IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF HAWAII

In re HAWAIIAN TELCOM COMMUNICATIONS, INC., et al.[1] Debtors and Debtors-in-Possession	**Case No. 08-02005** (Chapter 11) Jointly Administered **HEARING:** **DATE: February 26, 2009** **TIME: 9:30 a.m.** **JUDGE: Honorable Lloyd King**

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

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

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

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(each, individually a "***Debtor***" and, collectively, the "***Debtors***"), for entry of an order (1) extending the Debtors' use of Cash Collateral, as defined in that certain *Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of Bankruptcy Code, and (II)) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362, and 363 of Bankruptcy Code*, dated January 15, 2009 (the "***Final Order***") [Doc. No. 291][2] and (2) modifying certain terms of the Final Order; and based upon the Declarations of Robert F. Reich, Senior Vice President, Chief Financial Officer and Treasurer of HTC, Kevin Nystrom, Chief Operating Officer of HTC, and Suneel Mandava, Director of Lazard Frères & Co., LLC, in support of the Motion; and a joinder (the "***Joinder***") to the Motion having been filed by the Committee; and notice of the Motion and the relief requested therein having been given; and a hearing having been held on February 26, 2009 to consider the Motion and the relief requested therein (the "***Hearing***"); and the Debtors having modified the relief requested as set forth herein; and the Joinder having been withdrawn, resolved, overruled, or otherwise addressed by the Court; and upon all of the pleadings filed with the Court and all of the proceedings held before the Court, and after due deliberation and consideration and good and sufficient cause appearing therefor, it is hereby ORDERED AS FOLLOWS:

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

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

2. Recital paragraph F(c) of the Final Order is hereby amended by inserting the phrase "and (D) the amounts due to the Other Secured Parties as described in Paragraph 28 of the Order (collectively, the "***Senior Secured Debt***")" prior to clause (ii) thereof.

3. Decretal paragraph 2(i) of the Final Order is hereby amended by deleting the text therein and inserting "April 30, 2009 (the "***Outside Date***")" in lieu thereof.

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

> "(c) **Adequate Protection Payments**. The Debtors shall pay to the Prepetition Agent on an ongoing basis (i) the current cash payment of interest at the non-default rates at the times provided for in the Prepetition Credit Agreement; *provided, however,* that, during the period from March 1, 2009 up to and including April 30, 2009 (the "***First Extension Period***"), such obligations shall be satisfied by (y) the payment of cash interest calculated at the non-default rates with respect to $300 million of the outstanding Senior Secured Debt, and (z) the deemed payment of interest with respect to the balance of the outstanding Senior Secured Debt, with such amount being included in the amount of Senior Secured Debt, each without prejudice to the rights of the Prepetition Secured Parties to assert the entitlement to payment or accrual of interest at the default rates of interest as provided for in accordance with the Prepetition Financing Documents during the First Extension Period or any subsequent period up to and including the Extended Date (provided that, in the event the Outside Date is

not extended pursuant to Paragraph 29 of this Order, interest shall accrue and be paid up to and including the later of the Outside Date and the Extended Date (as defined below), as the case may be) on the Prepetition Obligations (whether or not such interest payments are included in the Budget), (ii) immediately upon entry of this Order, cash payments equal to all accrued and unpaid non-default rate interest, fees and expenses (including, but not limited to, the documented fees and expenses of legal counsel and other professionals retained by the Prepetition Secured Parties (including the fees of Houlihan Lokey pursuant to the terms of its engagement letter, dated November 6, 2008, between Houlihan Lokey, the Company and Weil, Gotshal & Manges LLP, as counsel to the Prepetition Agent and Prepetition Lenders)) then owing with respect to the Prepetition Obligations or provided for in the Prepetition Financing Documents, and (iii) from time to time after the Petition Date, the current cash payment of documented fees and expenses as and when due and payable under the Prepetition Financing Documents, including, but not limited to, the documented fees and expenses of legal counsel and other professionals retained by the Prepetition Secured Parties (payments made pursuant to clauses (i), (ii) and (iii) above are hereinafter collectively referred to as "***Adequate Protection Payments***"); all of the amounts to be paid pursuant to the foregoing clauses (ii) and (iii) shall be paid regardless of whether such amounts accrued prior to or after the Petition Date, and shall be paid without further motion, fee application, or order of the Court; *provided*, *however*, that the Debtors, the United States Trustee, the Committee and the Noteholders shall have the right to object to the payment of any such amounts in the manner provided in Paragraph 22 of this Order; and, *provided*, *further*, notwithstanding anything to the contrary in this Order, the Adequate Protection Payments shall be subject to any parties' rights to seek recharacterization (under section 506(b) of the Bankruptcy Code or otherwise) of such payments as payments in satisfaction of principal amounts due under the Prepetition Financing Documents; *provided*, *moreover*, that the Prepetition Agent shall distribute such monies to the Prepetition Secured Parties, including the Other Secured Parties, in

accordance with the terms and provisions of the Prepetition Financing Documents."

5. Decretal paragraph 17 of the Final Order is hereby amended by deleting the text therein and inserting the following in lieu thereof:

"17. ***Modification of the Automatic Stay.*** Upon the occurrence and during the continuation of a Termination Event and upon motion of the Prepetition Secured Parties pursuant to section 362 of the Bankruptcy Code, and upon three (3) business days written notice (by facsimile, telecopy, electronic mail, or otherwise) to the U.S. Trustee and counsel to: (i) the Debtors; (ii) the Prepetition Agent; (iii) the Committee; (iv) the Noteholders; (v) the Other Secured Parties; (vi) the Special Deputy Attorney General, on behalf of (a) State of Hawaii, Department of the Attorney General, (b) State of Hawaii Consumer Advocate, Department of Commerce and Consumer Affairs, and (c) the Hawaii Public Utilities Commission; and (viii) the United States Department of Justice, the Court shall conduct a hearing to consider the request of the Prepetition Secured Parties to, among other things, (a) set off and apply immediately any and all amounts in accounts maintained by the Debtors with any Prepetition Secured Parties against the Adequate Protection Obligations and otherwise enforce rights against the Collateral in the possession of any of the Prepetition Secured Parties for application towards the Adequate Protection Obligations; and (b) take any other actions or exercise any other rights or remedies permitted under this Order or applicable law to effect the repayment and satisfaction of the Adequate Protection Obligations, with the Prepetition Secured Parties being deemed to have satisfied the burden of proof with respect thereto; *provided*, *however*, that, notwithstanding the foregoing, the Prepetition Secured Parties shall be entitled to declare all Adequate Protection Obligations to be immediately due and payable. The rights and remedies of the Prepetition Secured Parties specified herein are cumulative and not exclusive of any rights or remedies that they may otherwise have."

6. A new decretal paragraph 31, entitled "***Bridge Use of Cash Collateral***" should be added to the Final Order and shall read in full as follows:

> "31. ***Bridge Use of Cash Collateral***. Notwithstanding the provisions of decretal paragraphs 2 and 5 hereof to the contrary, the Debtors shall have use of Cash Collateral for a period of three (3) business days following notice of a Termination Event having been provided to the Debtors."

7. Unless otherwise modified herein, all terms and provisions of the Final Order remain in full force and effect.

DATED: Honolulu, Hawaii, _____.

/s/ Lloyd King
United States Bankruptcy Judge
Dated: February 27, 2009

HN044

UNITED STATES BANKRUPTCY COURT
DISTRICT OF HAWAII

Case No. 08−02005

Chapter 11

In re:

Hawaiian Telcom Communications, Inc.
1177 Bishop Street
Honolulu, HI 96813

Social Security No.:

Employer's Tax I.D. No.:
16−1710376

NOTICE OF ENTRY OF ORDER OR JUDGMENT

NOTICE IS HEREBY GIVEN that on the date indicated below this court entered on the docket of the above−entitled case the following order or judgment:

First Extension Order With Respect to Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362 and 363 of Bankruptcy Code (related document(s)[291] Order on Motion to Approve Use of Cash Collateral, [21] Motion to Approve Use of Cash Collateral,). Date of Entry: 2/27/2009. (DM,)

The original order or judgment is on file at the Clerk's Office of this court. The document may be viewed at the bankruptcy court and is available for viewing on the Internet by using Pacer for a fee. Information on the PACER system can be found on the court's web page: **www.hib.uscourts.gov**

Date: February 27, 2009

Address of the Bankruptcy Clerk's Office:
1132 Bishop Street
Suite 250L
Honolulu, HI 96813

Telephone number: (808) 522−8100

Clerk of the Bankruptcy Court:

Michael B. Dowling