

HAWAIIAN HOLDINGS INC  
Form S-3/A  
January 25, 2010  
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As filed with the Securities and Exchange Commission on January 25, 2010

Registration No. 333-163877

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Pre-Effective Amendment No. 1

## FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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## HAWAIIAN HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

71-0879698

(I.R.S. Employer Identification Number)

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**3375 Koapaka Street, Suite G-350  
Honolulu, Hawaii 96819**

**(808) 835-3700**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Mark B. Dunkerley**

**President and Chief Executive Officer  
3375 Koapaka Street, Suite G-350**

**Honolulu, Hawaii 96819**

**(808) 835-3700**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies to:**

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650 Page Mill Road  
Palo Alto, CA 94304  
(650) 493-9300

**Approximate date of commencement of proposed sale to the public:**

**As soon as practicable after this Registration Statement becomes effective.**

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company)

Smaller reporting company

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Offering Price	Amount of Registration Fee
Common Stock, \$0.01 par value per share	758,158 shares	\$ 7.20(2)	\$ 5,458,737.60(2)	\$ 304.60(3)
Warrant to purchase Common Stock	758,158 shares	(4)	(4)	(4)

(1) Estimated based on the total number of shares of common stock issuable upon exercise of the warrant. The warrant is initially exercisable for 758,158 shares of common stock at a price of \$7.20 per share, subject to adjustment as provided therein. Pursuant to Rule 416(a), this registration statement shall also be deemed to cover any additional shares of common stock of Hawaiian Holdings, Inc. to be offered to prevent dilution resulting from stock splits, stock dividends or similar transactions (pursuant to the first two adjustment formulas on page 10 of the Form S-3).

Adjustments to the exercise price or number of shares of common stock underlying the warrant resulting in the issuance of additional shares that are not addressed by Rule 416 will be covered by a separate registration statement.

(2) Estimated in accordance with Rule 457(g) solely for the purpose of computing the amount of the registration fee based on the initial per share exercise price of the warrant of \$7.20 per share, which is subject to adjustment as provided in the warrant.

(3) Calculated pursuant to Rule 457(o) under the Securities Act. Previously paid in connection with the original filing of this Registration Statement on December 18, 2009.

- (4) Pursuant to Rule 457(g), no separate registration fee is required with respect to the warrant.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell the securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED January 25, 2010**

**PROSPECTUS**

Warrant to purchase common stock

Common stock, \$0.01 par value per share

**HAWAIIAN HOLDINGS, INC.**

This prospectus relates to (i) the resale of a warrant to purchase 758,158 shares of our common stock, \$0.01 par value per share, at an exercise price of \$7.20 per share, subject to adjustment as provided in such warrant (the Common Stock Warrant ) by the selling securityholder listed in this prospectus under the section Selling Securityholder and (ii) the issuance by us of up to 758,158 shares of our common stock (subject to adjustment), \$0.01 par value per share, upon exercise of the Common Stock Warrant after any such resale. In addition, this prospectus may be used by any transferee, pledgee, donee, assignee or other successor of the Common Stock Warrant.

We will not receive any proceeds from the sale of the Common Stock Warrant offered by this prospectus. The selling securityholder may offer and sell from time to time, in the open market or in privately negotiated transactions and at market prices, fixed prices or negotiated prices, all or any portion of the Common Stock Warrant in amounts and on terms to be determined at the time of sale. The selling securityholder intends to offer the Common Stock Warrant at a price that will vary based on certain factors as of the offer date, including the market price of the underlying common stock and the remaining term of the Common Stock Warrant.

As described in greater detail in this prospectus under the section Use of Proceeds, after a resale of the Common Stock Warrant pursuant to this prospectus, if and when the Common Stock Warrant is exercised by its holder, we may receive the applicable exercise price paid by the holder of the Common Stock Warrant, which if exercised in full for cash, at the current exercise price of \$7.20 per share, would total \$5,458,737.60. However, we may not receive all of such proceeds even if the Common Stock Warrant is exercised because the Common Stock Warrant contains provisions that under certain circumstances allow for the payment of the exercise price by the tender of our common stock by the holder of such Common Stock Warrant. In addition, we will not receive any proceeds from any subsequent resale of the underlying shares of our common stock.

Our common stock is listed on the NASDAQ Global Market under the symbol HA. On January 22, 2010, the closing price of our common stock on the NASDAQ Global Market was \$6.31 per share. The Common Stock Warrant is exercisable for our common stock at any time, from and after the date hereof to and including June 1, 2010 at an initial exercise price of \$7.20 per share, subject to adjustment as provided in the

Common Stock Warrant.

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**Investing in our securities involves risk. Please carefully read the information under **Risk Factors** beginning on page 4 for information you should consider before investing in our securities.**

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

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This prospectus is dated \_\_\_\_\_, 2010

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**ABOUT THIS PROSPECTUS**

This prospectus provides you with a general description of the securities offered by us and the selling securityholder.

You should only rely on the information contained or incorporated by reference in this prospectus and any prospectus supplement or issuer free writing prospectus relating to this offering. No person has been authorized to give any information or make any representations in connection with this offering other than those contained or incorporated by reference in this prospectus, any accompanying prospectus supplement and any related issuer free writing prospectus in connection with the offering described herein and therein, and, if given or made, such information or representations must not be relied upon as having been authorized by us. Neither this prospectus nor any prospectus supplement nor any related issuer free writing prospectus shall constitute an offer to sell or a solicitation of an offer to buy offered securities in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. This prospectus does not contain all of the information included in the registration statement. For a more complete understanding of the offering of the securities, you should refer to the registration statement, including its exhibits. You should read the entire prospectus and any prospectus supplement and any related issuer free writing prospectus, as well as the documents incorporated by reference into this prospectus or any prospectus supplement or any related issuer free writing prospectus, before making an investment decision. Neither the delivery of this prospectus or any prospectus supplement or any issuer free writing prospectus nor any sale made hereunder shall under any circumstances imply that the information contained or incorporated by reference herein or in any prospectus supplement or issuer free writing prospectus is correct as of any date subsequent to the date hereof or of such prospectus supplement or issuer free writing prospectus, as applicable.



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**Prospectus Summary**

*This summary description about us and our business highlights selected information contained elsewhere in this prospectus or incorporated in this prospectus by reference. This summary does not contain all of the information you should consider before buying securities in this offering. You should carefully read this entire prospectus and any applicable prospectus supplement, including each of the documents incorporated herein or therein by reference, before making an investment decision. As used in this prospectus, we, us and our refer to Hawaiian Holdings, Inc., a Delaware corporation.*

**Hawaiian Holdings, Inc.**

**Overview**

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

Hawaiian is engaged primarily in the scheduled air transportation of passengers and cargo amongst the Hawaiian Islands (the interisland routes) and between the Hawaiian Islands and certain cities in the Western United States (the transpacific routes), the South Pacific, Australia and Asia (the South Pacific/Australia/Asia routes). Hawaiian is the largest airline headquartered in Hawaii and the thirteenth largest domestic airline in the United States based on revenue passenger miles reported by the Research and Innovative Technology Administration Bureau of Transportation Services as of June 2009. At September 30, 2009, Hawaiian's operating fleet consisted of 15 Boeing 717-200 aircraft for its interisland routes and 18 Boeing 767-300 aircraft for its transpacific and South Pacific/Australia/Asia routes. Based in Honolulu, Hawaiian had approximately 3,780 active employees as of September 30, 2009.

**Corporate Information**

We were incorporated in April 2002 under the laws of the State of Delaware. Our executive offices are located at 3375 Koapaka Street, Suite G-350, Honolulu, Hawaii 96819, and our telephone number at that address is (808) 835-3700. We maintain a website on the Internet at [www.hawaiianair.com](http://www.hawaiianair.com). Our website, and the information contained therein, is not a part of this prospectus.

**The Offering**

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Securities offered by the Selling Securityholder

Common Stock Warrant to purchase 758,158 shares of our common stock. The Common Stock Warrant is exercisable for our common stock at any time to and including June 1, 2010 at an initial exercise price of \$7.20 per share, subject to adjustment as provided in the Common Stock Warrant.

Shares to be issued upon exercise of the Common Stock Warrant subsequent to any resale of the Common Stock Warrant by the Selling Securityholder pursuant to this prospectus

758,158 shares of common stock underlying the Common Stock Warrant at an initial exercise price of \$7.20 per share, each subject to adjustment as provided in the Common Stock Warrant.

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Use of proceeds

We will not receive any proceeds from the sale of the Common Stock Warrant by the selling securityholder. After a resale of the Common Stock Warrant pursuant to this prospectus, if and when the Common Stock Warrant is exercised by its holder, we may receive the applicable exercise price paid by the holder of the Common Stock Warrant, which if exercised in full for cash, at the current exercise price of \$7.20 per share, would total \$5,458,737.60. However, we may not receive all of such proceeds even if the Common Stock Warrant is exercised because the Common Stock Warrant contains provisions that under certain circumstances allow for the payment of the exercise price by the tender of our common stock by the holder of such Common Stock Warrant. As described in greater detail in this prospectus under the section Use of Proceeds, we intend to use any proceeds for general corporate purposes and working capital requirements.

NASDAQ symbol

Our common stock is listed on the NASDAQ Global Market under the symbol HA.

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**RISK FACTORS**

An investment in our securities involves a high degree of risk. Prior to making a decision about investing in our securities, you should carefully consider the specific factors discussed below with respect to risks applicable to the Common Stock Warrant, together with all of the other information contained or incorporated by reference in any prospectus supplement or appearing or incorporated by reference in this prospectus. You should also consider the risks, uncertainties and assumptions discussed under Item 1A, Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and our Quarterly Reports for the quarterly periods ended March 31, 2009, June 30, 2009 and September 30, 2009, all of which are incorporated herein by reference, and may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future and any prospectus supplement related to this offering. The risks and uncertainties we have described are not the only ones we face. Although we have disclosed all risk factors we believe are currently material, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our operations.

**Risks Related to Ownership of the Common Stock Warrant**

*An active trading market for the Common Stock Warrant may not develop, and you may not be able to sell the Common Stock Warrant at or above your purchase price.*

There is currently no public market for the Common Stock Warrant and an active trading market for the Common Stock Warrant may not develop or be sustained following this offering. If an active market does not develop, holders of the Common Stock Warrant may find it difficult to sell the Common Stock Warrant expeditiously, at a favorable price or at all. Future trading prices of the Common Stock Warrant will depend on many factors, including the trading price of our common stock.

**FORWARD-LOOKING STATEMENTS**

This prospectus and the registration statement of which it forms a part, any prospectus supplement, any related issuer free writing prospectus and the documents incorporated by reference into these documents contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements deal with our current plans, intentions, beliefs and expectations and statements of future economic performance. Such forward-looking statements include statements regarding use of proceeds, statements regarding payments of dividends; statements regarding use of available cash and liquid assets; estimates of fees and expenses payable by us in connection with a distribution of securities registered by this prospectus; statements as to other matters that do not relate strictly to historical facts or statements of assumptions underlying any of the foregoing. Statements containing terms such as believe, do not believe, plan, expect, intend, estimate, anticipate and other phrases of similar meaning are considered to contain uncertainty and are forward-looking statements. In addition, from time to time we or our representatives have made or will make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC, or press releases or oral statements made by or with the approval of one of our authorized executive officers. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those set forth under the section Risk Factors in this prospectus, under Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operation Forward Looking Statements, in our most recent Quarterly Report on Form 10-Q and in our future filings made with the SEC. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this prospectus, any prospectus supplement or any related issuer free writing prospectus, which reflect management's opinions only as of their respective dates. Except as required by law, we undertake no obligation to revise or publicly release the results of any revisions to any forward-looking statements. You are advised, however,

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to consult any additional disclosures we have made or will make in our reports to the SEC on Forms 10-K, 10-Q and 8-K. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this prospectus, any prospectus supplement or any related issuer free writing prospectus.

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**DIVIDEND POLICY**

We have never paid cash dividends on our common stock. Restrictions contained in our financing agreements and certain of our aircraft lease agreements limit our ability to pay dividends on our common stock. Accordingly, we do not anticipate paying periodic cash dividends on our common stock for the foreseeable future. We intend to use all available cash and liquid assets in the operation and growth of our business. Any future determination about the payment of dividends will be made at the discretion of our board of directors and will depend upon our earnings, if any, capital requirements, operating and financial conditions and on such other factors as our board of directors deems relevant.

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**USE OF PROCEEDS**

We will not receive any proceeds from the resale of the Common Stock Warrant covered by this prospectus. The proceeds from the resale of the Common Stock Warrant offered pursuant to this prospectus are solely for the account of the selling securityholder. However, we would receive the proceeds from the exercise of the Common Stock Warrant to the extent that the Common Stock Warrant is exercised for cash. In the event that the Common Stock Warrant is exercised in full for cash, at the current exercise price of \$7.20 per share, the aggregate proceeds received by us would be \$5,458,737.60. There can be no assurance concerning the number of shares that may be purchased or the timing of the exercise of the Common Stock Warrant. In addition, because the Common Stock Warrant contains provisions that under certain circumstances allow for the payment of the exercise price by the tender of our common stock by the holder of the Common Stock Warrant, there can be no assurance that we would receive all such proceeds even if the Common Stock Warrant is exercised.

Unless otherwise indicated in a prospectus supplement, any net proceeds from the sale of securities offered by this prospectus will be used for general corporate purposes and working capital requirements, which may include, among other things, the repayment or repurchase of debt obligations, the acquisition of aircraft, and other capital expenditures. We have not determined the amounts we plan to spend on the areas listed above or the timing of these expenditures. As a result, unless otherwise indicated in a prospectus supplement, our management will have broad discretion to allocate any net proceeds of these offerings. Pending their ultimate use, we intend to invest any net proceeds in bank demand deposits, certificates of deposit, investments in debt securities with maturities of three months or less when purchased, and money market funds which invest primarily in U.S. government obligations and commercial paper.

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**SELLING SECURITYHOLDER**

This prospectus relates in part to the resale of the Common Stock Warrant, a warrant to purchase 758,158 shares of our common stock, subject to adjustment as set forth therein, by the selling securityholder, RC Aviation Management, LLC ( RC Aviation Management ).

RC Aviation Management was the managing member of RC Aviation, LLC ( RC Aviation ). Since June 2004, the chairman of our board of directors, Lawrence S. Hershfield, has served as the chief executive officer, president and managing member of RC Aviation Management and another one of our directors, Randall L. Jenson, has served as the vice-president, secretary and member of RC Aviation Management. Messrs. Hershfield and Jenson are the sole members of RC Aviation Management.

On June 1, 2005, we entered into a Note Purchase Agreement with RC Aviation pursuant to which RC Aviation and its members purchased from us Series A Subordinated Convertible Notes due June 1, 2010 and Series B Subordinated Convertible Notes due June 1, 2010 (collectively, the Notes ), in the aggregate principal amount of \$60 million. In connection with the issuance of the Notes, on June 2, 2005, RC Aviation received a warrant to purchase shares of our newly designated Series E Preferred Stock (the RC Aviation Warrant I ). A special committee of our board of directors approved the terms of the Notes, as well as the RC Aviation Warrant I, and received fairness opinions in connection therewith. In connection with the issuance of the Notes and the granting of the RC Aviation Warrant I, we and RC Aviation also entered into a registration rights agreement relating to the registration of shares of common stock issuable upon conversion of the Notes and exercise of the RC Aviation Warrant I.

On July 8, 2005, the RC Aviation Warrant I was automatically exchanged for a warrant to purchase up to 10% of the diluted shares of our common stock (6,855,685 shares) at an exercise price of \$7.20 per share, subject to adjustment as provided therein (the RC Aviation Warrant II ), of which warrant half had been previously earned by RC Aviation for a certain funding commitment, and the other half of which was earned by RC Aviation in connection with its purchase of the Notes. We repurchased an aggregate of approximately \$5.0 million, \$1.9 million and \$0.8 million in principal amount of the Notes at their face amount, plus accrued interest, on October 19, 2005, November 23, 2005 and November 25, 2005, respectively, and a corresponding portion of the RC Aviation Warrant II. After giving effect to the RC Aviation Warrant II repurchases in connection with the Note repurchases, the RC Aviation Warrant II was exercisable for 5,973,384 shares of our common stock, subject to adjustment as provided therein. In May 2006, RC Aviation distributed the RC Aviation Warrant II and 6,848,948 shares of our common stock to its members, including RC Aviation Management. As a result of the distribution by RC Aviation, RC Aviation Management now holds the Common Stock Warrant.

RC Aviation Management is also an affiliate of Ranch Capital, LLC, whose sole members and officers are Messrs. Hershfield and Jenson. During 2008, we paid consulting fees of approximately \$110,000 to Ranch Capital, LLC.

Except as described herein, RC Aviation Management has not held any position or office or had a material relationship with us or any of our affiliates within the past three years.

The following table sets forth certain information known to us as of November 2, 2009 concerning the Common Stock Warrant and the shares of our common stock issuable upon exercise of the Common Stock Warrant that may from time to time be offered for resale by the selling securityholder. This information is based upon information provided by the selling securityholder and assumes that the selling securityholder



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sells the entire Common Stock Warrant offered under this prospectus and that the Common Stock Warrant held by the selling securityholder is fully exercised at the stated price of \$7.20 per share. We are unable to determine the exact amount of the Common Stock Warrant that will actually be sold or exercised. The exercise price and the number of shares issuable pursuant to the Common Stock Warrant are subject to adjustment pursuant to specified provisions set forth in the Common Stock Warrant. The term selling securityholder includes the securityholder listed below and any transferee, pledgee, donee, assignee or other successor. In the table below, the percentage of shares beneficially owned is based on 51,467,919 shares of common stock issued and outstanding and three shares of preferred stock issued and outstanding as of November 2, 2009, determined in accordance with Rule 13d-3 of the Exchange Act. Notwithstanding the above, pursuant to the terms of the Common Stock Warrant, the holders thereof may not exercise such warrant to the extent such exercise would cause any

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such holder, together with its affiliates, any investment manager having discretionary investment authority over the accounts or assets of the holder, or any other persons whose beneficial ownership of our common stock would be aggregated with the holder's for purposes of Section 13(d) of the Exchange Act, to have acquired a number of shares that would exceed 9.999% of our then outstanding common stock, including for purposes of such determination shares issuable upon exercise of the Common Stock Warrant. The restriction that prevents such holder from acquiring a number of shares that would exceed 9.999% of our then outstanding common stock may be waived by the holder of the Common Stock Warrant as to itself upon not less than 65 days notice to us. Our obligation to issue shares of common stock in excess of the limitation referred to above shall be suspended until such time, if any, as such shares of common stock may be issued in compliance with such limitation.

Selling SecurityHolder	Common Stock Warrant Owned and Offered	Shares of Common Stock Beneficially Owned Prior to Offering (a)	Shares of Common Stock Beneficially Owned After Offering (b)	
			Number	Percent
RC Aviation Management, LLC	758,158	1,476,725	988,567	1.92%

(a) For purposes of this table, this column (i) includes 988,567 shares of common stock held by the selling securityholder as of November 2, 2009, and (ii) includes 758,158 shares of common stock underlying the Common Stock Warrant that is currently exercisable and held by the selling securityholder.

(b) For purposes of this table, this column assumes that the 758,158 shares of common stock issuable upon exercise of the Common Stock Warrant are issued and outstanding.

The selling securityholder will pay all costs, expenses and fees associated with the registration of the Common Stock Warrant. The selling securityholder will also pay all commissions and discounts, if any, associated with the sale of the Common Stock Warrant.

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**DESCRIPTION OF COMMON STOCK**

The description of our common stock is set forth in our Registration Statement on Form 8-A as filed with the SEC on May 30, 2008, as amended on Form 8-A/A filed with the SEC on November 5, 2009 pursuant to Section 12(b) of the Exchange Act and is incorporated herein by reference.

**DESCRIPTION OF COMMON STOCK WARRANT**

**General**

On June 1, 2005, we entered into a Note Purchase Agreement with RC Aviation pursuant to which RC Aviation and its members purchased from us the Notes, in the aggregate principal amount of \$60 million. In connection with the issuance of the Notes, on June 2, 2005, RC Aviation received the RC Aviation Warrant I. A special committee of our board of directors approved the terms of the Notes, as well as the RC Aviation Warrant I, and received fairness opinions in connection therewith. In connection with the issuance of the Notes and the granting of the RC Aviation Warrant I, the Company and RC Aviation also entered into a registration rights agreement relating to the registration of shares of common stock issuable upon conversion of the Notes and exercise of the RC Aviation Warrant I.

On July 8, 2005, the RC Aviation Warrant I was automatically exchanged for the RC Aviation Warrant II, a warrant to purchase up to 10% of the diluted shares of our common stock (6,855,685 shares) at an exercise price of \$7.20 per share, subject to adjustment as provided therein, of which warrant half had been previously earned by RC Aviation for a certain funding commitment, and the other half of which was earned by RC Aviation in connection with its purchase of the Notes. We repurchased an aggregate of approximately \$5.0 million, \$1.9 million and \$0.8 million in principal amount of the Notes at their face amount, plus accrued interest, on October 19, 2005, November 23, 2005 and November 25, 2005, respectively, and a corresponding portion of the RC Aviation Warrant II. After giving effect to the RC Aviation Warrant II repurchases in connection with the Note repurchases, the RC Aviation Warrant II was exercisable for 5,973,384 shares of our common stock, subject to adjustment as provided therein. In May 2006, RC Aviation distributed the RC Aviation Warrant II and 6,848,948 shares of our common stock to its members, including RC Aviation Management.

As of the date of this prospectus and as a result of the distribution by RC Aviation, RC Aviation Management holds the Common Stock Warrant, which is currently exercisable for 758,158 shares of our common stock, subject to adjustment as provided therein. The following summary description of the Common Stock Warrant sets forth some general terms and provisions of the Common Stock Warrant, but the summary is not complete and is qualified in its entirety by reference to the actual Common Stock Warrant, a copy of which has been filed as an exhibit to the registration statement of which this prospectus is a part. In the event of any conflict between this description and the text of the Common Stock Warrant, the text of the Common Stock Warrant will govern. We urge you to read the text of the Common Stock Warrant because the Common Stock Warrant, and not this description, define your rights as a holder of the Common Stock Warrant.

**Exercise Period**

The Common Stock Warrant is exercisable for our common stock at any time, from and after the date hereof to and including June 1, 2010.

**Exercise Price and Other Terms**

The Common Stock Warrant will entitle the holder to purchase the shares of our common stock at a price of \$7.20 per share, subject to adjustment as provided therein. The holder of the Common Stock Warrant will be able to exercise the Common Stock Warrant, in whole or part, by delivering to us the Common Stock Warrant, together with a properly completed Subscription Form in the form attached thereto, and payment of the aggregate exercise price for the number of shares of our common stock as to which the Common Stock Warrant is being exercised. A holder of the Common Stock Warrant may not exercise the Common Stock Warrant to the extent that such exercise would result in such holder owning at any time more than 9.999% of the then outstanding shares of our common stock. The restriction that prevents

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such holder from acquiring a number of shares that would exceed 9.999% of our then outstanding common stock may be waived by the holder of the Common Stock Warrant as to itself upon not less than 65 days notice to us. Our obligation to issue shares of common stock in excess of the limitation referred to above shall be suspended until such time, if any, as such shares of common stock may be issued in compliance with such limitation.

The exercise price will be payable at the option of the securityholder:

- in cash or by certified check or by bank draft;
  
- if the sale of the shares issuable upon exercise of the Common Stock Warrant is not covered by a registration statement under the Securities Act of 1933, by making a cashless exercise in which case (i) shares of our common stock other than the shares issuable upon exercise of the Common Stock Warrant or (ii) shares of our common stock issuable upon exercise for the Common Stock Warrant may be applied to pay the exercise price based on the fair market value of our outstanding common stock over the ten (10) trading days prior to the date of exercise; or
  
- any combination thereof.

The Common Stock Warrant may be exercised in whole or in part at the applicable exercise price until the expiration date, as described above. No fractional shares of our common stock will be issued upon the exercise of the Common Stock Warrant.

Upon exercise of the Common Stock Warrant, we will deliver a stock certificate representing the number of shares that were exercised under the Common Stock Warrant, such certificate to be issued and delivered within ten (10) business days after the Common Stock Warrant is exercised. If the Common Stock Warrant is not fully exercised, we will issue a new Common Stock Warrant exercisable for the remaining shares and deliver the new Common Stock Warrant within the same timeframe as the stock certificate for the exercised shares, or at the request of the securityholder, appropriate notation may be made on the old Common Stock Warrant and signed by us and the same returned to such securityholder.

**Adjustments**

The exercise price of the Common Stock Warrant and the number of shares of common stock issuable upon the exercise of the Common Stock Warrant may be subject to adjustment in certain situations, including the following:

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