

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII**

In re

HAWAIIAN TELCOM
COMMUNICATIONS, INC., et al.¹

Debtors and
Debtors-in-Possession

Case No. 08-02005

(Chapter 11)

Jointly Administered

HEARING**DATE: January 14, 2010****TIME: 10:30 a.m.****JUDGE: Honorable Lloyd King**

**Related Docket Nos.: 21, 291, 478, 667, 687,
844, 945, 1080, 1105, 1244, 1463, 1578**

**SIXTH EXTENSION ORDER WITH RESPECT TO FINAL ORDER
(I) AUTHORIZING USE OF CASH COLLATERAL PURSUANT
TO SECTION 363 OF BANKRUPTCY CODE, AND (II) PROVIDING
ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES
PURSUANT TO SECTIONS 361, 362, AND 363 OF BANKRUPTCY CODE**

Upon (a) the motion (the “*Motion*”), dated February 17, 2009, of Hawaiian Telcom Holdco, Inc. and its affiliated debtors, Hawaiian Telcom Communications, Inc. (“*HTC*”), Hawaiian Telcom, Inc., Hawaiian Telcom Services Company, Inc., Hawaiian Telcom IP Video Investment, LLC, Hawaiian Telcom IP Video Research, LLC, Hawaiian Telcom IP Service Delivery Investment, LLC, Hawaiian Telcom IP Service Delivery Research, LLC, as debtors and debtors in possession (each, individually a “*Debtor*” and, collectively,

¹ The Debtors, together with the last four digits of each Debtor’s federal tax identification number, are: Hawaiian Telcom Communications, Inc. (0376); Hawaiian Telcom Holdco, Inc. (9868); Hawaiian Telcom, Inc. (9500); Hawaiian Telcom Services Company, Inc. (5722); Hawaiian Telcom IP Service Delivery Investment, LLC (9685); Hawaiian Telcom IP Video Investment, LLC (9295); and Hawaiian Telcom IP Video Research, LLC (9471). The location of the Debtors’ corporate headquarters and the service address for all Debtors is: 1177 Bishop Street, Honolulu, HI 96813.



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the “**Debtors**”), for entry of an order (1) extending the Debtors’ use of Cash Collateral, as defined in that certain *Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362, and 363 of Bankruptcy Code*, dated January 15, 2009 (the “**Final Order**”) [Doc. No. 291]² and (2) modifying certain terms of the Final Order; and based upon the Declarations of Robert F. Reich, Senior Vice President, Chief Financial Officer and Treasurer of HTC, Kevin Nystrom, Chief Operating Officer of HTC, and Suneel Mandava, Director of Lazard Frères & Co., LLC, in support of the Motion, and (b) the Debtors’ statement (the “**Statement**”) in further support of the Motion, dated January 13, 2010; and notice of the Motion and the relief requested therein having been given; and a hearing having been held on January 14, 2010 to consider the Motion, Statement, and the relief requested therein (the “**Hearing**”); and the Debtors having modified the relief requested as set forth herein; and upon all of the pleadings filed with the Court and all of the proceedings held before the Court, and after due deliberation and consideration and good and sufficient cause appearing therefor, it is hereby ORDERED AS FOLLOWS:

1. The Motion is hereby granted to the limited extent provided herein.

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Final Order.

2. Decretal paragraph 2(i) of the Final Order is hereby amended by deleting the text therein and inserting “through the effective date of the Debtors’ confirmed chapter 11 plan of reorganization (the “*Outside Date*”)” in lieu thereof.

3. Decretal paragraph 5(c) of the Final Order is hereby amended as follows:

“Notwithstanding anything herein to the contrary, up to and including the later to occur of the Outside Date and the Extended Date, as the case may be, except as provided in paragraph 61(b) of the Confirmation Order, no Cash Collateral (including amounts subject to the Carve-Out (as hereinafter defined)) may be used directly or indirectly by any of the Debtors, the Committee, or any other person or entity to (A) object, contest, or raise any defense to the validity, perfection, priority, extent, or enforceability of the Prepetition Obligations or the Prepetition Liens, (B) assert or prosecute any Claims and Defenses (as defined below) against any of the Prepetition Secured Parties or their respective predecessors-in-interest, agents, affiliates, representatives, attorneys, or advisors, (C) prevent, hinder, or otherwise delay the Prepetition Agent’s assertion, enforcement, or realization on the Cash Collateral, the Adequate Protection Obligations, or the Adequate Protection Liens in accordance with this Order, (D) seek to modify any of the rights granted to the Prepetition Secured Parties hereunder, in each of the foregoing cases without such parties’ prior written consent, or (E) obtain Liens that are senior to, or on parity with (x) the Liens of the Prepetition Secured Parties in the Prepetition Collateral or any portion thereof, unless all obligations pursuant to the Prepetition Financing Documents and this Order have been paid in full, and (y) the Adequate Protection Liens (as defined below), unless all obligations pursuant to the Prepetition Financing Documents and this Order have been paid in full.”

4. Decretal paragraph 9(c) of the Final Order is hereby amended by deleting the text therein and inserting the following in lieu thereof:

“(c) **Adequate Protection Payments.** The Debtors shall pay to the Prepetition Agent on an ongoing basis (i) the current cash

payment of interest at the non-default rates at the times provided for in the Prepetition Credit Agreement; *provided, however,* that, during the period from March 1, 2009 up to and including the effective date of the Debtors' confirmed chapter 11 plan of reorganization (the "***Extension Period***"), such obligations shall be satisfied by (y) the payment of cash interest calculated at the non-default rates with respect to \$300 million of the outstanding Senior Secured Debt, and (z) the deemed payment of interest with respect to the balance of the outstanding Senior Secured Debt, with such amount being included in the amount of Senior Secured Debt, each without prejudice to the rights of the Prepetition Secured Parties to assert the entitlement to payment or accrual of interest at the default rates of interest as provided for in accordance with the Prepetition Financing Documents during the Extension Period or any subsequent period up to and including the Extended Date (provided that, in the event the Outside Date is not extended pursuant to Paragraph 29 of this Order, interest shall accrue and be paid up to and including the later of the Outside Date and the Extended Date (as defined below), as the case may be) on the Prepetition Obligations (whether or not such interest payments are included in the Budget), (ii) immediately upon entry of this Order, cash payments equal to all accrued and unpaid non-default rate interest, fees and expenses (including, but not limited to, the documented fees and expenses of legal counsel and other professionals retained by the Prepetition Secured Parties (including the fees of Houlihan Lokey pursuant to the terms of its engagement letter, dated November 6, 2008, between Houlihan Lokey, the Company and Weil, Gotshal & Manges LLP, as counsel to the Prepetition Agent and Prepetition Lenders)) then owing with respect to the Prepetition Obligations or provided for in the Prepetition Financing Documents, and (iii) from time to time after the Petition Date, the current cash payment of documented fees and expenses as and when due and payable under the Prepetition Financing Documents, including, but not limited to, the documented fees and expenses of legal counsel and other professionals retained by the Prepetition Secured Parties (payments made pursuant to clauses (i), (ii) and (iii) above are hereinafter collectively referred to as "***Adequate Protection Payments***"); all of the amounts to be paid pursuant to the foregoing clauses (ii) and (iii) shall be paid regardless of whether such amounts accrued prior to or after the Petition Date, and shall be paid without further motion, fee application, or order of the Court; *provided, however,* that the Debtors, the United States Trustee, the Committee and the Noteholders shall have the right to object to

the payment of any such amounts in the manner provided in Paragraph 22 of this Order; and, *provided, further*, notwithstanding anything to the contrary in this Order, the Adequate Protection Payments shall be subject to any parties' rights to seek recharacterization (under section 506(b) of the Bankruptcy Code or otherwise) of such payments as payments in satisfaction of principal amounts due under the Prepetition Financing Documents; *provided, moreover*, that the Prepetition Agent shall distribute such monies to the Prepetition Secured Parties, including the Other Secured Parties, in accordance with the terms and provisions of the Prepetition Financing Documents."

5. Decretal paragraph 28 of the Final Order is hereby amended by deleting the text therein and inserting the following in lieu thereof:

"Solely for the purposes of this Order and the calculation of Adequate Protection Payments (as defined in amended paragraph 9(c) above) on account of Swap Agreements pursuant to this Order, the amounts owing under the Swap Agreements shall be deemed to be \$7,672,746 for JPMorgan Chase Bank, N.A. and \$7,665,935 for Goldman Sachs Bank USA."³

6. The Debtors shall be authorized to make adjustments to the cash and payable in kind portions of the Adequate Protection Payments made after the date of entry of this Order in accordance with the amendment to paragraph 28 of the Final Order so that all Secured Parties' respective aggregate cash and payable in kind portions of the Adequate Protection Payments will equal the amounts such Secured Parties would have received had the claim of JPMorgan

³ The claims held by JPMorgan Chase Bank, N.A. pursuant to the Swap Agreements have been transferred to Cerberus Series Four Holdings, LLC. See Docket Nos. 1485, 1486, 1487 and 1488.

Chase Bank, N.A. been allowed in the amount of \$7,672,746 since the Petition Date.

7. Except as modified herein or by this Court's *Order Granting in Part, Denying in Part, Motion For Summary Judgment* [Doc No. 69] and *Opinion Concerning Plaintiff's Motion for Summary Judgment* [Doc No. 68], each entered in the Adversary Proceeding Case No. 09-90023 related to these chapter 11 cases, all terms and provisions of the Final Order, as amended by that certain (a) *First Extension Order With Respect to Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362 and 363 of Bankruptcy Code*, dated February 27, 2009 [Doc. No. 428], (b) *Second Extension Order with Respect to Final Order (I) Authorizing Use of Cash Collateral, Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362, and 363 of Bankruptcy Code*, dated April 30, 2009 [Docket No. 687], (c) *Third Extension Order with Respect to Final Order (I) Authorizing Use of Cash Collateral, Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362, and 363 of Bankruptcy Code*, dated April 30, 2009 [Docket No. 945], (d) *Fourth Extension Order with Respect to Final Order (I) Authorizing Use of Cash*

Collateral, Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362, and 363 of Bankruptcy Code, dated August 24, 2009 [Docket No. 1105] and Fifth Extension Order with Respect to Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362, and 363 of Bankruptcy Code, dated November 10, 2009 [Docket No. 1463] remain in full force and effect.

8. Nothing herein or in the Final Order shall prejudice the ability of either the Debtors or the Secured Parties to seek modification of the terms of the Final Order.

DATED: Honolulu, Hawaii January 14, 2010.


THE HONORABLE LLOYD KING
UNITED STATES BANKRUPTCY JUDGE

In re Hawaiian Telecom Communications, Inc., et al., Chapter 11,
Case No. 08-02005; SIXTH EXTENSION ORDER WITH RESPECT TO FINAL
ORDER (I) AUTHORIZING USE OF CASH COLLATERAL PURSUANT TO
SECTION 363 OF BANKRUPTCY CODE, AND (II) PROVIDING
ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES
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