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August 4, 2009

Hawaiian Telcom Communications, Inc.
1177 Bishop Street
Honolulu, HI 96813
Attn: Mr. Robert Reich
Chief Financial Officer

Re: Statement of Work - 2008 Tax Compliance Services

Dear Mr. Reich:

This Statement of Work ("SOW") is governed by and subject to the terms and conditions of the Master Tax Services Agreement dated December 1, 2008 (the "Agreement") between Hawaiian Telcom Communications, Inc. (the "Client" or "you") and Ernst & Young LLP ("EY"), which was executed in connection with the Client filing a petition under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") on or about December 1, 2008 with the United States Bankruptcy Court for the District of Delaware, the venue of which was subsequently transferred to the United States Bankruptcy Court for the District of Hawaii (the "Bankruptcy Court"), and describes certain tax services that EY will perform for the Client during the Client's Chapter 11 bankruptcy proceedings. Unless expressly modified by this SOW, the terms and conditions of the Agreement continue to apply. Capitalized terms used, but not defined, in this SOW have the meanings set forth in the Agreement.

Engagement Team

Kent E. Gerety (Partner) and Robert W. Henry (Senior Manager) will lead the EY team in providing the services described herein (the "Services"). If either of these individuals ceases to provide tax services to the Client pursuant to the Agreement, EY will so advise the Client and, if that person is replaced, provide the Client with the name of that professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

Scope of Services

EY will provide the following services under this SOW to Client, contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW).

EY will perform review procedures with respect to Client's U.S. federal and Hawaii state income tax returns for the taxable year ended December 31, 2008 (the "subject tax returns"). You will advise us in writing if you want us to review any additional tax returns, and any material modification to the scope of the engagement shall be subject to Bankruptcy Court approval.

Client shall prepare the subject tax returns, supporting work papers and related documents (including the documents described in Attachment 1 to this SOW) and provide copies to us by no later than September 1, 2009. The procedures we anticipate performing with respect to the subject tax returns are set forth in Attachment 2 to this letter, but our actual procedures may vary depending upon issues that we identify during the course of our review. Our procedures are designed to evaluate the substantive correctness and mechanical accuracy of the subject tax returns, however, we will not independently verify Client-prepared work papers and other supporting documents, the accuracy and completeness of which are the sole responsibility of Client.

The review procedures that we expect to perform on this engagement will be significant enough for us to be considered the "income tax return preparer" of the subject tax returns, and, accordingly, we will sign them as such upon our determination that each return is complete and accurate to the best of our knowledge. Our review of the subject tax returns and signature as the income tax return preparer, however, is not intended to provide Client with any assurance that we have identified every entry or position in such returns that could be the source of a current or future controversy with a taxing authority or result in additional tax or penalties, that we have identified all opportunities for minimizing tax liabilities, or that one or more of the items contained in such returns cannot be successfully challenged by any of the taxing authorities. In the event we consider it necessary for revisions to be made to one or more of the subject tax returns in order to make them substantively correct and mechanically accurate, we will communicate these changes to you. Upon incorporation of all the modifications that we deem to be essential, you will furnish us with revised copies of the subject tax returns that we will sign as the income tax return preparer prior to their being filed with the appropriate taxing authorities. We will reproduce and retain, for our files, a complete copy of each return that we have signed as the income tax return preparer.

Although this SOW refers to "review procedures," this engagement does not constitute a "review" within the scope of the American Institute of Certified Public Accountants' Standards for Accounting and Review Services.

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court.

Out-of-Scope Services

Any activities not described as Services, as indicated above under Scope of Services, are not covered by the fees stated herein. These services will be considered outside

the scope of this SOW and are the responsibility of Client to perform on a timely basis unless otherwise agreed by the parties in writing.

Responsibilities

Client shall make all management decisions and perform all management functions in connection with the Services under this SOW. EY may assist Client in rendering management decisions or carrying out management functions in connection with the Services, including by providing advice, research material or recommendations, but EY will not make any such decisions or perform any such functions. In its sole discretion, EY may refuse to take any action to the extent it might be construed as a management decision or a management function.

Client accepts responsibility for the results of the Services. Client's approval of any Services shall not constitute a waiver of any of its rights under this SOW. Client further agrees to establish and maintain internal controls in connection with the Services, including monitoring EY's performance under this SOW.

Client shall designate an employee possessing the skill, knowledge and/or experience (but not necessarily the experience to perform the Services) to (1) oversee, (2) evaluate the effectiveness of, and (3) approve, the Services.

In addition, to the extent SEC audit independence restrictions apply to any relationship between Client and EY or any other EY Entity, Client represents and warrants to EY, on and as of the date hereof, that neither Client nor any of its affiliates has agreed, orally or in writing, with any other tax service provider to limit in any way Client's ability to disclose to any person or entity the tax treatment or tax structure of any transaction that is the subject of the Services. Any such agreement with other tax service providers could impair the independence required of an EY Entity providing services to Client and neither EY nor any other EY Entity shall have any liability or responsibility whatsoever to Client in respect of any such agreement or its consequences.

Disclosure of Reportable Transactions

Treasury regulations require taxpayers to file disclosure statements relating to certain tax strategies/transactions that the Internal Revenue Service ("IRS") has identified as Listed Transactions or Transactions of Interest, any transaction that is substantially similar to a Listed Transaction or Transaction of Interest, and Other Reportable Transactions. The disclosure statements must be filed with the proper tax returns and also sent separately to the IRS. In addition, some states have enacted tax shelter legislation requiring taxpayers to file reportable transaction disclosure statements with the appropriate state income and franchise tax returns. Failure to disclose

properly any of these transactions/strategies in which Client directly or indirectly participated may result in the imposition of penalties.

During the process of gathering data to prepare Client's tax return(s), EY requires Client to complete a questionnaire about Listed Transactions, Transactions of Interest, and Other Reportable Transactions, which is attached to this SOW. If there is a particular person other than you who should respond to such questionnaire on behalf of Client, please immediately provide to EY that person's name, position, and telephone number. EY shall not be liable for any penalties resulting from Client's failure to accurately and timely respond to the questionnaire or to file timely the required disclosure statement.

Fees and Expenses

The Client shall pay EY's fees for the Services, which fees are subject to Bankruptcy Court approval and based on the actual time of EY professionals expended in performing the Services as adjusted annually on July 1 during the term of the Agreement. The actual time required will depend upon the extent and nature of available information, modifications to the scope of our engagement and other developments that may occur as work progresses. The rates, by level of tax professional, are as follows:

<u>Title</u>	<u>Rate Per Hour</u>
National Executive Director/Principal/Partner	\$ 700
Executive Director/Principal/Partner	\$ 675
Manager/Senior Manager	\$ 575
Staff/Senior	\$ 175

The Client shall also pay EY's expenses and reimbursements in accordance with the terms of the Agreement. We will submit an itemized and detailed billing statement, and we will request payment of our fees and expenses, in accordance with the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court for the District of Delaware and any relevant orders of the Bankruptcy Court.

If, during the term of this SOW, EY determines that any additional work is necessary, whether at Client's request or because the complexity of the project increases, EY will promptly contact Client to discuss any adjustments to the scope of work or EY's fees and the Client obtaining Bankruptcy Court approval before proceeding, if necessary.

Other Terms and Conditions

Client authorizes EY, its affiliates, and other Ernst & Young Global Limited member firms, including those located outside the United States, to disclose Client's tax return information received or generated in connection with the Services described in this SOW, including prior year tax return information, to and among each other for the purpose of rendering the Services. You acknowledge that this consent will be valid for three years from the date this SOW is signed by you below. Please indicate Client's acceptance of these additional terms and conditions by executing this SOW in the space provided below and return it to Robert Henry at your earliest convenience.

Thanks again for your selection of our firm.

Very truly yours,

Ernst & Young LLP

AGREED:

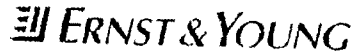
Hawaiian Telcom Communication, Inc.

By: _____

Robert Reich
Robert Reich
Chief Financial Officer

Date: _____

8/12/09



Reportable Transaction Questionnaire

FAILURE TO READ THIS CAREFULLY AND TIMELY PROVIDE AN ACCURATE RESPONSE COULD RESULT IN THE IMPOSITION OF PENALTIES BY THE IRS AND/OR STATE TAX AUTHORITIES FOR WHICH ERNST & YOUNG WILL NOT BE LIABLE

Treasury regulations require taxpayers to file disclosure statements relating to certain tax strategies/transactions that the Internal Revenue Service ("IRS") has identified as Listed Transactions or Transactions of Interest, any transaction that is substantially similar to a Listed Transaction or Transaction of Interest, and Other Reportable Transactions. The disclosure statements must be filed with the proper tax return and also sent separately to the IRS. Failure to disclose such transactions may result in the imposition of penalties and is likely to cause the IRS to request copies of your tax accrual work papers during an examination of your tax return. In addition, some states have enacted tax shelter legislation requiring taxpayers to file reportable transaction disclosure statements with the appropriate state income and franchise tax returns. Below is a summary of the current Listed Transactions and Transactions of Interest. You must answer the questions below for us to properly prepare your tax return(s). We may also need to contact you to determine whether you have participated in any additional Listed Transactions or Transactions of Interest identified before your tax return is filed.

Please read each of these Listed Transaction and Transaction of Interest summaries. If you want to receive a copy of the relevant published guidance (see the underlined reference at the end of each description) or have any questions regarding a specific transaction, please contact [insert name] at [insert address, telephone number, fax number and/or e-mail address]. After answering the questions, return the entire document by [insert date] by [choose: mail, e-mail, or fax] at [insert name and address, e-mail address, or fax number]. When answering the questions below, use the underlined term to identify that Listed Transaction or Transaction of Interest. Ernst & Young LLP ("EY") shall not be liable for any penalties resulting from your failure to accurately and timely respond to these questions or to timely file the required disclosure statements.

The summaries of the Listed Transactions identified by the IRS as of this date are as follows:

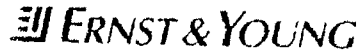
- (1) Lease Strips and Other Stripping Transactions: Transactions that allow one participant to realize rental or other income from property or service contracts and another participant or the same participant in a different tax year reports deductions related to that income. Identified in Notice 95-53 and Notice 2003-55.
- (2) 401K Accelerator: Transactions in which taxpayers claim deductions for contributions to a qualified cash or deferred arrangement or matching contributions to a defined contribution plan where the contributions are attributable to compensation earned by plan participants after the end of the taxable year. Identified in Rev. Rul. 90-105.

- (3) Multiple Employer Plans: Trust arrangements purported to qualify as multiple employer welfare benefit funds exempt from the limits of §§419 and 419A of the Internal Revenue Code. Identified in Notice 95-34. (See item #21 below regarding collectively-bargained welfare benefit funds.)
- (4) Contingent Installment Sales: Transactions involving contingent installment sales of securities by partnerships in order to accelerate and allocate income to a tax-indifferent partner, such as a tax-exempt entity or foreign person, and to allocate later losses to another partner. Identified as ACM Transactions.
- (5) Distributions from Charitable Remainder Trusts: Transactions involving distributions described in Treas. Reg. §1.643(a)-8 from charitable remainder trusts. This transaction uses a §664 charitable remainder trust to convert appreciated assets into cash, while avoiding the gain on the disposition of the assets. Identified in Treas. Reg. §1.643(a)-8.
- (6) LILOs: Transactions in which a taxpayer purports to lease property and then purports to immediately sublease it back to the lessor (that is, lease-in/lease-out or LILO transactions). Identified in Rev. Rul. 99-14.
- (7) Distribution of Encumbered Property: Transactions involving the distribution of encumbered property in which taxpayers claim tax losses for capital outlays that they have in fact recovered. Identified in Notice 99-59.
- (8) Fast-pay Arrangements: Transactions involving fast-pay arrangements as defined in Treas. Reg. §1.7701(l)-3(b) in which a corporation's outstanding stock is structured (in whole or in part) to return the stockholder's investment by distributions treated as dividends. Identified as Fast-pay Arrangements.
- (9) Counterbalancing Debt Instruments: Transactions involving the acquisition of two debt instruments the values of which are expected to change significantly at about the same time in opposite directions. Identified in Rev. Rul. 2000-12.
- (10) Artificially Inflated Tax Basis: Transactions generating losses resulting from artificially inflating the tax basis of partnership interests. Identified in Notice 2000-44.
- (11) Employee Stock Transfer: Transactions involving the purchase of a parent corporation's stock by a subsidiary, a subsequent transfer of the purchased parent stock from the subsidiary to the parent's employees, and the eventual liquidation or sale of the subsidiary. Identified in Notice 2000-60.
- (12) Guamanian Trusts: Transactions purporting to apply §935 to Guamanian trusts. Identified in Notice 2000-61.
- (13) Midco Transactions: A broad range of "routine" transactions that happen to include the acquisition, disposition, or movement of stock and assets. The typical Midco transaction is one in which a taxpayer desires to sell stock of a corporation and a buyer desires to purchase the assets. These parties conduct the transaction through an intermediary, with the taxpayer selling the stock to the intermediary and the buyer then purchasing the assets



Identified in Notice 2003-24. (See item #3 above regarding multiple employer plans.)

- (22) Transfers of Compensatory Stock Options to Related Persons: Transactions involving an individual, generally an employee, who has been granted a nonstatutory compensatory stock option, and transfers that option to a related person. The individual does not claim compensation income when the related person exercises the stock option or, in cases where the related person pays for the option with a note or other deferred payment, the individual does not claim compensation income until receiving the deferred payments. Identified in Notice 2003-47.
- (23) Contested Liability Trusts: Transactions involving transfers to a trust to provide for the satisfaction of contested liabilities in an attempt to accelerate deductions for the contested liabilities under §461(f) of the Internal Revenue Code. Identified in Notice 2003-77.
- (24) Offsetting Foreign Currency Option Contracts: Transactions in which a taxpayer claims a loss upon the assignment of a §1256 foreign currency option contract to a charity but fails to report the recognition of gain when the taxpayer's obligation under an offsetting non-section 1256 foreign currency option contract terminates. Identified in Notice 2003-81.
- (25) Roth IRA Contributions: Transactions designed to avoid the statutory limits on contributions to a Roth IRA contained in §408A using a corporation, substantially all the shares of which are owned or acquired by the Roth IRA. Identified in Notice 2004-8.
- (26) S corporation ESOP Involving Synthetic Equity: Transaction involving an S corporation that is at least 50% owned by an ESOP, designed to avoid current taxation of the S corporation's profits generated by the business activities of a specific individual or individuals. The profits are accumulated and held for the benefit of the individual(s) in a qualified subchapter S subsidiary (QSub) or similar entity (such as a limited liability company), the profits are not paid to the individual(s) as compensation within 2½ months after the end of the year in which earned, and the individual or individuals have rights to acquire stock or similar interests equal to 50% or more of the fair market value of the QSub. Identified in Rev. Rul. 2004-4. (See Item #19 above, also involving S corporation ESOPs.)
- (27) Pension Plans Involving Excessive Life Insurance: Transactions involving a qualified pension plan that includes life insurance contracts on the life of a participant in the plan with a face amount that exceeds the participant's death benefit under the plan by more than \$100,000. Upon the death of the covered employee, the life insurance contract proceeds exceeding the death benefit are applied to the premiums under the plan for other participants. Identified in Rev. Rul. 2004-20.
- (28) Foreign Tax Credit Intermediary Transactions: Transactions in which, pursuant to a prearranged plan, a domestic corporation purports to acquire stock in a foreign target corporation and makes an election under §338 before selling all or substantially all of the target corporation's assets in a



transaction that triggers foreign tax on built-in gains that are not subject to U.S. tax. The domestic corporation claims foreign tax credits generated with respect to the foreign income tax imposed on the asset sale. Identified in Notice 2004-20.

- (29) S Corporation Nonvoting Stock Issued to Tax Exempt Organization: Transactions in which S corporation shareholders attempt to transfer the incidence of taxation on S corporation income by donating S corporation nonvoting stock to an exempt organization, while retaining the economic benefits associated with that stock (through warrants issued to the S corporation shareholders that would dilute the shares of nonvoting stock held by the exempt organization or agreements to repurchase the nonvoting stock from the exempt organization at a value that is substantially reduced by reason of the warrants). Identified in Notice 2004-30.
- (30) Intercompany Financing Through Partnerships Using Guaranteed Payments: Transactions in which a corporation that is exempt from US federal income tax, such as a foreign corporation, provides financing to a domestic subsidiary by investing in the preferred stock of the subsidiary through a partnership in an attempt to convert interest payments that would not be currently deductible under §163(j) into deductible payments. The foreign corporation's return on investment is structured as a guaranteed payment by the partnership, most of which is allocated to, and deducted by, another domestic subsidiary that is a partner in the partnership. In some cases, the guaranteed payments are made to a partner that is unrelated to the foreign corporation and the partnership's obligations to make the guaranteed payments are assured by the foreign corporation or a related party. Identified in Notice 2004-31.
- (31) SILOs: Transactions in which a taxpayer/lessor enters into a purported sale-leaseback arrangement with a tax-indifferent person (such as a foreign entity, a domestic tax exempt organization or government, or a company in a net operating loss position or other tax neutral situation) as lessee in which substantially all of the tax-indifferent person's future rental payment obligations and purchase option rights are economically defeased/nullified and the taxpayer's risk of loss from a decline, and opportunity for profit from an increase, in the value of the leased property are substantially limited, and there is an obligation on the lessee to provide to the lessor a service contract arrangement or contingent residual value insurance in the event that the lessee purchase option right is not exercised. These leases are frequently referred to as "lease-to-service contracts" or "QTE leases." Identified in Notice 2005-13.
- (32) Loss Importation Transactions: Transactions in which a taxpayer acquires control of a foreign entity treated as a corporation for U.S. tax purposes, and uses the foreign entity's off-setting positions with respect to foreign currency or other property for the purpose of importing losses, but not corresponding gains. Gain is not imported because the taxpayer causes the foreign entity to close out the gain position while the foreign entity is still

treated as a foreign corporation. The taxpayer enters into a new offsetting position to lock in the unrealized loss on the loss position and eliminate further economic risk. The taxpayer then imports the unrealized loss into the U.S., typically by making a check-the-box election with respect to the foreign entity and then closing out the loss position. It may also import the assets of the foreign entity into the U.S. in another type of carryover basis transaction such as a reorganization described in section 368(a). The taxpayer must make the check-the-box election or otherwise dispose of the stock of the foreign entity within 30 days of acquiring it, so that the foreign entity will not qualify as a CFC and the gain it recognizes will not be taxable under subpart F. Identified in Notice 2007-57.

- (33) Welfare Benefit Funds Utilizing Cash Value Life Insurance Policies: Trust arrangements purporting to provide employees welfare benefits in the form of cash value life insurance policies. In these arrangements the employer claims deductions for its contributions to the trust per the premium amounts paid, but the employee/policy owners include little if any in corresponding income. These arrangements may involve either a taxable trust or a tax-exempt trust. Identified in Notice 2007-83.
- (34) Distressed Asset Trust: Transactions in which trusts are used to shift built-in losses in distressed assets that have been transferred into such trusts by a tax-indifferent party to a beneficiary who is a U.S. taxpayer. The distressed assets are then written off by the U.S. taxpayer under §166 or sold with the U.S. taxpayer claiming a deduction under §165, even though the U.S. taxpayer has not incurred an economic loss. Identified in Notice 2008-34.

The summaries of the Transactions of Interest identified by the IRS as of this date are as follows:

- (1) Contribution of a Successor Member Interest to a Charity: A transaction in which a taxpayer acquires a successor interest in an LLC or similar entity that directly or indirectly holds real property, transfers the rights more than one year after the acquisition to a charity described in section 170(c) of the Internal Revenue Code, and claims a charitable contribution deduction that is significantly higher than the amount that the taxpayer paid to acquire the rights. Identified in Notice 2007-72.
- (2) Toggling Grantor Trusts: Transactions in which grantor creates and funds a grantor trust with four options with values that are expected to move inversely in relation to at least one of the other options. The grantor then gives a unitrust interest to a beneficiary while retaining a noncontingent remainder interest and the power to reacquire trust property at a specified future date by substituting other property of equivalent value. Through a series of successive transactions involving the sale of the remainder interest to an unrelated buyer for an amount substantially equal to the fair market value of the options contributed to the trust, the "activation" of the substitution power on its effective date, the close-out of the "loss options,"

and the sale of the unitrust interest to the unrelated buyer, the grantor trust status of the trust is purportedly "toggled off" and "toggled on." The grantor claims a tax loss attributable to the close-out of the loss options even though the grantor has not suffered an equivalent economic loss. A variation of the transaction described above involves an initial contribution of liquid assets instead of options, and a subsequent substitution of appreciated property for the liquid assets. This variation is designed to enable the grantor to avoid the recognition of gain upon the disposition of the appreciated assets. Identified in Notice 2007-73.

- (3) **Potential for Avoidance of Tax through Sale of Charitable Remainder Trust Interests:** Transactions involving the sale or other disposition of all interests in a charitable remainder trust (subsequent to the contribution of appreciated assets to the trust but after their sale by the trust). The grantor or other noncharitable claims an increased basis in the annuity or unitrust interest sold based upon the tax basis of assets within the trust (rather than with reference to the tax basis of assets transferred to the trust) thereby recognizing little, if any, gain from such sale or other disposition of the unitrust or annuity interest. Identified in Notice 2008-99.
- (4) **Use of Domestic Partnership with CFC Partner(s) to Avoid Taxable Subpart F Inclusions:** Transactions involving a U.S. taxpayer owning at least one CFC which is a partner in a domestic partnership (the other partner(s) may or may not also be CFCs). The domestic partnership owns a CFC Opco that earns income of a type which is subpart F income. The U.S. taxpayer claims that the subpart F income of the CFC Opco is not subpart F income in the hands of the CFC partner (or the partner's US owner) because of the interposition of the domestic partnership. Identified in Notice 2009-7.

Hawaiian Telcom Communication, Inc.

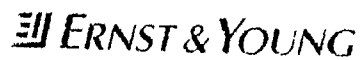
Your Signature

Title (if applicable)

Date

Documents and Work Papers to be Provided by Client to EY
in Connection with the Review of the Subject Tax Returns

1. Copies of the subject tax returns completed to the extent that responsible Client officials believe they are ready to be filed with the appropriate taxing authorities.
2. Copies of work papers supporting all calculations and determinations made with respect to the subject tax returns, including the following:
 - A. A reconciliation of the Client's current tax expense shown on its financial statements to its tax liability shown on its federal income tax return.
 - B. Work papers supporting all entries on federal income tax return Schedule M-1 and Schedule M-2.
 - C. Work papers accounting for the acquisition and disposition of assets, including the calculation of gain or loss on the disposition of assets and depreciation expense computations for regular tax, AMT, and Hawaii tax purposes.
 - D. Work papers supporting Client's travel and entertainment expenses, including the computation of any portion of such expenses that is not deductible and information concerning any such expenses that may not be substantiated in accordance with applicable federal income tax regulations.
 - E. Work papers supporting Client's computation of its cost of goods sold, including costs capitalized under the uniform capitalization rules.
 - F. Work papers supporting the allocation and apportionment of Client's income and deductions for state taxation purposes.
 - G. Work papers concerning transactions between Client and any "related persons" such as controlling shareholders or members of Client's controlled corporation group.
 - H. Work papers supporting Client's net operating, capital loss or credit carryovers, together with ownership change determinations made under section 382 of the U.S. Internal Revenue Code.



3. Work papers describing and supporting all unusual or nonrecurring transactions.
4. Copies of any correspondence from the IRS or other taxing authorities that may affect the current-year returns, and any correspondence or documentation from any taxing authority relating to any examination or audit of any prior-year return.

General Procedures Anticipated to be Performed by Ernst & Young
in Connection with the Review of the Subject Tax Returns

1. Sample testing of supporting work paper computations for accuracy, reasonableness, and completeness. Sample tracing of amounts shown in the supporting work papers to the subject tax returns.
2. Review of work papers or other documentation identified by Client as involving unusual or nonrecurring transactions, to evaluate the propriety of the treatment accorded such transactions in the subject tax returns.

Review adequacy of elections and disclosures that have been made in the subject tax returns prepared by Company personnel. Consider additional tax return elections or disclosures in conjunction with information reviewed under 1 - 2 above.