

**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

Related Docket Nos. 826, 1103, 1131

**ORDER CONFIRMING THE JOINT CHAPTER 11
PLAN OF REORGANIZATION OF HAWAIIAN TELCOM
COMMUNICATIONS, INC. AND ITS DEBTOR AFFILIATES**

The Joint Chapter 11 Plan of Reorganization of Hawaiian Telcom Communications, Inc. and its Debtor Affiliates (as amended, supplemented or modified from time to time, the “Plan”),² attached hereto as Exhibit A, having been filed with this Court (the “Court”) by Hawaiian Telcom Communications Inc. and certain of its affiliates, as debtors and debtors in possession (collectively, “Hawaiian Telcom” or the “Debtors”); and the Court having entered, after due

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 (9423); Hawaiian Telcom IP Service Delivery Research, LLC (9685); Hawaiian Telcom IP Video Investment, LLC (9295); and Hawaiian Telcom IP Video Research, LLC (9571). The location of the Debtors’ corporate headquarters and the service address for all Debtors is: 1177 Bishop Street, Honolulu, HI 96813.

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Plan.



notice and a hearing, an order dated August 28, 2009 (the “Disclosure Statement Order”) [Docket No. 1131], among other things, (a) approving the Disclosure Statement, (b) establishing the voting record date, voting deadline and other dates, (c) approving the procedures for soliciting, receiving and tabulating votes on the Plan and for filing objections to the Plan and (d) approving the manner and forms of notice and other related documents; and the Disclosure Statement having been transmitted to all Holders of Claims in Classes 3, 5, 7, 8, 9, 10, 11, 12, 13 and 14 (collectively, the “Voting Classes”) as provided for by the Disclosure Statement Order; and the Debtors having filed the following Plan Supplement documents on October 26, 2009, October 28, 2009, November 9, 2009, and December 28, 2009, as required by the plan: (a) the By-Laws; (b) the Certificate of Incorporation; (c) the Executory Contracts and Unexpired Leases to be Rejected; (d) the List of Retained Causes of Action; (e) the Equity Incentive Plan; (f) the New Warrant Agreement; (g) the Litigation Trust Agreement; (h) the 2009 Performance Compensation Program; (i) the Management Employment Agreements; and (j) the New Term Loan and the Court having held the Confirmation Hearing on November 9, 10, 12 and 13, 2009, after due notice to Holders of Claims and Equity Interests and other parties in interest in accordance with the Disclosure Statement, the Disclosure Statement Order, title 11 of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy

Rules”) and the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Hawaii (the “Local Bankruptcy Rules”); and the Court having reviewed the Plan and other relevant factors affecting the chapter 11 cases; and upon all of the proceedings had before the Court and after full consideration of the evidence and testimony presented and the arguments of counsel, as well as the post-trial settlement and compromise by and among the Debtors, the Senior Secured Agent and the Creditors’ Committee, and pursuant to the findings of fact and conclusions of law filed this date,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Confirmation. The Plan attached hereto as Exhibit A, including all exhibits thereto, is confirmed under section 1129 of the Bankruptcy Code. The terms of the Plan and the Plan Supplement and each of the documents comprising the Plan Supplement are incorporated by reference into and are an integral part of the Plan and are hereby approved.
2. Objections. All parties have had a full and fair opportunity to litigate all issues raised by the Objections, or that might have been raised, and the Objections have been fully and fairly litigated. All Objections, responses, statements and comments in opposition to the Plan and any reservation of rights, in each case that have not been withdrawn with prejudice in their

entirety, waived or settled pertaining to Confirmation are overruled on the merits.

3. Solicitation and Notice. Notice of the Confirmation Hearing complied with the terms of the Disclosure Statement Order, was appropriate and satisfactory based on the circumstances of these chapter 11 cases and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and Local Bankruptcy Rules. The solicitation of votes on the Plan and the Solicitation Materials complied with the solicitation procedures in the Disclosure Statement Order, was appropriate and satisfactory based upon the circumstances of these chapter 11 cases and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and Local Bankruptcy Rules. Notice of the Plan Supplement, and all related documents, was appropriate and satisfactory based upon the circumstances of these chapter 11 cases and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and Local Bankruptcy Rules.
4. Plan Classifications Controlling. The classification of Claims and Equity Interests for purposes of distributions made under the Plan shall be governed solely by the terms of the Plan. The classifications set forth on the Ballots tendered to or returned by the Holders of Claims in connection with voting on the Plan: (a) were set forth on the Ballots solely for purposes of voting to

accept or reject the Plan, (b) do not necessarily represent and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims under the Plan for distribution purposes and (c) shall not be binding on the Debtors, the Reorganized Debtors or Holders of Claims or Equity Interests for purposes other than voting on the Plan.

5. General Settlement of Claims. Pursuant to section V.A. of the Plan, sections 105 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classifications, releases and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan. Subject to Article V of the Plan, all distributions made to Holders of Allowed Claims in any Class are intended to be and shall be final.
6. Allowed Class 3 Claims. The Senior Secured Claims are Allowed in the aggregate amount of \$599,072,812.57 (consisting of \$589,838,681.00 outstanding as of the Commencement Date and \$9,234,131.57 in payable in-kind interest through October 31, 2009, in accordance with the Cash Collateral Order), plus (a) the payment of cash interest calculated at the non-default rate of interest with respect to \$300 million of the outstanding Senior Secured Obligations from November 1, 2009, through the Effective Date;

(b) the deemed payment of interest with respect to the balance of the outstanding Senior Secured Obligations, with such amount being included in the amount of Senior Secured Claims to the Senior Secured Agent, on behalf of the Senior Secured Parties, under the Cash Collateral Order between November 1, 2009, and the Effective Date; (c) all accrued and unpaid fees and expenses (including, without limitation, the documented fees and expenses of legal counsel and other professionals retained by the Senior Secured Parties (including the fees of Houlihan Lokey pursuant to the terms of its engagement letter, dated November 6, 2008, between Houlihan Lokey, the Debtors and Weil, Gotshal & Manges LLP, as counsel to the Senior Secured Agent and the Prepetition Lenders)) owing as of the Effective Date with respect to the Senior Secured Obligations or provided for in the Prepetition Financing Documents (as defined in the Cash Collateral Order); and (d) unpaid documented fees and expenses due and payable under the Prepetition Financing Documents (as defined in the Cash Collateral Order) as of the Effective Date, including, without limitation, the documented fees and expenses of legal counsel and other professionals retained by the Senior Secured Parties; provided however, that nothing herein shall prejudice to the rights of the Senior 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 (as defined in the Cash Collateral Order); provided further, however, that the Senior Secured Agent shall distribute such monies to the Senior Secured Parties, in accordance with the terms and provisions of the Prepetition Financing Documents (as defined in the Cash Collateral Order). The Allowed Senior Secured Claim shall include \$7,780,662.82 on account of the claim owing to Goldman Sachs, in its capacity as party to that certain ISDA Master Agreement (Multi-Currency Cross Border), dated as of October 24, 2007, as of October 31, 2009, plus the amounts set forth in (a) through (d) above that become due and owing to the Senior Secured Agent, on behalf of Goldman Sachs under the Cash Collateral Order between November 1, 2009, and the Effective Date. All amounts paid and payable to the Senior Secured Agent, on behalf of the Senior Secured Parties, as adequate protection under the Cash Collateral Order, including the deemed interest, and all interest, fees and other expenses constitute proper payments of adequate protection for the Debtors' use of the Senior Secured Parties' collateral under section 363(e) of the Bankruptcy Code and the Cash Collateral Order. Such collateral has suffered and will continue to suffer a diminution in value at least equal to the amount of all adequate protection payments and deemed interest payments between the Petition Date and the Effective Date. The Debtors shall

continue to pay all amounts payable as adequate protection payments under the Cash Collateral Order through the Effective Date. No amount of adequate protection payments already paid or that will be paid through the Effective Date shall be recharacterized as payments on principal or in any other manner.

7. Restructuring Transactions. On the Effective Date, the applicable Debtors or Reorganized Debtors shall enter into the Restructuring Transactions and shall take any actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or a corporate restructuring of the overall corporate structure of the Reorganized Debtors, as and to the extent provided therein.
8. Reorganized Hawaiian Telcom Holdco. On the Effective Date, the New Hawaiian Telcom Holdco Board shall be established and the Bylaws shall be deemed approved on the terms set forth in the Plan and the Plan Supplement and, subject to paragraph 10 below, the Management Employment Agreements (the forms of which are contained in the Plan Supplement) shall be assumed. Reorganized Hawaiian Telcom Holdco shall be authorized to implement the Restructuring Transactions and adopt any other agreements, documents and instruments and to take any other actions contemplated by the Plan and this Order as necessary or desirable to consummate the Plan.

9. CEO Employment Agreement. Between the Confirmation Date and the Effective Date, the Debtors and Eric K. Yeaman shall amend the Employment Agreement by and between Hawaiian Telcom Holdco, Inc. and Eric K. Yeaman, dated June 16, 2008 (as amended, the “Amended CEO Agreement”) in accordance with the term sheet expressly agreed to by and between the Senior Secured Agent and Mr. Yeaman on December 18, 2009. On the Effective Date, the Amended CEO Agreement shall be deemed assumed.
10. Sources of Consideration for Plan Distributions. The Reorganized Debtors shall fund distributions with (a) Cash, (b) the New Term Loan, (c) the Intercompany Account Settlement, (d) the New Common Stock, (e) the New Warrants and (f) the Rights Offering.
11. The New Term Loan. On the Effective Date, the Reorganized Debtors shall enter into the New Term Loan. The New Term Loan (including the transactions contemplated thereby and all actions to be taken, undertakings to be made and obligations to be incurred by the Reorganized Debtors in connection therewith) was negotiated in good faith and at arm’s-length, is fair and reasonable and is approved.

12. Management Equity Incentive Program. On the Effective Date, 10% of the Outstanding New Common Stock shall be reserved for the Management Equity Incentive Program (as defined in the Plan).
13. Intercompany Account Settlement. The Debtors and the Reorganized Debtors shall be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth in the Plan and this Order, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan or this Order.
14. Issuance of New Common Stock. The issuance of the New Common Stock, including options or other equity awards reserved for the Management Equity Incentive Plan, by Reorganized Hawaiian Telcom Holdco is authorized without the need for any further corporate action or without any further action by the Holders of Claims or Equity Interests. Reorganized Hawaiian Telcom Holdco is authorized to issue 20,000,000 common shares and 5,000,000 preferred shares under the Certificate of Incorporation of Reorganized Hawaiian Telcom Holdco. On the Effective Date, Reorganized Hawaiian Telcom Holdco shall issue and distribute the initial number of

shares of New Common Stock to the Distribution Agent for the benefit of holders of Allowed Claims in Class 3, subject to dilution on account of the New Warrants, Rights Offering and Management Equity Incentive Program. All of the shares of New Common Stock issued pursuant to the Plan, including shares issued to holders of Allowed Claims in Class 3, shares issued in connection with the Rights Offering, shares issued upon exercise of the New Warrants, and shares deliverable pursuant to the Management Equity Incentive Plan, are deemed to be validly issued, fully paid and non-assessable. Each distribution and issuance referred to in Article III of the Plan shall be governed by the terms and conditions set forth in the Plan and this Order and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. For purposes of distribution, the New Common Stock shall be deemed to have the value assigned to it based upon the Plan Equity Value, regardless of the date of distribution.

15. Issuance of New Warrants. On the Effective Date, the Distribution Agent shall issue the New Warrants to holders of Allowed Senior Notes Claims in Class 5, pursuant to the terms of the New Warrant Agreement. All of the New Warrants issued pursuant to the Plan are deemed, and New Common

Stock delivered pursuant to the New Warrants, will be upon issuance, duly authorized, validly issued, fully paid and non-assessable. Each distribution and issuance referred to in Article III of the Plan shall be governed by the terms and conditions set forth in the Plan and this Order and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

16. Authorization in Connection with Rights Offering. Each of the Debtors and the Reorganized Debtors are authorized to take all actions necessary or desirable in furtherance of the consummation and implementation of the Rights Offering.
17. Securities Exemption. Pursuant to Section 1145 of the Bankruptcy Code, the offering, issuance and distribution of the New Common Stock, the New Warrants and the New Common Stock deliverable upon exercise of the New Warrants are exempt from, among other things, the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “Securities Act”) and any other applicable law requiring registration prior to the offering, issuance, distribution or sale of Securities. In addition, under Section 1145 of the Bankruptcy Code, such New Common Stock and New Warrants will be freely tradable in the United States, subject to the provisions of section

1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act and compliance with applicable securities laws and any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments and subject to any restrictions in the shareholders' agreement (if any), the registration rights agreement (if any) and Reorganized Hawaiian Telcom Holdco's Certificate of Incorporation and subject to certain restrictions noted on the certificates to avoid limitations under section 382 of the Tax Code on use of tax attributes. The New Common Stock deliverable upon the exercise of Rights under the Rights Offering are deemed issued pursuant to the exemption provided by Section 4(2) of the Securities Act.

18. Corporate Existence. Except as otherwise provided in the Plan or this Order, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and By-Laws (or other formation documents) in effect prior to the Effective Date, except to

the extent such certificate of incorporation and By-Laws (or other formation documents) are amended by the Plan or otherwise and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial or federal law).

19. Vesting of Assets in the Reorganized Debtors. Except as otherwise provided in the Plan or this Order or any agreement, instrument or other document incorporated in the Plan, on the Effective Date, all property in each estate, all Causes of Action and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens securing the New Term Loan). On and after the Effective Date, except as otherwise provided in the Plan or this Order, each Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims, Equity Interests or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.
20. Cancellation of Securities and Agreements. On the Effective Date, except as otherwise specifically provided for in the Plan or this Order: (a) the obligations of the Debtors under the Credit Agreement, the Senior Notes

Indenture, the Subordinated Notes Indenture and any other certificate, equity security, share, note, bond, indenture, purchase right, option, warrant or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest (except any certificates, notes or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are reinstated pursuant to the Plan), shall be cancelled solely as to the Debtors and their affiliates and the Reorganized Debtors shall not have any continuing obligations thereunder, except that, to the extent provided in the New Term Loan, the guarantees of and Liens securing obligations under the Credit Agreement shall not be cancelled and shall guarantee or secure obligations under the New Term Loan, as applicable, and only such obligations (in addition to other guarantees and Liens provided in the New Term Loan documents); and (b) the obligations of the Debtors and their affiliates pursuant, relating or pertaining to any agreements, indentures, certificates of designation, By-Laws or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, indentures, purchase rights, options, warrants or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors

(except such agreements, certificates, notes or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged; provided, however, that notwithstanding Confirmation or consummation of the Plan, any such indenture or agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of allowing Holders to receive distributions under the Plan; provided further, however, that the preceding proviso shall not affect the discharge of Claims or Equity Interests pursuant to the Bankruptcy Code, the Confirmation Order or the Plan, or result in any expense or liability to the Reorganized Debtors; provided further, however, that the foregoing shall not effect the cancellation of shares issued pursuant to the Restructuring Transactions nor any other shares held by one Debtor in the capital of another Debtor; and provided further, however, that to the extent provided in the New Term Loan, the guarantees of and Liens securing obligations under the Credit Agreement shall not be cancelled and shall guarantee or secure obligations under the New Term Loan (in addition to other guarantees and Liens provided in the New Term Loan documents).

21. Corporate Action. Upon the Effective Date, all actions contemplated by the Plan and this Order shall be deemed authorized and approved in all respects,

including: (a) adoption or assumption, as applicable, of the agreements with existing management, including, without limitation, the Amended CEO Agreement as described in paragraph 10; (b) selection of the directors and officers for Reorganized Hawaiian Telcom Holdco and the other Reorganized Debtors; (c) the distribution of the New Common Stock and New Warrants; (d) implementation of the Restructuring Transactions; (e) adoption and implementation of the Debtors' annual performance compensation program for the 2009 calendar year, provided, however, that payments under the 2009 annual performance compensation program shall not exceed \$8.5 million in the aggregate; (f) the execution of and entry into the New Term Loan and all documents, instruments, agreements and financing statements in connection therewith; (g) the assumption of the collective bargaining agreement with the International Brotherhood of Electrical Workers, Local 1357, dated September 13, 2008; and (h) all other actions contemplated by the Plan and this Order (whether to occur before, on or after the Effective Date). Except as otherwise provided in the Plan or this Order, all matters provided for in the Plan or this Order involving the corporate structure of the Debtors or the Reorganized Debtors and any corporate action required by the Debtors, Reorganized Hawaiian Telcom Holdco or the other Reorganized Debtors in connection with the Plan shall

be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors or officers of the Debtors, Reorganized Hawaiian Telcom Holdco or the other Reorganized Debtors. On or prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan and this Order (or necessary or desirable to effect the transactions contemplated by the Plan and this Order) in the name of and on behalf of Reorganized Hawaiian Telcom Holdco and the other Reorganized Debtors, including the New Term Loan and any and all other agreements, documents, securities and instruments relating to the foregoing. The authorizations and approvals contemplated by Article V.I of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law. The issuance of the New Common Stock shall be exempt from the requirements of section 16(b) of the Securities Exchange Act of 1934 (pursuant to Rule 16b-3 promulgated thereunder) with respect to any acquisition of such securities by an officer or director (or a director deputized for purposes thereof) as of the Effective Date.

22. Certificates of Incorporation and By-Laws. On or immediately prior to the Effective Date, the Reorganized Debtors that are corporations will file their respective Certificates of Incorporation with the applicable Secretaries of State and/or other applicable authorities in their respective states of incorporation in accordance with the corporate laws of the respective states, provinces or countries of incorporation and the other Reorganized Debtors will file amended Certificates of Incorporation that prohibit the issuance of non-voting equity securities. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the Certificate of Incorporation prohibits the issuance of non-voting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective Certificates of Incorporation and By-Laws and other constituent documents as permitted by the laws of their respective states and their respective Certificates of Incorporation and By-Laws.
23. Directors and Officers of Reorganized Hawaiian Telcom Holdco and the other Reorganized Debtors. As of the Effective Date, the term of the current members of the board of directors of the Debtors shall expire and the initial boards of directors, including the New Hawaiian Telcom Holdco Board and the officers of each of the Reorganized Debtors shall be appointed in accordance with the respective Certificates of Incorporation and By-Laws.

The New Hawaiian Telcom Holdco Board shall consist of members that were disclosed in the Plan and those appointed prior to the Effective Date in accordance with the procedures disclosed by the Debtors prior to the Confirmation Hearing. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors disclosed in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the initial board of directors to the extent known, or be an officer of each of Reorganized Hawaiian Telcom Holdco and the Reorganized Debtors. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the Certificates of Incorporation, By-Laws and other constituent documents of Reorganized Hawaiian Telcom Holdco or the Reorganized Debtors. In addition, the Debtors have disclosed the identity of all insiders that will be employed or retained by the Reorganized Debtors and the nature of any compensation to be paid to such insiders.

24. Effectuating Documents; Further Transactions. On and after the Effective Date, Reorganized Hawaiian Telcom Holdco and the Reorganized Debtors and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement

and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan in the name of and on behalf of Reorganized Hawaiian Telcom Holdco and the Reorganized Debtors, without the need for any approvals, authorization or consents except for those expressly required pursuant to the Plan.

25. Compliance with Tax Requirements. In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan or this Order to the contrary, the Reorganized Debtors and the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors are authorized to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, liens and encumbrances.

26. Section 1146 Exemption. Pursuant to section 1146 of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment and upon entry of this Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee or governmental assessment.
27. Employee and Retiree Benefits. Pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law. Additionally, the Debtors or Reorganized Debtors, as applicable, shall continue the pension plans. The Reorganized Debtors will continue to sponsor the Hawaiian Telcom Hourly Employees Pension Plan and the Hawaiian Telcom Management Pension Plan as defined in section 3(35) of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Hawaiian Telcom Hourly Employees Pension Plan and the Hawaiian Telcom Management

Pension Plan are subject to the minimum funding requirements of ERISA and the Internal Revenue Code. No provision of the Plan, the Confirmation Order or section 1114 of the Bankruptcy Code shall or shall be construed to, discharge, release or relieve the Debtors or any other party from any liability with respect to the Debtors' pension plans under ERISA or the Internal Revenue Code. Neither the PBGC nor the Debtors' pension plans will be enjoined from enforcing such liability as a result of any provisions in the Plan or the Confirmation Order for satisfaction, release or discharge of Claims.

28. Preservation of Causes of Action. In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article V of the Plan, the Reorganized Debtors shall retain all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including, without limitation, any actions specifically enumerated in the Plan Supplement and the Reorganized Debtors' rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, the Disclosure Statement or this Order to any Cause of Action against them as any indication that the Debtors or Reorganized Debtors, as applicable, will not

pursue any and all available Causes of Action against them. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication. The Reorganized Debtors reserve and shall retain the Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the chapter 11 cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, as the case may be. Except as otherwise provided in the Plan, the Reorganized Debtors shall have the exclusive right, authority and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order or approval of the Bankruptcy Court.

29. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided in the Plan or this Order, all Executory Contracts or Unexpired Leases, not previously assumed or rejected pursuant to an order of the Bankruptcy Court, will be deemed

assumed, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that (a) were previously assumed or rejected by the Debtors pursuant to a Final Order of the Bankruptcy Court entered prior to the Effective Date, (b) are the subject of a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date or (c) are identified on the schedule of “Executory Contracts and Unexpired Leases to be Rejected” in the Plan Supplement. Entry of this Order by the Bankruptcy Court shall constitute approval of such assumptions as of the Effective Date and the rejection of the Executory Contracts or Unexpired Leases listed on the Executory Contract and Unexpired Leases to be Rejected schedule as of the Effective Date pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to Article IX.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revert in and be fully enforceable by the Reorganized Debtors on the Effective Date in accordance with its terms, except as such terms are modified by the

provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

30. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or this Order, if any, must be filed with the Bankruptcy Court no later than 30 days after the earlier of (a) notice of entry of an order approving the rejection of such Executory Contract or Unexpired Lease and (b) the Effective Date. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion and shall not be enforceable against the Debtors or the Reorganized Debtors, the Debtors' estates or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B of the Plan.

31. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary defaults under each Executory Contract and Unexpired Lease

to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Reorganized Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and

expunged, without further notice to or action, order or approval of the Bankruptcy Court.

32. PLNI Telecommunication Facility Interconnection Agreement. Nothing in this Order shall approve the Debtors' rejection of the Telecommunication Facility Interconnection Agreement, dated January 16, 1997, among the Debtors and Pacific LightNet, Inc. ("PLNI") and, notwithstanding anything in this Order or the Plan to the contrary, all rights, claims and defenses of PLNI and the Debtors with respect to the rejection of such Telecommunication Facility Interconnection Agreement are preserved pending further order of the Court or written agreement by the parties. To the extent necessary, the Debtors shall request that the Court set a hearing on the proposed rejection of the Telecommunication Facility Interconnection Agreement.
33. State of Hawaii Department of Transportation Contracts. Nothing in this Order shall approve the Debtors' rejection of the following contracts by and among the Debtors and the State of Hawaii Department of Transportation: (a) UA #1846, NH-030-1(35)R Honoapiilani Highway Bypass Ph1A, Ikena Avenue Bypass; (b) UA 1476, Project 50E-01-98, Kaumualii – Kuhio and Rice Street Intersection Improvement; W.O. 4080/8P001DB, Relocate Pole and Cable Fac's; Raise MH's by State DOT; (c) MOU 1973 Project No.

580A-01-07M Kuamoo Road Resurfacing Kuhio Highway to Liika Place; (d) UA 1617, Project No. 56A-01-04M Kuhio Highway, Resurfacing, Vicinity of Hanamulu; Raise PB; (e) UA 1865, Project 50DE-01-05M, Kaumualii Highway Resurfacing, Lihue Mill Bridge to Puhi Road; (f) UA 1281, Project No. STP-056-1(37), Kuhio Highway, Resurfacing, Wailua to Kapaa; Adjust Telephone HM (6) and PB (1); and (g) UA 1753 Interstate Route H-1 Widening, Waimalu Viaduct Westbound, Pearl City Off-Ramp to Kaonohi Street (collectively, the “Department of Transportation Contracts”). Notwithstanding anything in this Order or the Plan to the contrary, all rights, claims and defenses of the State of Hawaii Department of Transportation and the Debtors with respect to the rejection of such Department of Transportation Contracts are preserved pending further order of the Court or written agreement by the parties. To the extent necessary, the Debtors shall request that the Court set a hearing on the proposed rejection of the Department of Transportation Contracts.

34. Insurance Policies. All of the Debtors’ insurance policies and any agreements, documents or instruments relating thereto, are treated as Executory Contracts under the Plan. On the Effective Date, the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents and instruments relating to coverage of all insured claims.

35. ACE Policies. Nothing in this Order or the Plan (including any provision that purports to be preemptory or supervening), shall in any way operate to, or have the effect of, impairing in any respect the legal, equitable or contractual rights and defenses of the insureds or insurers with respect to any insurance policies and related agreements (“ACE Policies”) between the Debtors and members of the ACE group of companies (“ACE”). The rights and obligations of the insureds and insurers shall be determined under the ACE Policies, including all terms, conditions, limitations, exclusions and endorsements thereto, which shall remain in full force and effect, and under any applicable non-bankruptcy law. To the extent the ACE Policies are considered executory, they will be assumed by Reorganized Hawaiian Telcom. Regardless of whether the ACE Policies are considered to be executory, Reorganized Hawaiian Telcom will perform the Debtors’ obligations under the ACE Policies, including any obligations that remain unperformed as of the Effective Date.
36. Survival of Corporate Reimbursement Obligations. The obligations of the Debtors to defend, indemnify, reimburse or limit the liability of their directors, officers or employees who are directors, officers or employees, respectively, on or after the Confirmation Date, solely in their capacity as directors, officers or employees, against any Claims or obligations pursuant

to the Debtors' certificates, charters or articles of incorporation or by-laws, applicable state law or specific agreement or any combination of the foregoing, shall survive Confirmation, remain unaffected thereby and not be discharged irrespective of whether indemnification, defense, reimbursement or limitation is owed in connection with an event occurring before, on or after the Petition Date.

37. Modifications, Amendments, Supplements, Restatements or Other Agreements. Unless otherwise provided in the Plan or this Order, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such Executory Contract or Unexpired Lease and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan. Modifications, amendments, supplements and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the chapter 11 cases shall not be deemed to alter the prepetition nature of the Executory

Contract or Unexpired Lease, or the validity, priority or amount of any Claims that may arise in connection therewith.

38. Reservation of Rights. Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the list of Executory Contract and Unexpired Lease to be Rejected, nor anything contained in the Plan or this Order, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder.
39. Distributions Under the Plan. All distributions under the Plan shall be made in accordance with Article VII of the Plan.
40. Undeliverable Distributions and Unclaimed Property. In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Distribution Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, however, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any

applicable federal, provincial or state escheat, abandoned or unclaimed property laws to the contrary) and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

41. Operation as of the Effective Date. As of the Effective Date, unless otherwise provided in the Plan or this Order, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Equity Interests and objections or motions with respect thereto without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.
42. Discharge of Claims and Termination of Equity Interests. Pursuant to section 1141(d) of the Bankruptcy Code and except as otherwise specifically provided in the Plan or this Order or in any contract, instrument or other agreement or document created pursuant to the Plan, the distributions, rights and treatment that are provided in the Plan or this Order shall be in complete satisfaction, discharge and release, effective as of the Effective Date, of Claims, Equity Interests and causes of action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after

the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against and Equity Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities and causes of action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Equity Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Equity Interest based upon such debt, right or Equity Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Equity Interest based upon such debt, right or Equity Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Equity Interest has accepted the Plan. Any default by the Debtors or their Affiliates with respect to any Claim or Equity Interest that existed immediately prior to or on account of the filing of the chapter 11 cases shall be deemed cured on the Effective Date.

43. Release of Liens. Except as otherwise provided in the Plan (including with respect to the Liens securing the New Term Loan), this Order or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, in satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Debtors' estates shall be fully released and discharged and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Reorganized Debtor and its successors and assigns.
44. Releases by the Debtors. **As provided for in Article XI.B. of the Plan, pursuant to section 1123(b) of the Bankruptcy Code, as of the Effective Date and subject to the release by the Releasing Parties in Article XI.B.2. of the Plan, the Debtors are authorized to release all of the Releasing Parties from any and all Causes of Action held by, assertable on behalf of or derivative from the Debtors, in any way relating to the Debtors, the chapter 11 cases, the Plan, negotiations regarding or concerning the Plan and the ownership, management and operation of**

the Debtors; provided, however, the foregoing shall not operate as a waiver of or release from any Cause of Action arising out of any express contractual obligation owing by any former director, officer or employee to the Debtors or any reimbursement obligation of any former director, officer or employee with respect to a loan, advance made by the Debtors to such former director, officer or employee and is not a waiver or release for any attorneys retained in connection with the Chapter 11 Cases from claims by their respective clients.

45. Limited Releases by the Releasing Parties. As provided for in Article XI.B. of the Plan, in consideration for the releases by the Debtors in XI.B.1. of the Plan and other valuable consideration, except as otherwise provided under the Plan, as of the Effective Date, each of the Releasing Parties, in any capacity, at its option, is authorized to generally release the Debtors, the Reorganized Debtors and their respective subsidiaries and affiliates, in each case in any capacity, from any and all Causes of Action held by, assertable on behalf of, or derivative from such Releasing Party, in any way relating to the Debtors, the Chapter 11 Cases, the Plan, negotiations regarding or concerning the Plan and the ownership, management and operation of the Debtors. The releases by the Debtors in Article XI.B.1 of the Plan

shall be provided only to Releasing Parties who execute and deliver to the Debtors a release as provided for in Article XI.B.2. and in a form acceptable to the Debtors.

46. **Exculpation.** The Bankruptcy Court has jurisdiction under 28 U.S.C. § 1334(a) and (b) to approve the exculpation set forth in Article XI.C. of the Plan. In addition, section 105(a) of the Bankruptcy Code permits the approval of the exculpation set forth in Article XI.C., when, as here, such provision is essential to the formulation and implementation of the Plan as provided in section 1123 of the Bankruptcy Code, confers material benefits on the Debtors' estates, is fair and reasonable and is in the best interests of the Debtors, their estates and Holders of Claims and Equity Interests. Except as otherwise specifically provided in the Plan or Plan Supplement, neither the Debtors, the Reorganized Debtors, the Senior Secured Agent, the Senior Secured Parties, the Creditors' Committee or their respective employees, officers, directors, current or former members or professionals shall have or incur any liability to any entity for any postpetition act taken or omitted to be taken in connection with or related to the formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the consummation of the Plan, the Disclosure Statement or any contract,

instrument, release or other agreement or document created or entered into in connection with the Plan or any postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors unless such suit is commenced in all instances before the Court, which Court shall have original jurisdiction over all such suits.

- 47. Injunction. The Bankruptcy Court has jurisdiction under 28 U.S.C. § 1334(a) and (b) to issue the injunction set forth in Article XI.D of the Plan. In addition, section 105(a) of the Bankruptcy Code permits the approval of the exculpation set forth in Article XI.D, when, as here, such provision is essential to the formulation and implementation of the Plan as provided in section 1123 of the Bankruptcy Code, confers material benefits on the Debtors' estates, is fair and reasonable and is in the best interests of the Debtors, their estates and Holders of Claims and Equity Interests. Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, from and after the Effective Date, all entities are permanently enjoined from commencing or continuing in any manner against the Debtors or the Reorganized Debtors, their successors and assigns and their assets and properties, as the case may be, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of**

Action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

48. **Except as otherwise expressly provided for herein or in obligations issued pursuant the Plan, from and after the Effective Date, all entities shall be precluded from asserting against the Debtors, the Debtors in possession, the Debtors' estates, the Reorganized Debtors, any of their successors and assigns, any other Claims or Equity Interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.**
49. **The rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction of Claims and Equity Interests of any nature whatsoever, including, without limitation, any interest accrued on claims from and after the Petition Date, against the Debtors or any of their assets, property or estates. On the Effective Date, all such Claims against and Equity Interests in the Debtors shall be fully released and discharged. Except as otherwise expressly provided for herein or in obligations issued pursuant hereto from and after the Effective Date, all Claims against and Equity Interests in the Debtors shall be fully released and discharged and the Debtors' liability with respect thereto shall be**

extinguished completely, including, without limitation, any liability of the kind specified under section 502(g) of the Bankruptcy Code. All entities shall be precluded from asserting against the Debtors, the Debtors' estates, the Reorganized Debtors, each of their respective successors and assigns and each of their assets and properties, any other Claims or Equity Interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

50. Term of Injunction or Stays. Unless otherwise provided in the Plan or this Order, any injunction or stay arising under or entered during the chapter 11 cases under sections 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

51. Conditions to Effective Date. The Plan shall not become effective unless and until the conditions set forth in Article X.A of the Plan have been satisfied or waived, with the consent of the Secured Agent, which consent shall not be unreasonably withheld, pursuant to Article X.B. If the consummation does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan, this Order or the Disclosure Statement

shall: (a) constitute a waiver or release of any claims by the Debtors, or holders of Claims or Equity Interests; (b) prejudice in any manner the rights of the Debtors, any Holders, or any other Entity; or (c) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any Holders or any other Entity in any respect.

52. Retention of Jurisdiction. This Court may properly, and upon the Effective Date shall, retain jurisdiction over the matters arising in, and under, and related to, the chapter 11 cases, as set forth in Article XIII of the Plan and section 1142 of the Bankruptcy Code.

53. Additional Documents. Pursuant to Article XIV.M of the Plan, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized Debtors, as applicable, and all Holders of Claims or Equity Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

54. Payment of Statutory Fees. On the Effective Date, and thereafter as may be required, the Distribution Agent shall pay all fees payable pursuant to section 1930 of chapter 123 of title 28 of the United States Code.
55. Plan Supplement. The documents contained in the Plan Supplement, and any amendments, modifications and supplements thereto, and all documents and agreements introduced into evidence by the Debtors at the Confirmation Hearing (including all exhibits and attachments thereto and documents referred to therein), and the execution, delivery and performance thereof by the Reorganized Debtors, are authorized and approved. Without further order or authorization of this Court, the Debtors, Reorganized Debtors and their successors are authorized and empowered to make any modification to all documents, which documents, as modified, shall be in form and substance reasonably satisfactory to the Senior Secured Parties, included as part of the Plan Supplement that are consistent with the Plan, including Article XIV and the New Term Loan. Execution versions of the documents comprising the Plan Supplement shall constitute legal, valid, binding and authorized obligations of the respective parties thereto, enforceable in accordance with their terms and, to the extent applicable, shall create, as of the Effective Date, all liens and security interests purported to be created

thereby without further action or the need for the filing with any applicable state or local authority.

56. Return of Adequate Assurance Deposit. Upon the Effective Date, all funds in the Adequate Assurance Deposit Account established by the Debtors pursuant to the Final Order Determining Adequate Assurance of Payment for Future Utility Service [Docket No. 154] shall be returned to the Debtors.
57. Limited Governmental Approvals. With the exception of the required regulatory approvals of the HPUC and the FCC set forth in Article X.A of the Plan, this Order shall constitute all approvals and consents required, if any, by the laws, rules or regulations of any state or other governmental authority with respect to the implementation or consummation of the Plan and Disclosure Statement, any documents, instruments or agreements, and any amendments or modifications thereto, and any other acts referred to in, or contemplated by, the Plan and Disclosure Statement.
58. Effectiveness of All Actions. All actions authorized to be taken pursuant to the Plan shall be effective on, prior to or after the Effective Date pursuant to this Order, without further application to, or order of the Court, or further action by the respective officers, directors, members or stockholders of the Debtors or Reorganized Debtors and with the effect that such actions had

been taken by unanimous action of such officers, directors, members or stockholders.

59. Approval of Consents and Authorization to Take Acts Necessary to Implement Plan. Pursuant to section 1142(b) of the Bankruptcy Code, section 303 of the Delaware General Corporation Law, section 414-288 of the Hawaii Revised Statutes and any comparable provision of the business corporation laws of any other state, each of the Debtors and the Reorganized Debtors hereby is authorized and empowered to take such actions and to perform such acts as may be necessary, desirable or appropriate to comply with or implement the Plan, the Plan Supplement, and all documents, instruments, securities and agreements related thereto and all annexes, exhibits, and schedules appended thereto, in each case, related to the Plan.
60. Plan and Confirmation Order Mutually Dependent. This Order shall constitute a judicial determination and shall provide that each term and provision of the Plan is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (c) nonseverable and mutually dependent.
61. Approval of Settlement. A settlement by and among the Debtors, the Senior Secured Agent and the Creditors' Committee (and its individual members) is hereby approved as set forth in the subsections below:

(a) Waiver of Appeal Rights: The Creditors' Committee and its individual members shall be deemed to have waived their right to appeal entry of this Order and the Bankruptcy Court's Findings of Fact and Conclusions of Law.

(b) Allowance of Creditors' Committee's Professional Fee Claims. Notwithstanding anything to the contrary in the Cash Collateral Order, the Debtors shall be authorized to pay any Allowed Professional Fees Claims of the Creditors' Committee's Professionals in full and in Cash in accordance with the relevant orders of the Court, provided, however, that any and all Lien Investigation/Prosecution Fees and accrued and unpaid Professional Fee Claims of the Professionals retained by the Creditors' Committee as of the Effective Date shall not be Allowed on a final basis to the extent such Lien Investigation/Prosecution Fees and accrued and unpaid Professional Fee Claims cause the Emergence Costs to exceed \$20 million in the aggregate. Any such fees and expenses that have been paid but are subsequently not Allowed shall be returned promptly to the Reorganized Debtors.

(c) No Success, Transaction or Similar Fees. Any Professional Fees Claims asserted by Professionals retained by the Creditors' Committee on account of "success," "transaction" or similar fees shall not be Allowed. Professional Fee Claims asserted by the Creditors' Committee's financial advisors on account of services rendered after December 18, 2009 shall not be Allowed.

(d) Withdrawal of Counterclaims and Appeal in Adversary Proceeding. Upon entry of this Order, the counterclaims asserted by the Creditors' Committee in the adversary proceeding styled as *Lehman Commercial Paper, Inc. v. The Official Committee of Unsecured Creditors of Hawaiian Telcom Communications, Inc.*, Adv. Pro. No. 09-90023, pending in the United States District Court for the District of Hawaii (the "Adversary Proceeding") and the Creditors' Committee's appeal of the Bankruptcy Court's August 20, 2009, ruling to the United States District Court for the District of Hawaii shall be deemed withdrawn with prejudice. To the extent issues related to the Senior Secured Obligations have not been adjudicated in the Adversary Proceeding, the Creditors' Committee will be deemed

to have consented to entry of an order granting such claims in favor of the Senior Secured Agent.

(e) Withdrawal of Request for Advisory Opinion.

Within three business days of entry of this Order, the Creditors' Committee shall withdraw with prejudice its request for an advisory opinion from the Hawaii Public Utilities Commission with respect to the validity and extent of the liens securing the Senior Secured Obligations.

(f) Regulatory Assistance. To the extent requested by the Debtors or the Senior Secured Agent, the Creditors' Committee and its attorneys shall use commercially reasonable efforts to expedite the approval by the Federal Communications Commission and the Hawaii Public Utilities Commission of the Plan and the transactions contemplated therein.

62. Reversal. If any of the provisions of this Order are hereafter reversed, modified or vacated by a subsequent order of the Bankruptcy Court or any other court, such reversal, modification or vacatur shall not affect the validity of the acts or obligations incurred or undertaken under, or in connection with, the Plan prior to receipt of written notice of such order by the Debtors. Notwithstanding any such reversal, modification or vacatur of

this Order, any such act or obligations incurred undertaken pursuant to, and in reliance on, this Order prior to the effective date of such reversal, modification or vacatur shall be governed in all respects by the provisions of this Order, the Plan, all documents relating to the Plan and any amendments or modifications to any of the foregoing.

63. Confirmation Order Supercedes. This Order shall supercede any Bankruptcy Court orders issued prior to the Confirmation Date that may be inconsistent with this Order.
64. Notice of Entry of Confirmation Order. The Reorganized Debtors shall service notice of entry of this Order pursuant to Bankruptcy Rules 2002(f)(7), 2002(k) and 3020(c) on all Holders of Claims and Equity Interests, the Office of the United States Trustee for the District of Hawaii and other parties in interest, by causing notice of entry of this Order to be delivered to such parties by first-class mail, postage prepaid, as soon as practicable after entry of this Order. Such notice is adequate under the particular circumstances and no other or further notice is necessary.
65. Notice of Effective Date. As soon as practicable after the occurrence of the Effective Date, the Reorganized Debtors shall file notice of the Effective Date and shall serve a copy of same on all creditors and interest holders, the Office of the United States Trustee for the District of Hawaii and other

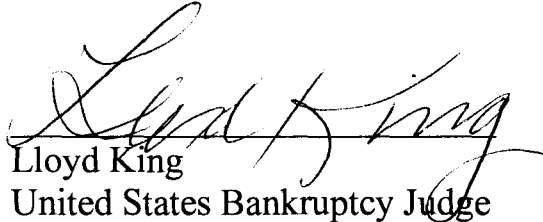
parties in interest. Such notice is adequate under the particular circumstances and no other or further notice is necessary.

66. Substantial Consummation. On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.
67. Recording. The Debtors and the Reorganized Debtors are hereby authorized to deliver a notice or short form of this Order, with the Plan attached, to any state or local recording officer and such officer must accept for filing such documents or instruments without charging any stamp tax, recording tax, personal property transfer tax, mortgage or other similar tax. Such notice (a) shall have the effect of an order of this Court, (b) shall constitute sufficient notice of the entry of this Order to such filing and recording officers and (c) shall be a reasonable instrument notwithstanding any contrary provision of non-bankruptcy law. The Bankruptcy Court specifically retains jurisdiction to enforce the foregoing direction, by contempt or otherwise.
68. Conflicts Between This Order and the Plan. The provisions of the Plan and of this Order shall be construed in a manner consistent with each other so as to effect the purposes of each; provided, however, that if there is determined to be any inconsistency between any Plan provision and any provision of

this Order that cannot be so reconciled, then, solely to the extent of such inconsistency, the provisions of this Order shall govern and any such provision of this Order shall be deemed a modification of the Plan and shall control and take precedence.

69. Final Order. This Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof.

Dated: Honolulu, Hawaii, Dec. 30, 2009.


Lloyd King
United States Bankruptcy Judge

In re Hawaiian Telcom Communications, Inc., et al., Chapter 11,
Case No. 08-02005; ORDER CONFIRMING THE JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF HAWAIIAN TELCOM COMMUNICATIONS, INC. AND ITS
DEBTOR AFFILIATES