
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **March 28, 2007**

Hawaiian Telcom Communications, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

333-131152
(Commission File Number)

16-1710376
(I.R.S. Employer
Identification Number)

1177 Bishop Street
Honolulu, Hawaii 96813
(Address of principal executive offices)

808-546-4511
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

Hawaiian Telcom Communications, Inc. (the "Company") issued a press release on April 2, 2007, announcing its 2006 fourth quarter and full year earnings. This information, attached as Exhibit 99.1, is being furnished to the SEC pursuant to Item 2.02 of Form 8-K.

Item 5.02 Other Events

On March 28, 2007, the Company entered into an employment agreement with Mr. Paul H. Sunu to serve as the Senior Vice President and Chief Financial Officer of the Company effective as of May 14, 2007. Mr. Sunu will succeed Mr. Daniel P. O'Brien, who the Company recently announced would be leaving the Company and would work to transition his duties to his successor.

Mr. Sunu has served as Managing Director and Chief Financial Officer of Madison River Communications, the 19th largest telephone company in the U.S., since 1996. The employment agreement between the Company and Mr. Sunu provides for an annual base salary of \$312,000, eligibility to receive an annual bonus under the Company's non-union bonus plan at a target level of 75% of base salary, and eligibility to receive a non-qualified stock option under the Company's stock option plan. In the event of termination of employment by the Company without cause, Mr. Sunu would be entitled to severance based on his base salary, subject to certain conditions. A copy of Mr. Sunu's employment agreement is attached hereto as Exhibit 10.1 and incorporated herein by reference.

A copy of the press release announcing the naming of Mr. Paul H. Sunu as Senior Vice President and Chief Financial Officer is attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 10.1 Employment Agreement, dated as of March 28, 2007, by and between Paul H. Sunu and Hawaiian Telcom Communications, Inc.
- 99.1 Press release dated April 2, 2007 announcing 2006 fourth quarter and full year earnings.
- 99.2 Press release dated April 2, 2007 announcing the naming of Paul H. Sunu as the Senior Vice President and Chief Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 2, 2007

HAWAIIAN TELCOM COMMUNICATIONS, INC.

/s/ Alan M. Oshima
Alan M. Oshima
Senior Vice President, General Counsel and
Secretary

Employment Agreement

This Employment Agreement (the “Agreement”) dated as of March 28, 2007 and effective as of May 14, 2007 (the “Effective Date”), is made by and between Paul H. Sunu (the “Executive”) and Hawaiian Telcom Communications, Inc. and any of its subsidiaries and affiliates as may employ Executive from time to time (collectively, and together with any successor thereto, the “Company”). Notwithstanding anything herein to the contrary, this Agreement shall be void and of no force and effect if within 20 days of the Effective Date the Company is not, acting reasonably and in good faith, satisfied with the results of a background check on the Executive.

RECITALS

- A. The Company desires to engage the Executive to perform services pursuant to the terms and conditions of this Agreement.
- B. The Executive desires to provide services to the Company on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the covenants set forth below, the parties agree as follows:

- 1. Certain Definitions.
 - (a) “Annual Base Salary” shall have the meaning set forth in Section 3(a).
 - (b) “Board” shall mean the Board of Directors of the Company.
 - (c) “Cause” to terminate the Executive’s employment shall include any of the following facts or circumstances:
 - (i) Executive’s failure to follow a legal order of the Board, other than any such failure resulting from the Executive’s Disability, and such failure is not remedied within 30 days after receipt of written notice;
 - (ii) Executive’s gross or willful misconduct in the performance of duties that causes or is reasonably likely to cause damage to the Company;
 - (iii) Executive’s conviction of felony or crime involving material dishonesty or moral turpitude;
 - (iv) Executive’s fraud or, other than with respect to a de minimis amount, personal dishonesty involving the Company’s assets; or
 - (v) The Executive’s unlawful use (including being under the influence) or possession of illegal drugs on the Company’s premises or while performing the Executive’s duties and responsibilities under this Agreement.
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Prior to a termination pursuant to Section 4(a) (iii), the Company shall conduct a reasonable investigation to determine, based on information reasonably available to the Company, whether Cause for termination exists.

- (d) “Company” shall have the meaning set forth in the preamble.
- (e) “Compensation Committee” means the Compensation Committee of the Board.
- (f) “Date of Termination” shall mean (i) if the Executive’s employment is terminated by his death, the date of his death; (ii) if the Executive’s employment is terminated pursuant to Section 4(a)(ii) — (vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 4 (b) whichever is earlier; (iii) if the Executive’s employment is terminated pursuant to Section 4(a)(vii) or Section 4(a)(viii), the expiration of the then-applicable Term.
- (g) “Disability” shall mean the absence of the Executive from the Executive’s duties to the Company on a full-time basis for a total of six months during any 12-month period as a result of incapacity due to mental or physical illness which is determined to be reasonably likely to extend beyond the completion of the Term and which determination is made by a physician selected by the Company and acceptable to the Executive or the Executive’s legal representative (such agreement as to acceptability not to be withheld unreasonably). A Disability shall not be “incurred” hereunder until, at the earliest, the last day of the sixth month of such absence.
- (h) “Executive” shall have the meaning set forth in the preamble.
- (i) The Executive shall have “Good Reason” to resign his employment upon the occurrence of any of the following:
 - 1. failure of the Company to continue the Executive in the position of Senior Vice President and Chief Financial Officer;
 - 2. the Company’s material breach of this Agreement;
 - 3. the relocation of the Executive’s principal office, without his consent, to a location that is in excess of 100 miles from Honolulu, Hawaii; or
 - 4. failure of the Company to make any payment or provide any benefit in accordance with this Agreement.

- (j) The Executive may not resign his employment for Good Reason unless:
 - 1. the Executive provides the Company with at least 30 days prior written notice of his intent to resign for Good Reason; and
 - 2. the Company does not remedy the alleged violation(s) within the 30-day period.
- (k) “Inventions” shall have the meaning set forth in Section 6(d).
- (l) “Non-Union Bonus Plan” shall have the meaning set forth in Section (3) (b).
- (m) “Notice of Termination” shall have the meaning set forth in Section 4 (b)
- (n) “Term” shall have the meaning set forth in Section 2 (b).

2. Employment.

- (a) The Company shall employ the Executive and the Executive shall enter the employ of the Company, for the period set forth in Section 2(b), in the position set forth in Section 2(c), and upon the other terms and conditions herein provided.
- (b) The initial term of employment under this Agreement (the “Initial Term”) shall be for the period beginning on the Effective Date of this Agreement and ending on the third anniversary thereof, unless earlier terminated as provided in Section 4. The employment term shall automatically be extended for successive one-year periods (“Extension Terms”) and, collectively with the Initial Term, the “Term”) unless either party gives notice of non-extension to the other no later than 90 days prior to the expiration of the then-applicable Term. Notwithstanding the foregoing, Executive will be an employee at-will of the Company. The Company may terminate Executive’s employment at any time for any lawful reason, at its discretion. Likewise, Executive may terminate his employment with the Company at any time for any reason by giving the Company 30-days advance written notice.
- (c) Position and Duties. The Executive shall serve as Senior Vice President & Chief Financial Officer of the Company and shall have the authorities, duties and responsibilities customarily commensurate with such position and such additional responsibilities, duties and authority, as may from time to time be reasonably assigned to the Executive by the Chief Executive Officer or his designee. The Executive shall report to the Chief Executive Officer. The Executive shall devote his full working time, attention and efforts to the business and affairs of the Company. The Executive will be knowledgeable of and comply with the Company’s rules and policies as adopted by the Company from time to time. During the Term, it shall not be a violation of this Agreement for the Executive to (i) serve on industry trade, civic or charitable boards or committees; (ii) deliver lectures or fulfill speaking engagements; or (iii) manage personal investments, as long as such activities do not materially interfere with the performance of the Executive’s duties and responsibilities. The Executive shall be permitted to serve on for-profit corporate boards of directors and advisory committees if approved in

advance by the Board, which approval shall not unreasonably be withheld. In addition, Executive shall be permitted to fulfill obligations under the terms and conditions of his services agreement as previously disclosed to the Company as long as it does not interfere with Executive's duties or responsibilities.

3. Compensation and Related Matters.

- (a) Annual Base Salary. During the Term, the Executive shall receive a base salary at a rate of \$312,000 per annum, which shall be paid in accordance with the customary compensation practices or policies of the Company (the "Annual Base Salary"). Annual Base Salary may be increased, but not decreased, from time to time by the Board. Paydays are expected to be every other Friday (normally 26 pay days a year). Executive's paycheck shall be delivered to Executive or made available to Executive on such dates. If a payday falls on a holiday or weekend, Executive may pick up his paycheck on the weekday immediately preceding the payday.
- (b) Annual Performance Bonus. During the Term, the Executive will participate in an annual performance-based bonus plan ("Non-Union Bonus Plan") established by the Compensation Committee at a target level of 75% of Annual Base Salary ("Target Level"). Such bonus shall be payable at such time as bonuses are paid to other senior executive officers who participate therein. The amount of the Executive's annual bonus payable pursuant to such plan shall be determined with respect to each of the Company's fiscal years that ends during the Term. The 2007 financial targets are set forth in Exhibit A.
- (c) Equity Participation. During the Term, the Executive shall be entitled to participate in the Stock Option Plan of the Company and shall be granted an option to purchase a percentage of the common stock of Hawaiian Telcom Holdco, Inc. ("Common Stock") The Executive shall receive an option covering that number of shares as would produce a pre-tax target option value of \$4,000,000.00 [four million dollars] at such specified future date as is determined by the Company, if as of that date an investment in Hawaiian Telcom Holdco, Inc. achieved a specified rate of return as determined by the Company. The grant of stock options shall be governed by the terms of the Stock Option Plan and Stock Option Agreement (similar to the form attached as Exhibit A). It is expressly understood that the Executive's entitlement to participation in the Stock Option Plan is not a guarantee that the Option referenced herein shall attain any particular value in the future.
- (d) Benefits. The Executive shall be entitled to participate in all employee benefit plans, programs and arrangements of the Company which are applicable to the senior officers of the Company at a level commensurate with the Executive's position.
- (e) Relocation Expenses. In accordance with the Company's applicable relocation plans and policies, the Company shall reimburse the Executive for any of the

following expenses reasonably incurred by the Executive in connection with his move from North Carolina to Hawaii: travel (including without limitation up to two house hunting trips) and similar related moving expenses and costs of packing, unpacking and transporting the personal effects of the Executive and his family, including transportation of up to two automobiles, from the Executive's current residence in North Carolina to Hawaii. As a departure from policy, the Executive shall have 18 months to complete his relocation to Hawaii. In the event that the Executive's employment shall terminate for any reason other than Cause prior to the second anniversary of the Effective Date, the Company shall reimburse the Executive for all relocation expenses (as set forth and in accordance with this paragraph) incurred by the Executive due to the Executive's relocation, provided said relocation is to North Carolina. With respect to any reimbursements paid to the Executive under this paragraph which are taxable to the Executive, the Executive shall be entitled to receive an additional payment from the Company in an amount such that, after payment by the Executive of all income taxes imposed on the reimbursements and the additional payment, the Executive would retain an amount equal to such reimbursements.

- (f) Expenses. During the Term, the Company shall reimburse the Executive for all reasonable travel and other business expenses incurred by him in the performance of his duties to the Company in accordance with the Company's expense reimbursement and travel policies.
- (g) Housing Allowance. During the Term, the Company shall pay the Executive a reasonable housing allowance at a rate of \$5,250 per month, as determined based on the Company's good faith, independent verification and analysis of the Executive's housing requirements and needs and subject to applicable withholding taxes. Such allowance shall be paid periodically, in accordance with the Company's policies and procedures and may be applied to pay temporary lodging expenses in Hawaii. With respect to any such allowance paid to the Executive under this Section 3 (g) which is taxable to the Executive, the Executive shall be entitled to receive an additional payment from the Company in an amount such that, after payment by the Executive of all income taxes imposed on the housing allowance and the additional payment, the Executive would retain an amount equal to such housing allowance.
- (h) Personal Travel Expenses. During the Term, the Company shall reimburse the Executive for the reasonable cost of business class roundtrip airline tickets from Hawaii to the mainland United States for the Executive and his spouse for up to two personal trips per year.
- (h) Vacation. During the Term, the Executive shall be entitled to no less than three weeks paid vacation for each completed 12 month period of service. Any vacation shall be taken at the reasonable and mutual convenience of the Company and the Executive. Paid vacation that has not been taken by Executive during the twelve month period following the period in which it is earned shall carry over to any subsequent period up to a maximum accumulated six weeks. Vacation will

be accrued depending on month of hire for the first year of employment per the Company vacation policy.

4. Termination.

The Executive's employment may be terminated by the Company or the Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

- (i) Death. The Executive's employment shall terminate upon his death.
- (ii) Disability. If the Executive has incurred a Disability, the Company may give the Executive written notice of its intention to terminate the Executive's employment. In that event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive, provided that within the 30 days after such receipt, the Executive shall not have returned to full-time performance of his duties. This Section 4 (a) (ii) shall be construed in a manner consistent with the requirements of the Americans With Disabilities Act and Hawaii Employment Practices law.
- (iii) Termination for Cause. The Company may terminate the Executive's employment for Cause.
- (iv) Termination without Cause. The Company may terminate the Executive's employment without Cause.
- (v) Resignation for Good Reason. The Executive may resign his employment for Good Reason.
- (vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason.
- (vii) Non-extension of Term by the Company. The Company may give notice of non-extension to the Executive pursuant to Section 2(b).
- (viii) Non-extension of Term by the Executive. The Executive may give notice of non-extension to the Company pursuant to Section 2(b).

- (b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 4 (other than termination pursuant to paragraph (a)(i) (death) shall be communicated by a written notice to the other party indicating the specific termination provision in this Agreement relied upon and specifying a Date of Termination which, if submitted by the Executive, shall be at least 30 days following the date of such notice (a "Notice of Termination") provided, however, that the Company may, in its sole discretion, change the Date of Termination to any date following the Company's receipt of

the Notice of Termination. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date the Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Cause or Good Reason shall not waive any right of the Executive or the Company or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights.

- (c) Company Obligations Upon Termination. Upon termination of the Executive's employment, the Executive (or the Executive's estate) shall be entitled to receive a lump sum equal to the Executive's Annual Base Salary through the Date of Termination not theretofore paid, any bonus if declared or earned but not yet paid for a completed fiscal year, any expenses owed to the Executive, any accrued vacation pay owed to the Executive, and any amount arising from the Executive's participation in, or benefits under any employee benefit plans, programs or arrangements, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

5. Severance Payments.

- (a) Termination for Cause. Resignation without Good Reason or upon Non-extension by the Executive. If the Executive's employment shall terminate pursuant to sections 4(a) (iii) for Cause, or Section 4(a) (vi) without Good Reason, or Sections 4(a) (viii) due to Non-extension of the Agreement by the Executive, the Executive shall not be entitled to any severance payment.
- (b) Termination upon death or Disability. If the Executive's employment shall terminate pursuant to Sections 4(a)(i) due to the Executive's death, or pursuant to Section 4(a)(ii) due to the Executive's Disability, the Company shall pay to the Executive (or the Executive's estate):
 - (i) within 30 days following the Date of Termination and otherwise in accordance with the Company's regular payroll practice, an amount equal to the Annual Base Salary that the Executive would have been entitled to receive if the Executive had continued his employment for a period of six months following the Date of Termination; and
 - (ii) a prorated amount of the Executive's annual bonus based on the Company's year-to-date performance through the Date of Termination in relation to the performance targets set forth in the Non-Union Bonus Plan (such amount to be determined in good faith by the Compensation Committee).

- (c) Termination without Cause or Resignation for Good Reason. If the Executive's employment shall terminate without Cause pursuant to Section 4(a)(iv) or for Good Reason pursuant to Section 4(a)(v), the Company shall, subject to the Executive's execution of a general waiver and release of claims acceptable to the Company:
 - (i) Continue to pay, in accordance with normal payroll practices, the Executive's Annual Base Salary for the period beginning on the Date of Termination and ending on the earliest to occur of (A) the six month anniversary of the Date of Termination or (B) the first date the Executive violates any covenant contained in Section 6 and
 - (ii) Continue coverage (at the Company's expense) for the Executive and any dependents under the Company group health benefit plan, for the period set forth in Section 5(c)(i). The Company will pay the for Executive's COBRA medical and dental coverage premiums for the period set forth in Section 5 (c)(i). This benefit shall not include Exec-U-Care or similar supplemental coverage policies for senior executives.
- (d) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party that accrued prior to such expiration or termination.

6. Restrictive Covenants.

- (a) Non-Compete. Executive acknowledges that by virtue of his position with the Company, he will develop considerable expertise in the business of the Company. During Executive's employment with the Company and for a period of 365 days following the date of the Executive's termination of employment for any reason (the "Non-Competition Period"), the Executive shall not directly or indirectly engage in, have any equity interest in, or manage or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business that competes with any telecommunications business of the Company or any entity owned by the Company anywhere in the State of Hawaii provided, however, that the Executive shall be permitted to acquire a passive stock or equity interest in such a business provided the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business. Nothing herein shall prevent the Executive from engaging in any activity with, or holding any financial interest in, a non-competitive division, subsidiary or affiliate of an entity engaged in a business that competes with the Company so long as such activities do not harm the Company.
- (b) Non-Solicitation of Employees and Customers. During the Non-Competition Period, the Executive will not and will not permit any of his associates to, directly or indirectly, recruit or otherwise solicit or induce any non-clerical employee, customer, subscriber or supplier of the Company to terminate, or otherwise change its relationship with the Company, or establish any relationship with the Executive or any of his associates for any business purpose that is prohibited by subsection (a) above. Nothing herein shall prevent the Executive from serving as a reference.

- (c) Confidentiality. The Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The parties hereby stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). The Executive may respond to a lawful and valid subpoena or other process but shall: (i) give the Company the earliest reasonably possible notice thereof, (ii) as much reasonably in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and (iii) reasonably assist (the "Assistance") such counsel in resisting or otherwise responding to such process. The Company shall reimburse Executive for all reasonable expenses he incurs in providing such Assistance. Notwithstanding Section 6(c), the Executive may use or disclose information that is public knowledge.
- (d) Inventions. All rights to discoveries, inventions, improvements and innovations (including all data and records pertaining thereto) directly related to the Company's business, whether or not patentable, copyrightable, registrable as a trademark, or reduced to writing, that the Executive may discover, invent or originate during the Non-Competition Period, either alone or with others and whether or not during working hours or by the use of the facilities of the Company ("Inventions"), shall be the exclusive property of the Company. The Executive shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents the Company may deem necessary to protect or perfect its rights therein, and shall assist the Company, at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. The Executive hereby appoints the Company as his attorney-in-fact to execute on his behalf any assignments or other documents deemed necessary by the Company to protect or perfect its rights to any Inventions.
- (e) Non-Disparagement. During the Non-Competition Period, the Executive shall not disparage the Company or any of its affiliates, any of their respective products or practices, or any of their respective directors, officers, agents, employees, representatives, shareholders, members or affiliates, either orally or in writing.

- (f) Interpretation. The Executive and the Company acknowledge and agree that the time, scope, geographic area and other provisions of the covenants set forth herein have been specifically negotiated by sophisticated parties and that such provisions are reasonable under the circumstances. The parties further agree that if, despite the foregoing acknowledgement, a court or other tribunal of competent jurisdiction holds that any of the restrictions of the covenants set forth herein are unenforceable, the maximum restrictions of time, scope or geographic area reasonable under the circumstances, as determined by such court or tribunal, shall be substituted for any such restrictions held unenforceable. The provisions of this Agreement shall survive the termination of Employee's employment with the Company.
- (g) Injunctive Relief. Executive acknowledges and agrees that that a breach of any of the covenants contained in this Agreement will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the Executive agrees that in the event of a breach of any of the covenants contained in this Agreement, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief.

7. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any entity, including any successor to all or substantially all the assets of the Company, by merger or otherwise, and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its affiliates, provided said successor entity assumes all of the obligations of the Company hereunder. The Executive may not assign his rights or obligations under this Agreement to any individual or entity, except his estate upon his death.

8. Governing Law.

This Agreement shall be, interpreted and enforced in accordance with the laws of the State of Hawaii and, where applicable, the laws of the United States.

9. Notices.

Any notice, request, claim, demand, document and other communication hereunder to any party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by telex, telecopy, electronic mail, overnight courier service or certified or registered mail, postage prepaid, as follows:

- (a) If to the Company:

Hawaiian Telcom
1177 Bishop Street
Honolulu, HI 96813
Fax: (808) 546-8955
Attn: Michael S. Ruley

(b) If to the Executive:

Paul H. Sunu, at his last, known address.

(c) or at any other address as any party shall have specified by notice in writing to the other party.

10. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

11. Entire Agreement.

The terms of this Agreement and the other agreements and instruments contemplated hereby or referred to herein (collectively the “Related Agreements”) are intended by the Parties to be the final expression of their agreement with respect to the employment of the Executive by the Company and may not be contradicted by evidence that attempts to modify the express terms of this Agreement. The parties further intend that this Agreement and the Related Agreements shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, arbitral, administrative, or other legal proceeding to vary the terms of this Agreement and the Related Agreements.

12. Amendments; Waivers.

This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, the Executive or a duly authorized officer of the Company may waive compliance by the other party with any provision of this Agreement provided; however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other contractual term or subsequent breach. No failure to exercise or delay in exercising any right under this Agreement may be construed as waiver of that right.

13. No Inconsistent Actions.

The parties shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. The Parties intend to act in a fair and reasonable manner with respect to the interpretation and application of this Agreement.

14. Construction.

This Agreement shall be deemed drafted equally by both parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary.

15. Arbitration.

Any dispute or controversy between the Parties arising under or in connection with this Agreement or Executive's hire, employment, or termination from employment shall be settled exclusively by arbitration, conducted before an arbitrator in Hawaii in accordance with the employment rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitration award in any court having jurisdiction, provided, however, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the Agreement and the Executive hereby consents that such restraining order or injunction may be granted without requiring the Company to post a bond. Only individuals who are (i) lawyers engaged in the practice of law; and (ii) on the AAA register of arbitrators shall be selected as an arbitrator. Within 20 days of the closure of the arbitration record, the arbitrator shall prepare written findings of fact and conclusions of law. It is mutually agreed that the written decision of the arbitrator shall be valid, binding, final and non-appealable, provided however, that the parties agree that the arbitrator shall not be empowered to award punitive damages against any party to such arbitration in connection with claims arising out of this Agreement. The arbitrator, as permitted by law, shall require the non-prevailing party to pay the arbitrator's full fees and expenses or, if in the arbitrator's opinion there is no prevailing party, the arbitrator's fees and expenses will be borne equally by the parties thereto. In the event action is brought to enforce the provisions of this Agreement pursuant to this Section 15, the non-prevailing parties shall be required to pay the reasonable attorney's fees and expenses of the prevailing parties to the extent determined to be appropriate by the arbitrator, acting in its sole discretion.

16. Validity; Enforcement.

If any provision of this Agreement is held to be illegal, invalid or unenforceable, such provision shall be severable and this Agreement shall be construed and enforced as if such provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

17. Withholding

The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

18. Warranty of Noninterference.

The Executive warrants that he has taken all actions required under the terms of any prior employment in order to terminate that employment and that the provisions contained in any prior agreements with former employers, if any, do not affect the Executive's ability to carry out his responsibilities on behalf of the Company. Executive warrants that his full compliance with this Agreement shall not interfere with, breach, violate, or abridge any other contractual (express or implied) legal or fiduciary obligation of Executive to any other person or business organization including, without limitation, any duty of protection, non-use or non-disclosure with respect to confidential or proprietary information or trade secrets concerning any of Executive's prior employers or their employees, customers, prospective customers or providers. Executive further represents and warrants that he has not been induced by the Company to breach any existing contractual relation in order to come to work for the Company.

19. Indemnification and Insurance.

The Company shall indemnify the Executive to the fullest extent permitted by the laws of the State of Hawaii, as in effect at the time of the subject act or omission, and he will be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and senior executive officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Company or any of its subsidiaries or his serving or having served any other enterprise, plan or trust as a director, officer, employee or fiduciary at the request of the Company (other than any dispute, claim or controversy arising under or relating to this Agreement (except for this Section 19)). The provisions of this Section 19 shall survive any termination of Executive's employment or any termination of this Agreement.

(Acknowledgements on following page)

20. Employee Acknowledgement

The Executive acknowledges that he has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on his own judgment.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

Hawaiian Telcom Communications, Inc.

By /s/ Michael S. Ruley
Michael S. Ruley
Its Chief Executive Officer

Paul H. Sunu

/s/ Paul H. Sunu



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For Immediate Release

Hawaiian Telcom Reports Fourth Quarter and Full Year 2006 Results

HONOLULU (Monday, April 2, 2007) — Hawaiian Telcom Communications, Inc. today reported financial results for its fourth quarter and full year 2006. Quarterly and full year highlights for the company include:

- Operating revenues increased 4.9 percent to \$142.3 million from \$135.6 million in the prior year, principally due to the application of purchase accounting. Adjusted fourth quarter revenues were up 1.8 percent annually.
- As compared to the third quarter 2006, revenues increased \$0.7 million, led by growth in directories and increased customer premise equipment (CPE) sales.
- Adjusted EBITDA (as defined herein) was \$49.9 million.
- Transition costs and other cost structure changes incurred in the fourth quarter were \$9.9 million and totaled \$47.1 million for the full year 2006.
- Access lines declined 2.0 percent sequentially to 602,900, as compared to the third quarter 2006 decline of 1.8 percent. The annual access line decline was 6.6 percent.
- \$52 million in cash was received in the first quarter of 2007, consistent with the terms of the settlement agreement with BearingPoint.

“The fourth quarter concluded what has been a very challenging year for the Company following our cutover from Verizon, but I am proud of what we have been able to accomplish given the circumstances we faced,” said Michael Ruley, Hawaiian Telcom’s chief executive officer. “There still remains a lot of hard work ahead to get this Company on stronger footing, but we have made a tremendous amount of progress to date. With the continued dedication of our employees, we are better positioned to serve our customers in 2007 and realize the full economic potential for the business.”

Fourth Quarter and Full Year 2006 Results

Revenues

Fourth quarter revenue was \$142.3 million, 4.9 percent higher than the previous year’s fourth quarter due to purchase accounting adjustments recorded in last year’s results. Adjusted for purchase accounting, fourth quarter revenues were up 1.8 percent annually, which was driven by higher seasonal CPE revenue.

On a sequential basis, operating revenues were up \$0.7 million in the fourth quarter led by growth in directories and increased CPE revenues. Directories generated quarterly revenue of \$17.7 million compared to \$17.0 million in the third quarter, up 4.3 percent driven by strong sales of the Company’s Oahu 2006 directory.

“Our fourth quarter results remain below the level of performance we believe this Company can deliver and, as such, we have taken and will continue to take the necessary steps to improve our cost and revenue performance,” Ruley commented. “Our priority continues to be on stabilizing our systems environment, which was underscored by our recent decision to transition our systems management responsibilities to Accenture. We are confident that our collaboration with Accenture will continue to drive improved systems functionality, which will allow us to launch

new products and services, optimize costs and improve customer service. Our vision to launch these new products and services will be put into action as we get reliable back office functionality through the remainder of the year.”

Operating Expenses

Operating expenses decreased \$10.6 million in the fourth quarter of 2006 to \$140.9 million, as compared to \$151.5 million in the prior year, and down \$13.8 million as compared to \$154.7 million in the prior quarter. After excluding transition costs and depreciation and amortization expenses, fourth quarter operating expenses were down 10 percent to \$92.4 million when compared with the third quarter, primarily due to the absence of a \$9.5 million uncollectible reserve adjustment recorded in the third quarter and the benefit of a \$2.0 million non-cash pension settlement gain related to the retirement of employees in 2006, offset by \$2.9 million of higher costs related to the publication of the Company’s new Oahu directory.

In the quarter, Hawaiian Telcom incurred \$9.9 million of transition costs related primarily to systems remediation work done by Accenture.

Net Income/Adjusted EBITDA Reconciliation

To supplement our consolidated financial statements prepared and presented in accordance with GAAP, we use Adjusted EBITDA for debt compliance and management reporting purposes as a non-GAAP financial measure. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Adjusted EBITDA for the fourth quarter 2006 was \$49.9 million. Adjusted EBITDA was determined as follows (dollars in thousands):

	<u>Company</u>
	<u>Three Months</u>
	<u>Ended December 31,</u>
	<u>2006</u>
Net loss	(\$29,882)
Income tax provision	1,839
Interest expense, net of interest income	29,477
Depreciation and amortization	38,565
EBITDA	39,999
Transition costs	9,875
Adjusted EBITDA	<u>\$ 49,874</u>

Cash & Liquidity

At the end of the fourth quarter Hawaiian Telcom had drawn \$160.0 million under its revolving credit facility, up from \$142.0 million at the end of the third quarter, and has \$39.8 million available, subject to covenants. The Company received \$52.0 million in cash in the first quarter 2007, consistent with the terms of the settlement agreement with BearingPoint. The proceeds have been used to pay down the revolving credit facility. The Company used cash of approximately \$22.8 million in the fourth quarter from operating and investing activities, including payments for the transition costs mentioned earlier. Reported capital expenditures were \$22.9 million for the fourth quarter and \$106.9 million for the full year 2006.

Conference Call

The Company will host a conference call to discuss its fourth quarter and full year 2006 results at 8:00 a.m. (Hawaii Time), or 2:00 p.m. (Eastern Time) on Tuesday, April 3rd, 2007.

To access the call, participants should dial (888) 417-7534 (US/Canada), or (706) 679-4222 (International) five minutes prior to the start of the call. A telephonic replay of the conference will be available from 10:00 a.m. (Hawaii Time), or 4:00 p.m. (Eastern Time) on April, 3rd, 2007 through April 10th, 2007 by dialing (800) 633-8625 and entering confirmation code 21332992. Alternatively, the replay can be accessed by dialing (402) 977-9141 and entering confirmation code 21332992.

Use of Non-GAAP Financial Measures

EBITDA is defined as net income plus interest expense (net of interest income), income taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA plus items related to our purchase of Verizon Hawaii affecting comparability, such as Directories deferrals resulting from purchase accounting and transition costs not expected to occur regularly in the ordinary course of business. The Company believes both of these non-GAAP measures, Adjusted EBITDA and EBITDA, are meaningful performance measures for investors because they are used by our Board and management to evaluate performance and make operating decisions as well as for covenant compliance purposes under the senior credit facility. The three months ended December 31, 2005 has not been presented as management does not feel this period is comparable or meaningful in comparison to the period presented.

Forward Looking Statements

In addition to historical information, this release includes certain statements and predictions that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, any statement, projection or estimate that includes or references the words “believes”, “anticipates”, “intends”, “expects”, “will” or any similar expression falls within the safe harbor of forward-looking statements contained in the Reform Act. Actual results or outcomes may differ materially from those indicated or suggested by any such forward-looking statement for a variety of reasons, including, but not limited to, Hawaiian Telcom’s ability to maintain its market position in communications services, including wireless, wireline and Internet services; general economic trends affecting the purchase or supply of communication services; world and national events that may affect the ability to provide services; changes in the regulatory environment; any rulings, orders or decrees that may be issued by any court or arbitrator; restrictions imposed under various credit facilities and debt instruments; work stoppages caused by labor disputes; adjustments resulting from year-end audit procedures; and Hawaiian Telcom’s ability to develop and launch new products and services. More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Hawaiian Telcom’s 2006 Form 10-K report. The information contained in this release is as of April 2nd, 2007. It is anticipated that subsequent events and developments will cause estimates to change.

About Hawaiian Telcom

Hawaiian Telcom is the state’s leading telecommunications provider, offering a wide spectrum of telecommunications products and services, which include local and long distance service, high-speed Internet, wireless services, and print directory and Internet directory services.

Hawaiian Telcom Communications, Inc.
Consolidated Statements of Operations
(Dollars in thousands)

	Company			Predecessor	
	Year Ended	December 31,	Period from May 21 to December 31, 2004	Period from	Year Ended
	2006	2005		January 1 to May 1, 2005	December 31, 2004
Operating revenues	\$ 570,168	\$ 337,417	\$ —	\$ 200,700	\$ 595,600
Operating expenses:					
Cost of services and sales (exclusive of depreciation and amortization)	231,181	150,324	—	76,300	204,300
Selling, general and administrative	189,467	172,612	17,373	48,900	185,600
Depreciation and amortization	172,732	107,753	—	39,600	114,800
Total operating expenses	593,380	430,689	17,373	164,800	504,700
Operating income (loss)	(23,212)	(93,272)	(17,373)	35,900	90,900
Other income (expense):					
Interest expense	(115,770)	(79,208)	—	(11,700)	(36,800)
Other income and expense, net	427	875	—	600	3,300
Total other income (expense)	(115,343)	(78,333)	—	(11,100)	(33,500)
Income (loss) before provision for income taxes	(138,555)	(171,605)	(17,373)	24,800	57,400
Provision for income taxes	6,082	4,100	—	8,700	20,500
Net income (loss)	\$ (144,637)	\$ (175,705)	\$ (17,373)	\$ 16,100	\$ 36,900

Hawaiian Telcom Communications, Inc.
Consolidated Balance Sheets
(Dollars in thousands, except share information)

	December 31,	
	2006	2005
Assets		
Current assets		
Cash and cash equivalents	\$ 4,752	\$ 10,321
Receivables	100,370	78,940
Material and supplies	9,915	5,711
Prepaid expenses	4,894	4,364
Other current assets	7,690	6,346
Total current assets	127,621	105,682
Property, plant and equipment, net	818,172	817,333
Deferred financing and other assets	46,372	52,067
Intangible assets, net	583,220	647,199
Goodwill	136,779	134,273
Total assets	\$ 1,712,164	\$ 1,756,554
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable	\$ 91,690	\$ 50,387
Accrued expenses	23,941	32,572
Advance billings and customer deposits	15,540	16,006
Current maturities of long-term debt	26,500	3,000
Other current liabilities	3,764	9,306
Total current liabilities	161,435	111,271
Long-term debt	1,380,500	1,343,500
Deferred income taxes	10,300	4,100
Employee benefit obligations	50,874	44,141
Other liabilities	7,016	7,345
Total liabilities	1,610,125	1,510,357
Commitments and contingencies		
Stockholder's equity		
Common stock, par value of \$0.01 per share, 1,000 shares authorized and issued	—	—
Additional paid-in capital	428,118	428,000
Accumulated other comprehensive income	11,636	11,275
Accumulated deficit	(337,715)	(193,078)
Total stockholder's equity	102,039	246,197
Total liabilities and stockholder's equity	\$ 1,712,164	\$ 1,756,554

Hawaiian Telcom Communications, Inc.
Consolidated Statements of Cash Flows
(Dollars in thousands)

	Company			Predecessor	
	Year Ended December 31,		Period from May 21 to December 31, 2004	Period from January 1 to May 1, 2005	Year Ended December 31, 2004
	2006	2005			
Cash flows from operating activities:					
Net income (loss)	\$ (144,637)	\$ (175,705)	\$ (17,373)	\$ 16,100	\$ 36,900
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	172,732	107,753		39,600	114,800
Deferred income taxes, net	6,200	4,100	—	(11,700)	9,000
Employee retirement benefits	6,733	10,072	—	(300)	(3,500)
Provision for uncollectibles	25,563	5,827	—	1,000	3,300
Changes in operating assets and liabilities:					
Receivables	(49,248)	17,470	—	10,400	1,600
Material and supplies	(4,204)	276	—	(3,300)	2,600
Other current assets	(1,876)	(8,854)	—	(400)	12,900
Accounts payable and accrued expenses	29,435	43,103	8,427	(8,800)	(53,500)
Other current liabilities	(5,743)	(13,132)	8,946	1,400	(3,000)
Other, net	3,344	3,709	—	(7,800)	(13,400)
Net cash provided by (used in) operating activities	<u>38,299</u>	<u>(5,381)</u>	<u>—</u>	<u>36,200</u>	<u>107,700</u>
Cash flows from investing activities:					
Capital expenditures	(106,868)	(112,680)	—	(22,800)	(63,700)
Proceeds on sale of investments	2,500	15,000	—	—	31,500
Net change in note receivable	—	—	—	11,300	35,500
Purchase of Verizon's Hawaii Business, net of cash acquired	—	(1,323,355)	—	—	—
Other	—	—	—	(200)	—
Net cash provided by (used in) investing activities	<u>(104,368)</u>	<u>(1,421,035)</u>	<u>—</u>	<u>(11,700)</u>	<u>3,300</u>
Cash flows from financing activities:					
Issuance of common stock	—	428,000	—	—	—
Proceeds from issuance of debt	443,000	1,068,300	—	—	—
Repayment of debt	(382,500)	(21,800)	—	(283,800)	(63,800)
Net change in parent funding	—	—	—	259,700	(46,100)
Payment of debt issue costs	—	(37,763)	—	—	—
Other	—	—	—	100	(300)
Net cash provided by (used in) financing activities	<u>60,500</u>	<u>1,436,737</u>	<u>—</u>	<u>(24,000)</u>	<u>(110,200)</u>
Net change in cash and cash equivalents	(5,569)	10,321	—	500	800
Cash and cash equivalents, beginning of period	10,321	—	—	1,200	400
Cash and cash equivalents, end of period	<u>\$ 4,752</u>	<u>\$ 10,321</u>	<u>\$ —</u>	<u>\$ 1,700</u>	<u>\$ 1,200</u>

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For Immediate Release

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Hawaiian Telcom Names Paul Sunu as New Chief Financial Officer

HONOLULU (April 2, 2007) - Hawaiian Telcom today announced that Paul Sunu has been named as the company's new Chief Financial Officer. Sunu has over 25 years of experience in finance, tax, treasury, securities, and law, and he is scheduled to begin his new duties on May 14, 2007.

Since 1996, Sunu has served as Managing Director and Chief Financial Officer for Madison River Communications, which operates four local telephone companies, primarily in Alabama, Georgia, North Carolina and Illinois. He is a co-founder of Madison River and also serves on the company's Board of Directors. Madison River is the 19th largest US local phone company and will be acquired by CenturyTel in a deal that is expected to close in the second quarter of 2007.

"Paul is well-known and respected in the financial community, and he brings great expertise and deep telecommunications experience to Hawaiian Telcom," said Mike Ruley, Hawaiian Telcom's Chief Executive Officer.

During Sunu's tenure, Madison River successfully integrated five local telephone operations, converted multiple billing and accounting systems, and increased adjusted EBITDA margins to 52 percent from 33 percent in 1998.

Sunu is a CPA and received a bachelor's degree in public administration and accounting in 1978 from the University of Illinois. He earned a law degree from the University of Illinois in 1981. Sunu and his wife, Grace, who is from Hawaii, have two children who are attending college on the mainland.

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About Hawaiian Telcom

Hawaiian Telcom is the state's leading telecommunications provider, offering a wide spectrum of telecommunications products and services, which include local and long distance service, high-speed Internet, wireless services, customized business solutions, and print directory and Internet directory services. The company's website is at www.hawaiiantel.com.
