

D. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is filed prior to the Effective Date, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

E. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions, if any, shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Distribution Agent shall provide to the holder of such Claim the distribution, if any, to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

ARTICLE IX.

**TREATMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES**

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

1. Assumption or Rejection of
Executory Contracts and Unexpired Leases

Each Executory Contract or Unexpired Lease shall be deemed automatically assumed in accordance with the provisions and requirements of sections 365 and 1123(b)(2) of the Bankruptcy Code as of the Effective Date, unless any such Executory Contract or Unexpired Lease:

- (a) has been previously assumed, assumed and assigned or rejected by the Debtors pursuant to a Final Order of the Bankruptcy Court entered prior to the Effective Date;
- (b) is the subject of a motion to assume, assume and assign or reject pending as of the Effective Date;
- (c) is listed on the schedule of "Rejected Executory Contracts and Unexpired Leases" in the Plan Supplement.

2. Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions or rejections described in this Article pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or rejection of such Executory Contract or Unexpired Lease, including objecting to the cure amount designated by the Debtors as payable in connection with an assumption, will be deemed to have consented to such assumption or rejection and agreed to the specified Cure Claim amount.

B. Claims on Account of the Rejection of Executory Contracts or Unexpired Leases

All Proofs of Claim arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan must be filed with the Bankruptcy Court and served upon the Debtors or the Reorganized Debtors, as applicable, no later than thirty (30) days after the earlier of (a) entry of an order approving the rejection of such Executory Contract or Unexpired Lease or (b) the Effective Date.

Any entity that is required to file a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so shall be forever barred, estopped and enjoined from asserting such Claim, and such Claim shall not be enforceable, against the Debtors or the Reorganized Debtors or their estates and property, and the Debtors and the Reorganized Debtors their estates and property shall be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article XI.D hereof.

C. Procedures for Counterparties to Executory Contracts and Unexpired Leases Assumed Pursuant to the Plan

A notice of the Effective Date, including notice regarding the assumption of Executory Contracts or Unexpired Leases, will be sent to all known holders of a Claim. For known non-Debtor parties to Executory Contracts and Unexpired Leases assumed pursuant to the Plan, such notice or separate notices will be sent on or as soon as practicable after the Effective Date notifying such counterparties that have been assumed or assumed and assigned pursuant to the Plan.

1. Executory Contracts and Unexpired Leases, Other than Unexpired Leases of Nonresidential Real Property, Assumed Pursuant to the Plan

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. At least ten (10) days prior to the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties, the Senior Secured Parties and the Creditors' Committee, and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served and actually received by the Debtors at least five (5) days prior to the Confirmation Hearing. Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such matters.

In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Reorganizing Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or 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. If an objection to cure is sustained by the Bankruptcy Court, the Debtors, in their sole option, may elect to reject such executory contract or unexpired lease in lieu of assuming it.

D. 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.

Notwithstanding anything to the contrary herein, the obligations of the Debtors as provided in the Debtors' respective certificates, charters or articles of incorporation, by-laws, applicable law or other applicable agreements as of the Petition Date to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of directors or officers who were directors or officers of such Debtor at any time prior to the Effective Date, respectively, against any claims or causes of action, whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, shall survive confirmation of the Plan, remain unaffected thereby after the Effective Date and not be discharged, irrespective of whether such indemnification, defense, advancement, reimbursement, exculpation or limitation is owed in connection with an event occurring before or after the Petition Date. Any Claim based on the Debtors' obligations herein shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code.

As of the Effective Date, the By-Laws shall provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to, directors and officers who were directors or officers of the Debtors at any time prior to the Effective Date at least to the same extent as the by-laws of each of the Debtors on the Petition Date, against any claims or causes of action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and none of the Reorganized Debtors shall amend and/or restate its Certificate of Incorporation or By-Laws before or after the Effective Date to terminate or materially adversely affect any of the Reorganized Debtors' obligations or such directors' or officers' rights.

In addition, after the Effective Date, none of the Reorganized Debtors shall terminate or otherwise reduce the coverage under any directors' and officers' insurance policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and/or officers remain in such positions after the Effective Date.

ARTICLE X.

CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

A. Conditions

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.B hereof.

1. The Confirmation Order, which shall provide that, among other things, the Debtors or the Reorganized Debtors, as appropriate, are authorized and directed to take all actions necessary or appropriate to consummate the Plan, shall have been entered and such order shall not have been stayed or modified or vacated on appeal.

2. The Reorganized Debtors shall have received the necessary regulatory approvals.

3. All documents and agreements necessary to implement the Plan, shall have (a) all conditions precedent to such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, (b) been tendered for delivery and (c) been effected or executed.

4. All actions, documents, certificates and agreements necessary to implement this Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with and approved by applicable governmental units in accordance with applicable laws.

5. The Reorganized Debtors shall have a minimum of \$45 million of Cash after cash distributions are made pursuant to the Plan.

B. Waiver of Conditions

The conditions to the Effective Date set forth in this Article may be waived by the Debtors, with the consent of the Senior Secured Parties (which consent shall not be unreasonably withheld), without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan.

C. Effect of Non-Occurrence of Conditions to the Effective Date

Unless otherwise agreed to by the Debtors and the Senior Secured Parties, if the Effective Date does not occur prior to the nine month anniversary of the Confirmation Date, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against or Equity Interests in the Debtors; (2) prejudice in any manner the rights of the Debtors, any holders of Claims against or Equity Interests in the Debtors or any other entity; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any holders of Claims against or Equity Interests in the Debtors or any other entity in any respect.

ARTICLE XI.

SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

A. Compromise and Settlement

Notwithstanding anything contained herein to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) and (c) of the Bankruptcy Code or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (a) in the best interests of the Debtors, their estates and all holders of Claims, (b) fair, equitable and reasonable, (c) made in good faith and (d) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. In addition, the allowance, classification and treatment of Allowed Claims take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist between the Debtors, on the one hand, and the Releasing Parties, on the other (to the extent set forth in Article XI.B hereof); and, as of the Effective Date, any and all such Causes of Action are settled, compromised and released to the extent set forth in this Plan. The Confirmation Order shall approve the releases by all entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto.

B. *Releases*

1. Releases by the Debtors

As of the Effective Date, and subject to the release by the Releasing Parties in Article XI.B.2 hereof, the Debtors 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.

2. Limited Releases by the Releasing Parties

In consideration for the releases by the Debtors in Article XI.B.1 hereof 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, generally releases 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 hereof shall be provided only to Releasing Parties who execute and deliver to the Debtors a release as provided for in this Article XI.B.2 and in a form acceptable to the Debtors.

3. Approval of the Releases

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in this Article XI.B and its finding that the releases are (a) in exchange for good and valuable considerations, representing a good faith settlement and compromise of the Claims and Causes of Action thereby released; (b) in the best interests of the Debtors and all holders of Claims; (c) fair, equitable and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to any of the Debtors, their estates

or the Reorganized Debtors to assert any Claim or Cause of Action thereby released.

C. Exculpation

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.

D. Injunction

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.

Except as otherwise expressly provided for herein or in obligations issued pursuant hereto, 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.

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.

ARTICLE XII.

BINDING NATURE OF PLAN

THIS PLAN SHALL BIND ALL HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WHETHER OR NOT SUCH HOLDER (A) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN; (B) HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER 11 CASES OR; (C) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

ARTICLE XIII.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain the maximum legally permissible jurisdiction over the Chapter 11 Cases and all entities with respect to all matters related to the Chapter 11 Cases, the Debtors and the Plan, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including, without limitation, the resolution of any request for payment of any Administrative Claim,

the resolution of any and all objections to the allowance or priority of any Claim and the resolution of any and all issues related to the release of Liens upon payment of a secured Claim;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Confirmation Date;

3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to adjudicate and, if necessary, liquidate, any Claims arising therefrom, including, without limitation, those matters related to any amendment to the Plan after the Effective Date to add Executory Contracts or Unexpired Leases to the list of Rejected Contracts;

4. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other Causes of Action that are pending as of the date hereof or that may be commenced in the future, and grant or deny any applications involving a Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date, *provided* that the Reorganized Debtors shall reserve the right to commence actions in all appropriate forums and jurisdictions;

6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, the Plan Supplement or the Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any entity's obligations incurred in connection with the Plan;

8. hear and determine all Causes of Action that are pending as of the Effective Date or that may be commenced in the future;

9. issue injunctions and enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

10. resolve any cases, controversies, suits or disputes with respect to the releases by the Debtors, the exculpation and other provisions contained in Article XI hereof and enter such orders or take such others actions as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

11. enter and implement such orders or take such other actions as may be necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

12. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan or the Disclosure Statement; and

13. enter an order concluding any or all of the Chapter 11 Cases.

ARTICLE XIV.

MISCELLANEOUS PROVISIONS

A. *Dissolution of Creditors' Committee*

Except as otherwise provided herein, on the Effective Date, the Creditors' Committee shall dissolve and its respective members shall be released and discharged from all further authority, duties, responsibilities and obligations relating to the Chapter 11 Cases; *provided, however*, that the Creditors' Committee shall be deemed to remain in existence solely with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

B. *Modification of Plan*

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (1) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan before the entry of the Confirmation Order; (2) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan; and (3) the Debtors reserve the right to modify the Plan to implement the sale of all or substantially all of the assets of the Debtors

pursuant to sections 363 and 1123 of the Bankruptcy Code, *provided, however*, without the consent of the Senior Secured Parties, the Debtors shall not amend or modify the Plan to the extent that such amendment or modification affects the economic distributions provided for herein.

C. Revocation of Plan

The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtor or any other entity; (b) prejudice in any manner the rights of the Debtors or any other entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other entity.

D. Successors and Assigns

The rights, benefits and obligations of any entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

E. Reservation of Rights

Except as expressly set forth herein, including, without limitation, with respect to votes cast on the ballots to vote to accept or reject the Plan or the elections made on the Subscription Forms, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by a Debtor or any other entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) any Debtor with respect to the holders of Claims or Equity Interests or other entity; or (2) any holder of a Claim or an Equity Interest or other entity before the Effective Date.

F. Authority of the Reorganized Debtors to Impose Stock Trading Restrictions

On the Effective Date, the New Hawaiian Telcom Holdco Board shall be authorized, in certain circumstances, to impose trading restrictions on New

Common Stock pursuant to the Certificates of Incorporation and as described more fully in the Disclosure Statement.

G. Section 1145 Exemption

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, and any subsequent sales, resales or transfers, or other distributions of any such securities, shall be exempt from any federal or state securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code.

H. Payment of Statutory Fees

The Reorganized Debtors shall pay all fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

I. Section 1125(e) Good Faith Compliance

The Debtors, Reorganized Hawaiian Telcom Holdco, the Senior Secured Agent, Senior Notes Indenture Trustee, the Subordinated Notes Indenture Trustee, the Creditors' Committee and its individual members, and each of their respective advisors and representatives, shall be deemed to have acted in "good faith" under section 1125(e) of the Bankruptcy Code.

J. Further Assurances

The Debtors or the Reorganized Debtors, as applicable, all holders of Claims receiving distributions hereunder and all other entities 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 or the Confirmation Order.

K. Severability

If, before Confirmation, any term or provision hereof is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original

purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted, *provided* that any such alteration or interpretation must be in form and substance reasonably acceptable to the Debtors and, to the extent such alteration or interpretation affects the rights or treatment of holders of General Unsecured Claims, the Creditors' Committee or its members, the Creditors' Committee; *provided, further*, that the Debtors may seek an expedited hearing before the Bankruptcy Court to address any objection to any such alteration or interpretation of the foregoing. Notwithstanding any such order by the Bankruptcy Court, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

L. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors shall be sent by overnight mail to:

Hawaiian Telcom Communications, Inc.
1177 Bishop Street
Honolulu, Hawaii 96813
Attn.: General Counsel

with a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Attn.: Richard M. Cieri
Paul M. Basta
Christopher J. Marcus
Brian S. Lennon

Cades Schutte LLP
1000 Bishop Street, Suite 1200
Honolulu, Hawaii 96813-4202
Telephone: (808) 521-9200
Facsimile: (808) 521-9210
Attn.: Nicholas C. Dreher
Theodore C. Young

To the Senior Secured Agent:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Attn.: Brian S. Rosen
Ronit J. Berkovich

To the Creditors' Committee:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104
Telephone: (212) 468-8051
Facsimile: (212) 468-7900
Attn.: Brett H. Miller

To the State of Hawaii:

O'Connor Playdon & Guben LLP
Makai Tower, 24th Floor
733 Bishop Street
Honolulu, HI 96813
Attn.: Jerrold K. Guben
Telephone: (808) 524-8350
Facsimile: (808) 531-8628

M. Filing of Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

N. No Stay of Confirmation Order

The Confirmation Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Bankruptcy Rules 3020(e) and 7062.

Dated: **December 30, 2009**

Respectfully submitted,

HAWAIIAN TELCOM
COMMUNICATIONS, INC.
(on behalf of itself and
the other Debtors and Debtors in Possession)

By: /s/ Robert F. Reich
Robert F. Reich
Senior Vice President,
Chief Financial Officer and Treasurer

Prepared by:

CADES SCHUTTE LLP
Nicholas C. Dreher (Bar No. 1299-0)
Theodore C. Young (Bar No. 5735-0)
1000 Bishop Street, Suite 1200
Honolulu, Hawaii 96813-4202
Telephone: (808) 521-9200
Facsimile: (808) 521-9210

KIRKLAND & ELLIS LLP
Richard M. Cieri
Paul M. Basta
Christopher J. Marcus
Brian S. Lennon
601 Lexington Avenue
New York, New York 10022-4611
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Co-Counsel for the Debtors and Debtors in Possession

lmanageDB:1233539.1

Exhibit 2

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)

JUDGE: Honorable Lloyd King

FINDINGS OF FACT AND CONCLUSIONS OF LAW
IN SUPPORT OF CONFIRMATION OF JOINT CHAPTER 11 PLAN
OF REORGANIZATION OF HAWAIIAN TELCOM
COMMUNICATIONS, INC., AND ITS DEBTOR AFFILIATES

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.

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**FINDINGS OF FACT AND CONCLUSIONS OF LAW IN SUPPORT OF
THE COURT'S DECISION TO CONFIRM THE JOINT CHAPTER 11
PLAN OF REORGANIZATION OF HAWAIIAN TELCOM
COMMUNICATIONS, INC. AND ITS DEBTOR AFFILIATES**

INTRODUCTION

Hawaiian Telcom Communications, Inc. (together with its debtor affiliates, "Hawaiian Telcom," the "Debtors" or post-Effective Date, "Reorganized Hawaiian Telcom") filed its proposed chapter 11 plan of reorganization (the "Plan") on June 3, 2009. The Plan represents the culmination of extensive negotiations with the lenders under Hawaiian Telcom's prepetition secured credit facility (the "Secured Lenders," and, together with the counterparties to the swap agreements related thereto, the "Secured Parties").

The Plan is premised on the total enterprise value of \$387.5 million calculated by Lazard Frères & Co., LLC ("Lazard") and a midpoint value for the unencumbered assets of \$33.1 million.² Under the Plan, holders of Hawaiian Telcom's senior unsecured fixed rate and floating rate notes (collectively, the "Senior Notes" and the holders thereof, the "Senior Noteholders") stand to receive

² As discussed infra, the midpoint total distributable value is \$460 million (after approximately \$20 million in Effective Date payments to administrative and priority creditors and general unsecured creditors), which accounts for Hawaiian Telcom's projected cash on hand at emergence and the value of non-core assets. See ¶¶ 31-76.

warrants with a value of \$12.3 million and holders of general trade claims will receive cash distributions in an aggregate amount not to exceed \$500,000.

The official committee of unsecured creditors (the "Committee") does not support the Plan and at the confirmation trial argued four primary issues: (i) the total enterprise value of Hawaiian Telcom, (ii) the value of the Debtors' unencumbered assets, (iii) the value and utility of warrants provided to the Senior Noteholders, and (iv) the allocation of value between the Secured Parties and the unsecured creditors. In its objection to confirmation, the Committee also argued the Debtors did not propose the Plan in good faith.

Between November 9, 2009 and November 13, 2009, this Court held a trial to determine whether the Plan satisfies the requirements of section 1129 of title 11 of the United States Code (the "Bankruptcy Code") and, therefore, is confirmable. Hawaiian Telcom called 10 witnesses, each of whom testified in support of the Plan. The Committee cross-examined seven of those witnesses. The Secured Lenders called two witnesses in support of the Plan. The Committee cross-examined both of these witnesses. The Committee called three expert witnesses to oppose the confirmation of the Plan. Hawaiian Telcom and the Secured Lenders cross examined each of the Committee's witnesses.

At the end of closing arguments on November 13, 2009, the parties submitted the matter to the Court and the Court stated that the Plan will be