



BUSINESS MANAGER'S REPORT

September 4, 2009

1. Bankruptcy Judge Lloyd King has asked the Secured's and the Unsecured's to try and work out a deal. There are two major concerns from the Unsecured Creditors Committee: one is the value of the Company, and the other is what percentage of the value of the Company does the UCC have access to. If there is no consensus in trying to resolve the issue, the judge will be forced to rule. The confirmation hearing for the Company's reorganization plan is scheduled for October 7th and 8th.

Sandwich Isles Communications is the only company that has expressed an interest in the purchase of Hawaiian Telcom; however, financing requirements are still a concern for the Courts. The fundamental starting point for the Union in any transaction will be the assumption for the Collective Bargaining Agreement and funding of the Pension Plan. As we pushed back the Secured's earlier this year, so too must we be ready to stand up to anyone who is not willing to address those bedrock issues of the Union.

2. We recently met with benefits consultant Paul Tom to address retiree medical costs for retirees. Hawaiian Telcom retirees have seen huge increases in their medical premiums since the Company executed its "pooling rights" under the Collective Bargaining Agreement, VEBA II. Establishing a multi-employer trust would create a bigger pool of members, which would help drive down the costs. I have met with IBEW 1260 Business Manager/Financial Secretary Lance Miyake and Hawaiian Telcom Vice President of Human Resources Bill Chung, and both are willing to aggressively pursue this initiative.

3. COO of PTI, Rob Harrell, will be in town the week of September 7th to meet with the Union. Like the rest of the industry, PTI is going through some economic hardships as it tries to expand its presence throughout the regions. On the agenda for discussion will be:

- Performance Incentive Plans
- Training/Safety
- Attendance
- Growing the membership.

Again, we would like to thank our Unit 10 members for all of their hard work and dedication.

4. Finally, with all the talk about layoffs, furloughs and cutbacks, we would like to thank our heavenly Father for seeing us through some of the toughest of times. We would also like to thank our Union leaders who fought for the quality of life we currently enjoy. We all must carry the torch of responsibility and build upon the foundation that has been laid by our predecessors. Please take the time to enjoy this Labor Day weekend and teach your friends and family about the importance of labor solidarity.