

BUSINESS MANAGER'S REPORT

April 2, 2010

1. The PUC recently denied the Union's motion to intervene in the Commission's review of the Hawaiian Telcom Reorganization Plan, but granted IBEW "Participant" status. Since IBEW's interest is its members and the CBA, and because it did support the settlement in Bankruptcy Court, the limitation as a "Participant" does not appear significant.

What does this mean? As a "Participant", IBEW can:

- 1) submit information requests that cover any issue related to issues that would impact IBEW members and the CBA;
- 2) respond to any information requests from HT, PUC, Consumer Advocate, or twtc;
- 3) submit direct testimony or a position statement;
- 4) call witnesses and cross-examine opposing witnesses if the PUC decides it needs an evidentiary hearing to reach a decision on the application;
- 5) submit briefs in support of any issues;
- 6) appeal an adverse ruling to the Court as an interested person.

The information that we had access to as a member of the Unsecured Committee during the Bankruptcy proceedings was invaluable in our efforts to protect the Collective Bargaining Agreement and our membership. The recent ruling did not meet our full

expectation; however, it does position the Union to succeed. We will update you accordingly.

2. The Union continues to query Hawaiian Telcom as to the status of the Pension Plan. What we know is that the Company must make 3 quarterly payments into the Plan for its 2010 obligations (3 payments totaling approximately 8 million). HT will also be making a payment for the 2009 obligation in September (approximately 13 million). The estimated completion time for the valuation of the Plan may not be until July, which would determine how much the obligation would be.

While in bankruptcy, because the Pension Plan was underfunded, the Lump Sum option was suspended. Employees could still retire while in bankruptcy; however, their payments would now be annuitized. We are projected to emerge from bankruptcy sometime this year. The funding level at the time of emergence will determine if the Lump Sum option returns. If the Plan is funded between 60-80%, then the participant is eligible for a 50% Lump Sum and the rest would be annuitized. Anything over the 80% funding level at the time of emergence, the full Lump Sum option would then be available.

Again, the hard numbers will not be available until later this summer. But, we will advise as soon as the reports become available.

3. As part of our Leadership Conference, our Union will be doing a joint venture with Hawaiian Telcom CEO Eric Yeaman and his team on May 14th at the Company. We will also be working with President Furukado on providing training for our Union leaders on May 15. The two day program will include:
 - The State of the Company
 - The State of the Union
 - He'e participation
 - Legislative issues
 - Safety Issues
 - Code of Excellence
 - Steward Training
 - Unit Chair and Recorders Training
 - President's message.

It will be a critical time for our members to be prepared for the emergence and what the future holds. Education will be critical for our survival.

4. With President Obama recently signing the new Health Care Bill, we have asked our Benefits Consultant and our International Director to give us their opinions of the benefits and deficiencies of the Bill. Here are some changes:
 - You must have medical insurance
 - More Health Care jobs
 - Kids can stay on your policy until 26 years
 - Insurance cannot drop you
 - You cannot be denied insurance

- No maximum limit on coverage
- No waiting time.

When we negotiated the 2008 HT contract, we made concessions on the medical plan (newbies). The negotiating team at the time anticipated the possibility that at some point a National Health Care Plan would take effect, and it is here today.

We will await the feedback from the International and our benefits consultants and use that information to help to continue to position our membership.

We are still working on a Multi-Employer trust to help address active and retiree premiums.

Medical Benefits continue to be at the forefront of every contract negotiations throughout the nation and our Union will continue to fight for every dollar we can for our members.

5. Finally, we would like to thank all the applicants in our IBEW Local Union 1357 Scholarship Program. The Scholarship Screening Committee will be meeting to review the applications, and we will be announcing the winners when that information is available.

God Bless!