

# BUSINESS MANAGER'S REPORT

May 13, 2010

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1. With PUC hearings continuing for Hawaiian Telcom's Reorganization Plan, IBEW Local Union 1357, although supportive of the Plan, has asked the Commission to please ensure HT's compliance in honoring the Collective Bargaining Agreement. There is an expectation that the PUC will rule sometime in July and, hopefully, Hawaiian Telcom will emerge from bankruptcy soon thereafter.

With HT's emergence from Chapter 11, there is the possibility that the lump sum provision may be restored for our members. The Company recently released the "Annual Funding Notice" for 2009 Hourly Pension Plan. As of December 31, 2009, the fair market value of the Plan's assets was \$101,674,056, with liabilities at \$158,258,507. If the Pension Plan is funded between 60-80%, the member may get 50% in an annuity and 50% in a lump sum. If the Plan is funded above 80%, then the full lump sum returns.

The certification for 2010 is expected to be released sometime in June. With the 2009 obligation having to be included in the certification, it is anticipated that the funding level will be between 65-75%. But, this is all dependent on the interest rate, market performance and participant accruals.

With 110 employees eligible for retirement by October, the next year will be an interesting time.

2. Now that Local Union and Unit elections are done, the Union will be conducting a Leadership Conference this month that will cover the following:

- A joint “State of the Company” and “State of the Union” address
- Legislative issues (endorsements, as well as our Sick Leave Bill)
- Steward Training
- Code of Excellence training
- Fiscal Responsibility
- Unit Chair and Recorder training.

It is important to ensure that all of our Saipan and Hawaii members are well versed in the direction the Union is heading. It is our hope that the Conference and our ongoing training efforts will provide that direction.

Be well and God bless our Union.