur following a change in control.

In February 2015, the Compensation Committee, following consultation with Cook & Co., granted RSUs to Messrs. Dunkerley, Anderson-Lehman, and Ingram, and Ms. Okinaka and Ms. Falvey as part of the Company's annual equity grant practice (described more fully under the heading "Determination of Equity-Based Awards Grant Dates" below). Mr. Dunkerley was granted 85,470 RSUs (discussed fully in the following paragraph), Ms. Okinaka was granted 11,111 RSUs in February and an additional 12,346 RSUs in May 2015 in connection with her promotion, Mr. Anderson-Lehman was granted 23,504 RSUs, Mr. Ingram was granted 23,504 RSUs, Ms. Falvey was granted 11,538 RSUs. For the named executive officers (other than Mr. Dunkerley), 50% of the RSUs granted were subject to time-based vesting and 50% were subject to performance-based vesting (on criteria described below). The maximum number of the performance-based RSUs that can be earned by these named executive officers is 200% of the covered shares. Accordingly, the maximum number of shares that may potentially be earned subject to the RSUs addressed above, other than for our Chief Executive Officer, is 35,186 shares for Ms. Okinaka, 35,256 shares for Mr. Anderson-Lehman, 35,256 shares for Mr. Ingram, and 17,307 shares for Ms. Falvey.

The performance-based RSUs for these named executive officers become eligible to vest at the first regularly scheduled Compensation Committee meeting in 2018 assuming continued employment through such date. Vesting will be based on the following table, with performance below a threshold ROIC resulting in the lower percentage achievement (e.g., 5.49% ROIC results in 0% achievement).

ROIC (after tax)	% of PSUs Vesting
Less than 5.5%	0%
5.5%	20%
6.0%	40%
6.5%	60%
7.0%	80%
7.5%	100%
8.0%	100%
8.5%	100%
9.0%	120%
9.5%	140%
10.0%	160%
10.5%	180%
11.0%	200%

Mr. Dunkerley's 2015 RSU award was comprised of two separate performance-based awards. One was an RSU award covering 56,980 shares (the "First Award"). The second restricted stock unit award covered a target of 28,490 shares, up to a maximum of 200% of such target number (the "Second Award"). The First Award becomes eligible to vest if the Company achieves pre-tax net profits, determined in accordance with U.S. generally accepted accounting principles, of at least $1,000,000 over any two consecutive Company fiscal quarters that begin after the grant date and prior to January 1, 2018 (the "Performance Goal"). Upon achievement of the Performance Goal, the shares covering the First Award will vest as to 1/3 on each of February 3, 2016, February 3, 2017, and February 3, 2018, subject to Mr. Dunkerley's continued employment with the Company through each relevant date. If the Performance Goal has not been achieved on a potential vesting date, the portion of the First Award that otherwise could have vested on such vesting date will remain eligible to vest and will vest, if the Performance Goal is deemed achieved no later than January 1, 2019, as of the date of determination of achievement.

The Second Award becomes eligible to vest as to 1/3 the target shares covering the Second Award at the first regularly scheduled compensation committee meeting in each of 2016 through 2018 assuming continued employment through such date. Vesting will be based on the following table, with performance below a threshold ROIC resulting in the lower percentage achievement (e.g., 5.49% ROIC results in 0% achievement).

ROIC (after tax)	% of PSUs Vesting
Less than 5.5%	0%
5.5%	20%
6.0%	40%
6.5%	60%
7.0%	80%
7.5%	100%
8.0%	100%
8.5%	100%
9.0%	120%
9.5%	140%
10.0%	160%
10.5%	180%
11.0%	200%

In the event of termination of employment in connection with a change in control, all of an executive's RSUs become fully vested (and with respect to the performance-based RSUs at the target, not the maximum, level if the performance period has not yet ended) subject to such executive's execution and non-revocation of a release of claims and will be delivered to such executive on the 29th day following such executive's employment termination date or such later date as required to avoid the imposition of additional taxes. Any unpaid RSUs are forfeited automatically if the named executive officer is terminated for cause or voluntarily terminates his or her employment. In addition, Mr. Dunkerley has certain vesting acceleration benefits related to his performance-based RSUs upon

his termination of employment, as described in greater detail in the section entitled “Mr. Dunkerley’s Severance and Change in Control Benefits.”

Long-Term Disability Benefits and Life Insurance

Besides the general benefits available to all employees (described below), the Company maintains a long-term disability plan for its executives, including the named executive officers. Under the Company’s executive long-term disability plan, the Company’s named executive officers are entitled to a disability benefit of up to 60% of base salary, capped at $11,000 per month, for non-occupational injury or illness until such executive reaches age 65 or for 12 months after such executive reaches age 65. The Company also pays the premiums on a $300,000 life insurance policy for Mr. Dunkerley.

Peter R. Ingram Retention Agreement

In May 2015, in recognition of his performance and potential, the Compensation Committee approved a cash retention bonus of $500,000 to Peter R. Ingram, payable as a single lump sum on April 1, 2018, subject to his continued employment with the Company through March 1, 2018. If Mr. Ingram’s employment is terminated by the Company before March 1, 2018 under circumstances that would otherwise entitle him to severance benefits under his employment agreement with the Company, then he will be entitled to a prorated portion of the cash retention bonus. If a Change in Control occurs prior to March 1, 2018, Mr. Ingram will be entitled to the full cash retention bonus.

Severance and Change in Control Benefits

The Compensation Committee believes that certain severance and change in control benefits provide a valuable retention tool for its named executive officers. Through severance benefits, the Company seeks to ensure the applicable named executive officer’s commitment to the Company by providing income stability and protection in the event of such named executive officer’s termination of employment in certain situations.

Double-Trigger Vesting Acceleration

Through change in control benefits, the Company seeks to provide each named executive officer with an incentive to remain with the Company through a potential period of uncertainty presented by a change in control. Equity awards granted to our named executive officers will accelerate vesting only in the event of certain terminations of employment following a change in control, or a “double-trigger,” and do not provide for single-trigger change in control vesting.

Mr. Dunkerley’s Severance and Change in Control Benefits

Under his employment agreement, if Mr. Dunkerley’s employment is terminated without “cause” or by Mr. Dunkerley for “good reason” (as such terms are defined in the employment agreement) on or before January 1, 2017, then subject to Mr. Dunkerley entering into and not revoking a release of claims in favor of the Company (a “Release”), Mr. Dunkerley will receive a lump-sum cash payment equal to three times his annual base salary and three times the average annual bonus he received in the prior 36 months, up to a maximum payment of $4,000,000. In such event, Mr. Dunkerley also will receive:

(i) a prorated annual bonus, subject to the attainment of the applicable performance metrics, and with a rating of 1.0 for performance metrics that are not performance-based compensation under Internal Revenue Code Section 162(m);

(ii) 100% vesting acceleration of the First Award and any other full-value awards subject to performance-based vesting similar to the First Award as to which the applicable performance metrics already have been satisfied or deemed satisfied;

(iii) with respect to the First Award and any other full-value awards subject to performance-based vesting similar to the First Award as to which the applicable performance metrics have not yet been satisfied or deemed satisfied, such awards will remain outstanding following Mr. Dunkerley’s employment termination until the date that the determination is made regarding the extent of achievement of the applicable performance metric, and will become fully vested to the extent that the applicable performance metric is satisfied by January 1, 2017;

(iv) 100% vesting acceleration of the Second Award and any other full-value awards subject to performance-based vesting similar to the Second Award as to which the Performance Goal or other similar applicable performance metric has been satisfied as of the date of Mr. Dunkerley’s employment termination, that have not yet completed their applicable performance period, but only to the extent such awards satisfy the applicable performance metrics as measured by shortening the applicable performance period to end on the date of Mr. Dunkerley’s employment

termination;

(v) with respect to the Second Award and any other full-value awards subject to performance-based vesting similar to the Second Award, that have not yet completed their applicable performance period and as to which the Performance Goal or other similar applicable performance metric is not certified as having been satisfied prior to Mr. Dunkerley's date of employment termination, such awards will remain outstanding until the date that the determination is made regarding the extent of achievement of the Performance Goal or similar applicable performance metric, upon which all or a portion of such awards will become fully vested if the Performance Goal or similar applicable performance metric is satisfied by January 1, 2017, but only to the extent the applicable performance metrics are satisfied as measured by shortening the applicable performance period to end on the date of Mr. Dunkerley's employment termination;

(vi) in lieu of subsidized health benefits after termination of employment, $3,000 per month through January 1, 2017;

(vii) continued life insurance and disability benefits until January 1, 2017;

(viii) continued travel benefits (as described below) until January 1, 2017 as if he remained an employee through such date;

(ix) after January 1, 2017, certain benefits for Mr. Dunkerley, his parents, spouse or domestic partner, and his dependents to travel on the Company's commercial flights for the remainder of Mr. Dunkerley's life; and

(x) reimbursement for up to $50,000 for certain costs associated with relocating from Hawaii.

Subject to Mr. Dunkerley (or, in the event of his death, his beneficiary) entering into a Release, (a) if Mr. Dunkerley's employment is terminated after January 1, 2017 without cause and not as a result of his death, he will receive the travel benefits described in clause (ix) above, and (b) if Mr. Dunkerley's employment terminates prior to January 1, 2017 due to his death or disability or after January 1, 2017, then he will receive the relocation reimbursements described in clause (x) above. If Mr. Dunkerley's employment terminates due to his death or disability, he will receive: (A) a prorated annual bonus subject to achievement of the applicable performance metrics; (B) the vesting benefits described in clause (iii) above, except that Mr. Dunkerley will be entitled only to the vesting of the portion of each award as to which he has satisfied the service-based vesting requirements; and (C) with respect to the equity awards described in clauses (iv) and (v) above, such awards will remain outstanding and be earned and paid as if Mr. Dunkerley had remained employed for the entire applicable performance period, except that Mr. Dunkerley will be entitled only to the vesting of that portion of each award as to which he has satisfied the service-based vesting requirements.

Under his employment agreement, Mr. Dunkerley is subject to confidentiality (during and after his employment), non-competition (through January 1, 2017 and 12 months after employment termination), and non-disparagement and non-solicitation provisions (through January 1, 2017 and 24 months after employment termination). If any payment or benefits to Mr. Dunkerley results in any excise tax (or related interest or penalties) under Internal Revenue Code Sections 280G or 4999, such payments and benefits either will be paid in full or reduced to a level such that the excise taxes are not imposed, whichever provides a better after-tax result for Mr. Dunkerley.

Severance Benefits for Mr. Ingram

Under the employment agreement with Mr. Ingram, if he is terminated other than for cause, and subject to his entering into and not revoking a release of claims in favor of the Company, he will receive the following severance benefits:

- a lump-sum payment of one year's base salary;
- a lump-sum payment of one year's COBRA premiums for group medical and dental coverage; and
- a pro-rated annual bonus for the year of termination, subject to the attainment of the applicable performance metrics, and with an "on-target" rating for performance metrics that are not performance-based compensation under Internal Revenue Code Section 162(m).

Severance Benefits for Ms. Okinaka, Mr. Anderson-Lehman, and Ms. Falvey

Under the executive severance agreements with Ms. Okinaka, Mr. Anderson-Lehman, and Ms. Falvey, if they are terminated other than for "cause" or voluntarily terminate for "good reason" (as defined in their severance agreements), and subject to their entering into and not revoking a release of claims in favor of the Company, they will receive the following severance benefits:

- a lump-sum payment of one year's base salary;
- twelve months' payment of $3,000 per month in lieu of subsidized COBRA or other benefits; and
- a pro-rated annual bonus for the year of termination, subject to the attainment of the applicable performance metrics, and with an "on-target" rating for performance metrics that are not performance-based compensation under Internal Revenue Code Section 162(m).

The benefits payable to each named executive upon termination or a change in control under their agreements are reported more fully under the heading "Potential Payments Upon Termination or Change in Control," below.

Personal Benefits

Each named executive officer and certain members of his or her immediate family and parents are entitled to free travel privileges on the Company's non-chartered flights. The Compensation Committee has provided this benefit after conferring with Cook & Co. and determining that this benefit is typical in the airline industry. Named executive officers are also reimbursed for the taxes imposed on the first $30,000 of incremental cost on non-standby travel on the Company's flights. In providing this benefit, the Compensation Committee determined that similar tax reimbursements are typical in the airline industry and that such a benefit represents an immaterial expense to the Company based on historical use of travel privileges.

Our executive officers receive two additional personal benefits. First, following retirement from the Company after age 40 and at least ten years of service, or after age 55 and at least five years of service, former executives will be eligible for unlimited travel on Company flights. The former executive will be responsible for all taxes on this benefit. Second, if named executive officers retire following five years of service, the Company will provide them with access-only medical and prescription drug coverage for the former named executive officer and their eligible dependents until the end of the month in which the executive becomes Medicare eligible. The premiums for such coverage are fully payable by the former executives, with a cost significantly higher than for active employees, such that it is expected that this benefit will be approximately cost-neutral to the Company.

In addition, Mr. Dunkerley is provided a $1,000 per month automobile allowance pursuant to the terms of his employment agreement.

General Benefits

The Company's named executive officers, like all eligible employees of the Company, are eligible to participate in the Company's health and welfare benefit plans and retirement savings plan (a 401(k) plan). The availability of such plans to the Company's employees generally is essential to attracting and retaining a productive workforce.

Allocating Between Long-Term/Short-Term and Cash/Non-Cash Compensation

The Compensation Committee considers various factors in designing a compensation program that provides the appropriate mix of long-term/short-term and cash/non-cash compensation. These factors include the motivational value our executives place on the various forms of compensation; the tax, economic and financial impact associated with providing such compensation; and whether providing such compensation will help us achieve our long-term corporate objectives. This allows us to direct our resources to the incentives that are most likely to attract and retain top executives and motivate desired behaviors, thereby improving the likelihood of enhanced financial performance and stockholder value creation. We award long-term incentive compensation to achieve a variety of objectives, including retaining talented executives, aligning executives' financial interests with the interests of stockholders, rewarding the achievement of our long-term corporate goals, and lengthening executives' time horizons and focusing their attention on creating stockholder value for the long term. In determining the mix of compensation, the Compensation Committee also considers the cost and dilutive impact of each element of compensation, and our ability to pay compensation in cash, as opposed to stock or other forms of non-cash compensation.

Specific Items of Corporate Performance We Consider in Making Compensation Decisions

As previously described in greater detail under the heading “Short-Term Incentive Compensation,” in 2015, the Compensation Committee considered both financial and non-financial performance targets, the achievement of which would contribute to the ability of the Company to obtain its financial, operating and strategic goals. As described above, the Company’s financial performance targets include EBITDAR margin, revenue per available seat mile (“RASM”) relative to objectives, fuel price adjusted cost per available seat mile (“CASM”) relative to objectives, adjusted debt to adjusted book capital, and return on invested capital. As described above, the Company’s 2015 non-financial performance targets measured operational excellence, customer satisfaction, and employee satisfaction. Under these categories, the Compensation Committee evaluated the Company’s 2015 performance and awarded 2015 Annual Incentive Compensation in the amounts reported in the Summary Compensation Table below and as detailed in the discussion under the subheading “2015 Annual Incentive Compensation.”

Compensation Committee Discretion

The Compensation Committee determined that in administering the Company’s current annual cash incentive compensation program, it would retain discretion to reduce the amount of incentives payable to named executive officers in the event a purely mathematical application of the performance criteria under such program results in potential incentive payments that do not properly reflect the Company’s financial performance or such executives’ performance for such year.

Determination of Equity-Based Awards Grant Dates

The Compensation Committee has discretion to determine the time and amount of any equity-based awards, but has generally granted equity-based compensation at the following times: (i) shortly after a new executive’s start date, and (ii) once per year under the stock incentive plan (the “Stock Incentive Plan”). For discretionary equity-based awards to named executive officers other than the Chief Executive Officer, awards are recommended by the Chief Executive Officer to the Compensation Committee for its consideration and potential approval. The Compensation Committee endeavors to avoid granting equity-based awards in advance of the release of news that might affect the price of our common stock.

Stock Ownership Guidelines; Policies Regarding Hedging the Risk of Security Ownership

In February 2011, the Company adopted stock ownership guidelines to further align the interests of the Company’s executive officers and non-employee directors with the interests of the Company’s stockholders. Each executive officer is expected to accumulate and hold a number of shares of the Company’s common stock equal to or greater than the lesser of (i) a specified multiple of his or her annual base salary, as set forth below, and (ii) the number of shares determined by dividing the dollar amount determined as a multiple of annual base salary by the closing sales price of the Company’s common stock on February 7, 2011 for individuals who were executive officers on such date (or the closing price on the first day they became executive officers if they were not executive officers on that date), and to maintain at least this amount throughout his or her tenure as an executive officer. The base salary multiples are as follows:

Executive Officer Category	Base Salary Multiple
Chief Executive Officer	3 times base salary
Executive Vice Presidents	2 times base salary
Senior Vice Presidents	1 times base salary

These guidelines also apply to any newly hired executive officers.

Our non-employee directors are expected to accumulate and hold a number of shares of the Company’s common stock equal to or greater than the lesser of (i) three times his or her annual retainer for service on the Board (excluding additional retainers associated with committee or chairman service, if any) and (ii) the number of shares determined by dividing the dollar amount determined in (i) by the closing sales price of the Company’s common stock on February 7, 2011 for individuals who were non-employee directors on such date (or the closing price on the first day they became non-employee directors if they were not non-employee directors on that date), and to maintain this minimum amount throughout his or her tenure on the Board. Similar guidelines apply to any newly elected non-employee directors.

The stock ownership guidelines are expected to be achieved within five years for each executive officer and non-employee director, or within five years from the date service commences for new executive officers and non-employee directors. Unexercised

23

stock options do not count for the purposes of computing shares held. Until the guidelines are achieved, our executive officers and non-employee directors are required to retain at least 50% of the net after-tax shares received as a result of exercising options or the delivery of full-value awards. We have no policies regarding hedging the economic risk of such ownership, although our Code of Ethics strictly prohibits trading in our securities while in the possession of material, non-public information regarding the Company.

Risk Assessment

Cook & Co. assisted the Compensation Committee with its evaluation of the potential risks inherent in the Company's executive and non-executive compensation programs. In early 2015, Cook & Co. evaluated the Company's executive and non-executive compensation programs and provided a report to the Compensation Committee for its consideration. The report concluded that:

- Incentive plans are well-aligned with compensation design principles that generally follow best practices,
- Compensation plans and policies are evaluated at least annually and monitored by an independent compensation committee who has the authority to amend or terminate such plans or policies at any time,
- The Compensation Committee avails itself of independent advisors, who report directly to the Compensation Committee to assist in the oversight function,
- Management incentives are capped at 200% of the target award opportunity for all participants (200% of salary for the CEO) and plan performance measures are broadly determined so as to create a balanced approach to paying incentives,
- The equity plan is carefully managed as to overall participation, allocation of individual awards, and overall usage rates,
- Equity awards have multi-year vesting periods with performance vesting criteria being added to one-half of the new equity awards beginning in 2011,
- Severance plans are closely managed and do not provide excessive severance benefits,
- Stock ownership and retention guidelines were adopted to encourage management and non-employee director ownership in the Company and alignment of their interests with shareholders,
- A clawback provision was adopted in relation to the Company's management incentive plans, in the event of certain restatements of the Company's financials.

Based on the Cook & Co., report and its own analysis, the Compensation Committee determined that the Company's compensation policies and programs were not likely to create risks that would have a material adverse effect on the Company.

2015 Say on Pay Advisory Vote; Frequency of Say on Pay Advisory Vote

On May 21, 2015, we held a stockholder advisory vote to approve the compensation of our named executive officers, commonly referred to as a Say on Pay vote. Our stockholders approved the compensation of our named executive officers, with approximately 96.6% of stockholder votes cast in favor of our 2015 Say on Pay resolution. After considering this result, following our annual review of our executive compensation philosophy, the Compensation Committee decided to retain our overall approach to executive compensation. We will hold an annual advisory stockholder vote to approve our named executive officer compensation until considering the results of our next Say on Pay frequency vote.

Tax and Accounting Treatment

Section 162(m)

Favorable tax treatment of the various elements of our compensation program is a relevant consideration in their design. However, the Company and the Compensation Committee have placed a higher priority on structuring flexible compensation programs to promote the recruitment, retention and performance of key executives than on maximizing tax deductibility. Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for non-performance-based compensation over $1 million paid for any fiscal year to the company's chief executive officer or any of the three other most highly compensated executive officers (other than the chief financial officer). Performance-based compensation is not subject to the deduction limit if certain requirements are met. The Company does not guarantee that compensation intended to qualify as performance-based compensation under Section 162(m) will qualify. The Compensation Committee has in the past and will in the future establish compensation that does not qualify to be exempt from the $1 million limitation when it believes that it is appropriate to meet its compensation objectives.

Accounting Treatment

The Company accounts for stock-based compensation in accordance with the requirements of ASC 718. The Company also considers ASC 718 and other generally accepted accounting principles in determining changes to policies and practices for its stock-based compensation programs.

The Role of Executive Officers in the Compensation Process

The Chief Executive Officer makes recommendations to the Compensation Committee for its consideration on the base salary and incentive compensation of all executive officers other than himself. The Compensation Committee annually reviews the base salary of the Chief Executive Officer and the base salary of the Chief Executive Officer may be increased by the Compensation Committee in its sole and absolute discretion. Other than the Chief Executive Officer, no executive officer participates in setting compensation for named executive officers, although our Chief Financial Officer and Senior Vice President-Human Resources assist in providing relevant financial performance and historical compensation data to the Compensation Committee for their consideration in making decisions about compensation.

Compensation Recovery Policy (Clawback)

On the recommendation of the Compensation Committee, the Board adopted the Company's "Recoupment Policy Relating to Incentive Compensation of Participants" for any bonus or incentive compensation paid after January 1, 2009. Under the Company's clawback policy, if any incentive compensation paid to a participant in the Company's annual incentive plan, including executive officers, was calculated based on the achievement of financial results that were later required to be restated, and, if the individual executive officer engaged in any fraud or misconduct that caused or contributed to the need for such restatement, the Board will require reimbursement, in all appropriate cases, from the executive officer of any portion of the incentive compensation that exceeds the amount that would have been awarded had the financial results been properly reported, as determined by the Board or a committee thereof. The Company's policy does not authorize the Company to recover any incentive compensation awarded more than two years prior to the date the applicable financial restatement is disclosed.

Scott Topping's Compensation

Mr. Topping served as our Executive Vice President, Chief Financial Officer and Treasurer until January 12, 2015. In connection with his separation from the Company and in exchange for signing a release of claims against the company, Mr. Topping was paid his base salary until the first anniversary of his last day of employment and he received a prorated bonus for calendar year 2015.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis, which appears in this Proxy Statement, with the Company's management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement.

The Compensation Committee

Crystal K. Rose, Chair
Gregory S. Anderson
Lawrence S. Hershfield
Richard N. Zwern

April 8, 2016

Summary Compensation Table

The following Summary Compensation Table sets forth certain information regarding compensation paid during the fiscal years ended December 31, 2015, 2014, and 2013 to (1) the Chief Executive Officer, (2) the Chief Financial Officer, (3) our former Chief Financial Officer, and (4) the three most highly compensated executive officers, for fiscal year 2015, other than the individuals serving as our Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the fiscal year ended December 31, 2015.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Non-Equity Incentive Plan Compensation (2)	All Other Compensation		Total
		($)	($)	($)	($)	($)		($)
Mark B. Dunkerley	2015	695,000	—	1,599,999	936,000	44,328	(3)	3,275,327
President and Chief Executive Officer	2014	655,625	—	1,418,538	984,725	45,057		3,103,945
	2013	625,000	—	1,373,968	401,078	44,152		2,444,198
Shannon L. Okinaka	2015	328,371	—	513,932	235,339	48,134	(4)	1,125,776
Executive Vice President, Chief Financial Officer and Treasurer								
Peter R. Ingram	2015	453,750	—	439,994	360,400	45,387	(5)	1,299,531
Executive Vice President and Chief	2014	441,250	—	520,838	421,802	44,739		1,428,629
Commercial Officer	2013	413,125	—	366,396	136,897	45,614		962,032
Ron Anderson-Lehman	2015	408,750	—	439,994	248,062	25,281	(6)	1,122,087
Executive Vice President and Chief	2014	400,000	—	520,838	310,416	54,728		1,285,982
Administrative Officer	2013	347,500	—	274,798	109,694	269,638		1,001,630
Barbara D. Falvey	2015	344,375	—	215,992	218,890	38,975	(7)	818,232
Senior Vice President, Human Resources								
Scott E. Topping	2015	42,500	—	—	—	380,318	(8)	422,818
Former Executive Vice President, Chief	2014	338,750	—	331,436	245,678	37,138		953,002
Financial Officer and Treasurer	2013	330,000	—	320,590	100,918	33,340		784,848

(1) Represents the grant date fair value of restricted stock and restricted stock unit awards, as calculated in accordance with FASB ASC Topic 718, Compensation—Stock Compensation, or ASC 718. The following table reflects the aggregate grant date fair value of the 2015 RSUs granted if they were to vest at the maximum level:

Name	RSUs Maximum Value ($)
Mark B. Dunkerley	2,133,331
Shannon L. Okinaka	770,907
Peter R. Ingram	659,992
Ron Anderson-Lehman	659,992
Barbara D. Falvey	323,987

(2) The dollar amount was earned in the year in which it is reported in the table, but it was paid in the following year.

(3) This amount includes (i) the Company’s contributions to Mr. Dunkerley’s 401(k) savings account, (ii) a car allowance (iii) paid insurance premiums, (iv) reimbursement of taxes related to flight benefits in the amount of $1,876, and (v) the aggregate incremental cost to the Company of such flight benefits.

(4) This amount includes (i) the Company’s contributions to Ms. Okinaka's 401(k) savings account, (ii) paid insurance premiums, (iii) reimbursement of taxes related to flight benefits in the amount of $12,828, and (iv) the aggregate

incremental cost to the Company of such flight benefits.

(5) This amount includes (i) the Company's contributions to Mr. Ingram's 401(k) savings account, (ii) paid insurance premiums, (iii) reimbursement of taxes related to travel benefits in the amount of $11,101, and (iv) the aggregate incremental cost to the Company of such flight benefits.

(6) This amount includes (i) the Company's contributions to Mr. Anderson-Lehman's 401(k) savings account, (ii) paid insurance premiums, (iii) reimbursement of taxes related to travel benefits in the amount of $3,979, and (iv) the aggregate incremental cost to the Company of such flight benefits.

(7) This amount includes (i) the Company's contributions to Ms. Falvey's 401(k) savings account, (ii) paid insurance premiums, (iii) reimbursement of taxes related to flight benefits in the amount of $7,926, and (iv) the aggregate incremental cost to the Company of such flight benefits.

(8) This amount includes (i) the Company's contributions to Mr. Topping's 401(k) savings account, (ii) paid insurance premiums, and (iii) severance payments in the amount of $376,000.

Grants of Plan-Based Awards

The following table shows information regarding grants of awards that we made during the fiscal year ended December 31, 2015 to each of the executive officers named in the Summary Compensation Table. Mr. Topping's employment with the Company terminated effective February 15, 2015 and no grants of awards were made to Mr. Topping during the fiscal year ended December 31, 2015.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts under Equity Incentive Plan Awards(2)			All Other Stock Awards; Number of Shares of Stock or Units(3)	Grant Date Fair Value of Stock and Option Awards(4)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	($)
Mark B. Dunkerley	2/3/2015 (5)	—	—	—	—	56,980	56,980	—	1,066,666
	2/3/2015 (6)	—	—	—	—	28,490	56,980	—	533,333
		—	936,000	—	—	—	—	—	—
Shannon L. Okinaka	2/3/2015	—	—	—	—	5,556	11,112	—	104,008
	2/3/2015	—	—	—	—	—	—	5,555	103,990
	5/21/2015	—	—	—	—	6,173	12,346	—	152,967
	5/21/2015	—	—	—	—	—	—	6,173	152,967
		—	235,339	—	—	—	—	—	—
Peter R. Ingram	2/3/2015	—	—	—	—	11,752	23,504	—	219,997
	2/3/2015	—	—	—	—	—	—	11,752	219,997
		—	360,400	—	—	—	—	—	—
Ron Anderson-Lehman	2/3/2015	—	—	—	—	11,752	23,504	—	219,997
	2/3/2015	—	—	—	—	—	—	11,752	219,997
		—	248,062	—	—	—	—	—	—
Barbara D. Falvey	2/3/2015	—	—	—	—	5,769	11,538	—	107,996
	2/3/2015	—	—	—	—	—	—	5,769	107,996
		—	218,890	—	—	—	—	—	—

(1) This column reports the target bonus each named executive officer was eligible to earn in 2015 pursuant to the Company's 2006 Management Incentive Plan. Each named executive officer's bonus may be limited by the Company's bonus pool as described in the Compensation Discussion and Analysis section above. Mr. Dunkerley's employment agreement provides for a maximum bonus of 200% of his base salary.

(2) As described in the Compensation Discussion and Analysis section above, each named executive officer other than Mr. Dunkerley was granted RSUs pursuant to the Stock Incentive Plan. This column represents the RSUs subject to performance based vesting and can be earned, subject to satisfying the performance metric, from 0% to 200% of the target number of shares, except for the RSUs granted to Mr. Dunkerley which are described in footnotes 5 and 6 below.

(3) As described in the Compensation Discussion and Analysis section above, each named executive officer other than Mr. Dunkerley was granted RSUs pursuant to the Stock Incentive Plan. This column represents the RSUs subject to time-based vesting and vest at the rate of $33\frac{1}{3}$% per year beginning on the first anniversary of the date of grant.

(4) This column shows the fair value of each RSU calculated in accordance with ASC 718.

(5) Mr. Dunkerley was granted RSUs covering 56,980 shares on February 3, 2015, none of which were eligible to vest unless the Company achieved pre-tax net profits of at least $1,000,000 over any two consecutive Company fiscal quarters commencing after the grant date through the last full fiscal quarter ending prior to January 1, 2019 (the "2015 Type A Performance Metric"). Subject to achieving the 2015 Type A Performance Metric, $\frac{1}{3}$ of the shares

shall vest on February 4, 2016, $^{1}/_{3}$ of the shares shall vest on February 4, 2017 and $^{1}/_{3}$ of the shares shall vest on February 4, 2018, subject to Mr. Dunkerley's continued employment with the Company through each such vesting date.

(6) Mr. Dunkerley was granted RSUs covering a target of 28,940 shares and a maximum of 56,980 shares on February 3, 2015, which shall vest after certification of results at the first regularly scheduled Compensation Committee meeting in each of

2016-2018 with $^{1}/_{3}$ eligible to vest each year. Vesting is performance-based and can be earned, subject to satisfying the performance metric, from 0% to 200% of the target number of shares.

Outstanding Equity Awards at Fiscal Year-End

The following table shows grants of stock options and grants of unvested stock awards outstanding on the last day of the fiscal year ended December 31, 2015, including both awards subject to performance conditions and non-performance based awards, to each of the executive officers named in the Summary Compensation Table. Mr. Topping's employment with the Company terminated effective February 15, 2015, and he had no outstanding equity awards on the last day of the fiscal year ended December 31, 2015.

	Option Awards						Stock Awards			
	Award Grant Date		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unvested Unearned Shares, Units or Other Rights that Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)
Mark B. Dunkerley	2/7/2013	(1)					53,566	1,892,487		
	2/7/2013	(2)							80,349	2,838,730
	2/4/2014	(3)					65,152	2,301,820		
	2/4/2014	(4)							32,442	1,146,176
	2/3/2015	(5)					56,980	2,013,103		
	2/3/2015	(6)							28,490	1,006,552
Shannon L. Okinaka	2/7/2013	(7)					2,678	94,614		
	2/7/2013	(7)							8,035	283,877
	2/4/2014	(7)					4,398	155,381		
	2/4/2014	(7)							6,597	233,072
	2/3/2015	(7)					5,555	196,258		
	2/3/2015	(7)							5,556	196,293
	5/21/2015	(7)					6,173	218,092		
	5/21/2015	(7)							6,173	218,092
Peter R. Ingram	11/12/2007	(8)	50,000	—	4.95	11/12/2017				
	2/7/2013	(8)					10,713	378,490		
	2/7/2013	(8)							32,140	1,135,506
	2/4/2014	(8)					17,916	632,972		
	2/4/2014	(8)							26,875	949,494
	2/3/2015	(8)					11,752	415,198		
	2/3/2015	(8)							11,752	415,198
Ron Anderson-Lehman	2/7/2013	(9)					8,035	283,877		
	2/7/2013	(9)							24,105	851,630
	2/4/2014	(9)					17,916	632,972		
	2/4/2014	(9)							26,875	949,494
	2/3/2015	(9)					11,752	415,198		
	2/3/2015	(9)							11,752	415,198

Barbara D. Falvey	2/7/2013	(10)	6,695	236,534		
	2/7/2013	(10)			20,087	709,674
	2/4/2014	(10)	8,795	310,727		
	2/4/2014	(10)			13,193	466,109
	2/3/2015	(10)	5,769	203,819		
	2/3/2015	(10)			5,769	203,819

(1) Mr. Dunkerley was granted RSUs covering 160,698 shares on February 7, 2013, none of which were eligible to vest unless the Company achieved pre-tax net profits of at least $1,000,000 over any two consecutive Company fiscal quarters commencing after the grant date through the last full fiscal quarter ending prior to January 1, 2017 (the “2013 Type A Performance Metric”). The Compensation Committee certified that the 2013 Type A Performance Metric was satisfied on November 19, 2013. $^1/_3$ of the shares vested on February 7, 2014, $^1/_3$ of the shares vested on February 7, 2015 and $^1/_3$ of the shares vested on February 7, 2016.

(2) Mr. Dunkerley was granted RSUs covering a target of 80,349 shares and a maximum of 120,524 shares on February 7, 2013, which shall become eligible to vest (i) if the Type A Performance Metric (as defined in footnote 1 above) has been achieved prior to the date of the first regularly scheduled Compensation Committee meeting following February 7, 2016 (but no more than 60 days following such date), and (ii) based on the Company's achievement of the Type B Performance Metric (as defined below) . The Compensation Committee certified that the Type A Performance Metric was satisfied on November 19, 2013. The Type B Performance Metric is the Company's relative total stockholder return as compared to ten peer companies for the period commencing on February 7, 2013 and ended on February 7, 2016. The amount shown for the RSUs is the target vesting level, and they can be earned from 0% to 150% of the shares at the target vesting level subject to the Company's performance under the Type B Performance Metric. If these shares become eligible to vest, Mr. Dunkerley must have remained an employee through February 7, 2014, in order for $^1/_3$ of the shares to vest, through February 7, 2015, for the next $^1/_3$ of the shares to vest, and through February 7, 2016, for the remaining $^1/_3$ of the shares to vest. Vesting of the RSUs as to which the performance metrics have already been satisfied or deemed satisfied is accelerated upon his termination without cause or for good reason, subject to his entering into a release of claims in favor of the Company.

(3) Mr. Dunkerley was granted RSUs covering 97,728 shares on February 4, 2014, none of which were eligible to vest unless the Company achieved pre-tax net profits of at least $1,000,000 over any two consecutive Company fiscal quarters commencing after the grant date through the last full fiscal quarter ending prior to January 1, 2018 (the "2014 Type A Performance Metric"). The Compensation Committee certified that the 2014 Type A Performance Metric was satisfied on February 5, 2015. As a result, $^1/_3$ of the shares vested on February 4, 2015, $^1/_3$ of the shares vested on February 4, 2016 and $^1/_3$ of the shares shall vest on February 4, 2017, subject to Mr. Dunkerley's continued employment with the Company through each such vesting date. Vesting of the RSUs is accelerated upon his termination without cause or for good reason, subject to his entering into a release of claims in favor of the Company.

(4) Mr. Dunkerley was granted RSUs covering a target of 48,864 shares and a maximum of 97,728 shares on February 4, 2014, which shall vest after certification of results at the first regularly scheduled Compensation Committee meeting in each of 2015-2017 with $^1/_3$ eligible to vest each year. Vesting is performance-based and can be earned, subject to satisfying the performance metric, from 0% to 200% of the target number of shares. The Compensation Committee certified that the performance metric as to $^1/_3$ of the target number of shares at the 140% level was satisfied on February 5, 2015, and as to $^1/_3$ of the target number of shares at the 200% level was satisfied on February 3, 2016. Vesting of the RSUs is accelerated upon Mr. Dunkerley's termination without cause or for good reason, subject to his entering into a release of claims in favor of the Company.

(5) Mr. Dunkerley was granted RSUs covering 56,980 shares on February 3, 2015, none of which were eligible to vest unless the Company achieved pre-tax net profits of at least $1,000,000 over any two consecutive Company fiscal quarters commencing after the grant date through the last full fiscal quarter ending prior to January 1, 2019 (the "2015 Type A Performance Metric"). The Compensation Committee certified that the 2015 Type A Performance Metric was satisfied on November 18, 2015. As a result, $^1/_3$ of the shares vested on February 3, 2016, $^1/_3$ of the shares shall vest on February 3, 2017 and $^1/_3$ of the shares shall vest on February 3, 2018, subject to Mr. Dunkerley's continued employment with the Company through each such vesting date. Vesting of the RSUs is accelerated upon his termination without cause or for good reason, subject to his entering into a release of claims in favor of the Company.

(6) Mr. Dunkerley was granted RSUs covering a target of 28,490 shares and a maximum of 56,980 shares on February 3, 2015, which shall vest after certification of results at the first regularly scheduled Compensation Committee meeting in each of 2016-2018 with $^1/_3$ eligible to vest each year. Vesting is performance-based and can be earned, subject to satisfying the performance metric, from 0% to 200% of the target number of shares. The Compensation Committee certified that the performance metric as to$^1/_3$ of the target number of shares at the 200% level was satisfied on February 3, 2016. Vesting of the RSUs is accelerated upon Mr. Dunkerley's termination without cause or for good reason, subject to his entering into a release of claims in favor of the Company.

(7) Ms. Okinaka's stock awards vest as follows: (i) with respect to the grants of RSUs on February 7, 2013, 2,679 shares vested on February 7, 2014, 2,678 shares vested on February 7, 2015, 2,678 shares vested on February 7,

2016, and 8,035 shares vested on February 7, 2016 as a result of the Company's achievement of the stated performance metric, (ii) with respect to the grants of RSUs on February 4, 2014, 2,199 shares vested on February 4, 2015, 2,199 shares vested on February 4, 2016, 2,199 shares shall vest on February 4, 2017 and 6,597 shares are subject to performance based vesting, in each case subject to Ms. Okinaka’s continued employment, (iii) with respect to the grants of RSUs on February 3, 2015, 1,852 shares vested on February 3, 2016, 1,852 shares shall vest on February 3, 2017, 1,851 shares shall vest on February 3, 2018 and 5,556 shares are subject to performance based vesting, in each case subject to Ms. Okinaka’s continued employment, and (iv) with respect to the grants of RSUs on May 21, 2015, 2,058 shares shall vest on May 21, 2016, 2,058 shares shall vest on May 21, 2017, 2,057 shares shall vest on May 21, 2018 and 6,173 shares are subject to performance based vesting, in each case subject to Ms. Okinaka's continued employment. The amount shown for the performance based RSUs is the target vesting level, and they can be earned, subject to satisfying the performance metric, from 0% to 200% of the shares at the target vesting level. Ms. Okinaka's stock awards vest in full upon a double trigger (certain terminations of employment following a change of control).

(8) Mr. Ingram's options and stock awards vest as follows: (i) with respect to the grant of options on November 12, 2007, all options are fully vested, (ii) with respect to the grants of RSUs on February 7, 2013, 10,714 shares vested on February 7, 2014, 10,713 shares vested on February 7, 2015, 10,713 shares vested on February 7, 2016, and 32,140 shares vested on February 7, 2016 as a result of the Company's achievement of the stated performance metric, (iii) with respect to the grants of RSUs on February 4, 2014, 8,959 shares vested on February 4, 2015, 8,958 shares vested on February 4, 2016 and 8,958 shares shall vest on February 4, 2017 and 26,875 shares are subject to performance based vesting, in each case subject to Mr. Ingram's continued employment and (iv) with respect to the grants of RSUs on February 3, 2015, 3,918 shares vested on February 3, 2016, 3,917 shares shall vest on February 3, 2017, 3,917 shares shall vest on February 3, 2018 and 11,752 shares are subject to performance based vesting, in each case subject to Mr. Ingram's continued employment. The amount shown for the performance based RSUs is the target vesting level, and they can be earned, subject to satisfying the performance metric, from 0% to 200% of the shares at the target vesting level. Mr. Ingram's stock awards vest in full upon a double trigger (certain terminations of employment following a change of control).

(9) Mr. Anderson-Lehman's stock awards vest as follows: (i) with respect to the grants of RSUs on February 7, 2013, 8,035 shares vested on February 7, 2014, 8,035 shares vested on February 7, 2015, 8,035 shares vested on February 7, 2016 and 24,105 shares vested on February 7, 2016 as a result of the Company's achievement of the stated performance metric, (ii) with respect to the grants of RSUs on February 4, 2014, 8,959 shares vested on February 4, 2015, 8,958 shares vested on February 4, 2016, 8,958 shares shall vest on February 4, 2017 and 26,875 shares are subject to performance based vesting, in each case subject to Mr. Anderson-Lehman's continued employment, and (iii) with respect to the grants of RSUs on February 3, 2015, 3,918 shares vested on February 3, 2016, 3,917 shares shall vest on February 3, 2017, 3,917 shares shall vest on February 3, 2018 and 11,752 shares are subject to performance based vesting, in each case subject to Mr. Anderson-Lehman's continued employment. The amount shown for the performance based RSUs is the target vesting level, and they can be earned, subject to satisfying the performance metric, from 0% to 200% of the shares at the target vesting level. Mr. Anderson-Lehman's stock awards vest in full upon a double trigger (certain terminations of employment following a change of control).

(10) Ms. Falvey's stock awards vest as follows: (i) with respect to the grants of RSUs on February 7, 2013, 6,696 shares vested on February 7, 2014, 6,696 shares vested on February 7, 2015, 6,695 shares vested on February 7, 2016 and 20,087 shares vested on February 7, 2016 as a result of the Company's achievement of the stated performance metric, (ii) with respect to the grants of RSUs on February 4, 2014, 4,398 shares vested on February 4, 2015, 4,398 shares vested on February 4, 2016, 4,397 shares shall vest on February 4, 2017 and 13,193 shares are subject to performance based vesting, in each case subject to Ms. Falvey's continued employment, and (iii) with respect to the grants of RSUs on February 3, 2015, 1,923 shares vested on February 3, 2016, 1,923 shares shall vest on February 3, 2017, 1,923 shares shall vest on February 3, 2018 and 5,769 shares are subject to performance based vesting, in each case subject to Ms. Falvey's continued employment. The amount shown for the performance based RSUs is the target vesting level, and they can be earned, subject to satisfying the performance metric, from 0% to 200% of the shares at the target vesting level. Ms. Falvey's stock awards vest in full upon a double trigger (certain terminations of employment following a change of control).

Option Exercises and Stock Vested

The following table shows the stock options exercised and stock awards vested during fiscal year 2015, to each of the executive officers named in the Summary Compensation Table.

	Option Awards	Stock Awards