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For Immediate Release

Hawaiian Telcom Reports Full Year 2010 and Fourth Quarter Results

*Successfully Emerged from Chapter 11 and Became a Publicly Traded Company
Stabilized the Business, Transitioned it to Profitability and Positioned it for Future Growth*

HONOLULU (Monday, March 28, 2011) -- Hawaiian Telcom Holdco, Inc. (OTC: HWLT.PK) reported combined⁽¹⁾ financial results for full year 2010 and its fourth quarter. The highlights are as follows:

- Revenue for 2010 totaled \$401.4 million, resulting in relatively stable adjusted EBITDA⁽²⁾ of \$114.4 million.
- Revenue totaled \$100.1 million in the fourth quarter, resulting in adjusted EBITDA of \$27.1 million, up 6 percent year-over-year.
- Generated net income of \$3.1 million in the first two months after emergence from chapter 11 on October 28, 2010.
- Access line loss was approximately 6 percent in 2010, which compares favorably to an 8 percent loss in 2009.
- High-speed Internet (HSI) subscribers increased by approximately 3,700 in 2010 to 99,700, up 4 percent year-over-year.
- 16,700 residential bundles were added in 2010, driving residential bundle penetration to 34 percent, up from 24 percent in the year-earlier period.
- Launched Business VoIP further expanding the Company's suite of new IP-based business services that also includes IP-VPN and managed services.

"2010 was an exciting year for Hawaiian Telcom culminating with our successful emergence from chapter 11 and our launch as a public company," said Eric K. Yeaman, Hawaiian Telcom's president and CEO. "The chapter 11 process resulted in debt reduction of approximately \$850 million allowing us to emerge a stronger and more financially secure company."

"We also began a transformation of the Company so we could build a platform for long-term success. We continued the build out of our broadband network enabling us to deliver higher broadband speeds and laying the foundation for Hawaiian Telcom TV to be launched to specific target markets on Oahu upon receipt of our video franchise from the State of Hawaii. We launched several new IP-based services for our business customers and continued to build out network capacity to meet the current and future demand for bandwidth from our wholesale wireless carrier customers driven by the explosion in wireless data usage from smartphones and tablet devices," said Yeaman.

"We are still in the early stages of our transformation, but our efforts so far have resulted in a stabilization of the business, a transition to profitability and a positioning of the Company for future growth. We are excited about the future prospects of the Company and the opportunity to create value for our shareholders," concluded Yeaman.

Fresh-Start Reporting

As previously reported, the Company's Plan of Reorganization became effective and the Company emerged from chapter 11 bankruptcy protection on October 28, 2010. As a result of its emergence from chapter 11, Hawaiian Telcom adopted fresh-start reporting as of October 31, 2010. As required by fresh-start reporting, our assets and liabilities have been adjusted to fair value, as determined by the Company's Plan of Reorganization. Accordingly,

our financial condition and results of operations after October 31, 2010 are not comparable to the financial condition and results of operations for periods to and on October 31, 2010.

Full Year 2010 Results

Revenues were \$401.4 million, compared to \$408.6 million for the prior year, as revenue increases driven by growth from new IP-based business services, higher demand for communications systems and equipment and higher demand for network capacity from wireless carriers were more than offset by revenue declines as a result of access line losses. Adjusted EBITDA was \$114.4 million, down 1 percent compared to \$116.0 in 2009, primarily due to the year-over-year reduction in revenue largely offset by cost saving initiatives implemented during the year.

“Our 2010 results continued to demonstrate the stability we have achieved in our business,” said Yeaman. “The launch of our new IP-based business services is enabling us to target new growth opportunities in the marketplace. With the launch of Hawaiian Telecom TV, we will be positioned to capture a share of the significant TV and entertainment opportunity that we currently do not address today by bringing choice to the marketplace and changing the way Hawaii consumers experience video entertainment.”

Operating expenses, exclusive of depreciation and amortization, reorganization items and non-recurring costs, decreased 2 percent from the prior year to \$287.1 million, due to lower costs associated with various IT outsourcing contracts.

Capital expenditures totaled \$78.9 for the full year 2010, a decrease of 10 percent from \$87.5 million in 2009. The Company’s 2010 capital program included significant investments to enhance its broadband capabilities, develop important new product offerings to respond to market demand, and improve its systems and tools to enhance productivity.

At the end of 2010, the Company had \$81.6 million in cash and cash equivalents compared to \$96.6 million at the end of 2009. Net debt⁽³⁾ was \$218.4 million, resulting in a net debt to adjusted EBITDA ratio of 1.91x.

Fourth Quarter 2010 Results

Fourth quarter revenue was \$100.1 million, essentially stable year-over-year and the sixth consecutive quarter of approximately \$100 million in revenues, as the effect of access line losses was offset by growth from new products and data transport demand from wireless carriers. Adjusted EBITDA was \$27.1 million, an increase of 6 percent year-over-year, due primarily to lower operating expenses as a result of various cost improvement initiatives.

Fourth quarter local services revenue was \$37.5 million, down 9 percent from the same period a year ago, primarily due to year-over-year declines in access lines of 6 percent, as well as a reduction in average rate per unit of 3 percent.

Fourth quarter network access services revenue was \$33.8 million, up 7 percent from the same period a year ago, driven principally by an 18 percent year-over-year increase in special access revenue. Special access revenue growth is being driven by demand for wireless backhaul services as increased wireless data usage from smartphones and tablet devices is requiring wireless carriers to add additional network capacity.

Revenue from long distance services was \$8.4 million in the third quarter, down 7 percent from the same period a year ago, due to the 5 percent year-over-year decline in long distance lines, as well as a reduction in average rate per unit of 2 percent.

Fourth quarter HSI revenue was \$8.7 million, up 3 percent from the same period a year ago, driven by a 4 percent year-over-year increase in HSI subscribers, partially offset by a slight reduction in average rate per unit.

Operating expenses, exclusive of depreciation and amortization, reorganization items and non-recurring costs, decreased 2 percent to \$73.0 million, due to lower costs associated with various IT outsourcing contracts and a decline in bad debt costs associated with improved collections efforts, partially offset by increased direct cost of goods related to higher equipment sales.

Conference Call

The Company will host a conference call to discuss its fourth quarter and full year results at 11:00 a.m. (Eastern Time) or 5:00 a.m. (Hawaii Time) on Monday, March 28th, 2011.

To access the call, participants should dial (800) 299-7635 (US/Canada), or (617) 786-2901 (International) five minutes prior to the start of the call and enter passcode 29411944.

Live webcast of the conference call will be available from the Investor Relations section of the Company's website at <http://hawaiiantel.com>. The webcast will be archived at the same location.

A telephonic replay of the conference call will be available two hours after the conclusion of the call until 8:59 p.m. (Hawaii Time) April 3rd, 2011. Access the replay by dialing (888) 286-8010 and entering passcode 42035096. Alternatively, the replay can be accessed by dialing (617) 801-6888 and entering passcode 42035096.

Use of Non-GAAP Financial Measures

This press release contains information about adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), free cash flow, and net debt. These are non-GAAP financial measures used by Hawaiian Telcom management when evaluating results of operations and cash flow. Management believes these measures also provide users of the financial statements with additional and useful comparisons of current results of operations and cash flows with past and future periods. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. Detailed reconciliations of adjusted EBITDA, free cash flow and net debt to comparable GAAP financial measures have been included in the tables distributed with this release and are available in the Investor Relations section of www.hawaiiantel.com.

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", 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 Annual Report on Form 10-K. The information contained in this release is as of March 28, 2011. It is anticipated that subsequent events and developments will cause estimates to change.

About Hawaiian Telcom

Hawaiian Telcom Holdco, Inc., headquartered in Honolulu, is Hawaii's leading provider of integrated communications solutions for business and residential customers. With roots in Hawaii beginning in 1883, the Company offers a full range of services including voice, Internet, data, wireless, and advanced communication and network services supported by the reach and reliability of its network and Hawaii's only 24/7 state-of-the-art network operations center. With approximately 1,400 employees statewide sharing a commitment to innovation and a passion for delivering superior service, Hawaiian Telcom provides an Always OnSM customer experience. For more information, visit www.hawaiiantel.com.

⁽¹⁾ In connection with its emergence from bankruptcy on October 28, 2010, the Company adopted fresh-start reporting in accordance with generally accepted accounting principles. The adoption of fresh-start reporting results in the Company becoming a new entity for financial reporting purposes. Accordingly, the Company's financial condition and results of operations after October 31, 2010 are not comparable to its financial condition and results of

operations for periods prior to and on October 31, 2010. However, to provide a basis for comparison to prior year results, the Company has combined the results for (a) the one month ended October 31, 2010 with the two months ended December 31, 2010 and (b) the ten months ended October 31, 2010 with the two months ended December 31, 2010. In this press release references to “Predecessor” refer to the Company prior to and on October 31, 2010. References to “Successor” refer to the Company after October 31, 2010 after giving effect to the cancellation of existing common stock and issuance of new securities in accordance with the plan of reorganization and application of fresh-start reporting.

⁽²⁾ **Adjusted EBITDA** - EBITDA is defined as net income plus interest expense (net of interest income), income taxes, and depreciation and amortization. Adjusted EBITDA is EBITDA plus non-recurring 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, enhance comparability between periods and make operating decisions. Our use of adjusted EBITDA may not be comparable to similarly titled measures used by other companies in the telecommunications industry. A detailed reconciliation of adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) to comparable GAAP financial measures has been included in the tables distributed with this release

⁽³⁾ **Net debt** provides a useful measure of liquidity and financial health. The company defines net debt as the sum of the face amount of short-term and long-term debt and unamortized premium and/or discount, offset by cash and cash equivalents. A detailed reconciliation of net debt has been included in the tables distributed with this release.

Hawaiian Telcom Holdco, Inc.
Consolidated Statement of Operations
(Dollars in thousands, except per share amounts)

	Successor	Predecessor		
	Period from November 1 to December 31, 2010	Period from January 1 to October 31, 2010	For the Year Ended December 31,	
			2009	2008
Operating revenues	\$ 66,759	\$ 334,686	\$ 408,595	\$ 447,755
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	27,117	135,114	158,196	171,929
Selling, general and administrative	21,938	105,813	142,817	165,832
Depreciation and amortization	9,723	136,661	164,376	160,278
Restructuring	-	-	-	1,138
Total operating expenses	58,778	377,588	465,389	499,177
Operating income (loss)	7,981	(42,902)	(56,794)	(51,422)
Other income (expense):				
Interest expense (contractual interest was \$62,642 for the period from January 1 to October 31, 2010 and \$79,667 and \$93,787 for the years ended December 31, 2009 and 2008, respectively)	(4,329)	(23,398)	(30,089)	(89,467)
Loss on early extinguishment of debt	-	-	-	(3,456)
Loss on interest rate swaps	-	-	(3,967)	(8,875)
Interest income and other	16	74	136	1,484
Total other expense	(4,313)	(23,324)	(33,920)	(100,314)
Income (loss) before reorganization items and income tax benefit	3,668	(66,226)	(90,714)	(151,736)
Reorganization items - (income) expense	539	(251,674)	43,005	7,867
Income (loss) before income tax benefit	3,129	185,448	(133,719)	(159,603)
Income tax benefit	-	(346)	(2,985)	(956)
Net income (loss)	\$ 3,129	\$ 185,794	\$ (130,734)	\$ (158,647)
Net income (loss) per common share -				
Basic	\$ 0.31	\$ 434.10	\$ (305.45)	\$ (370.67)
Diluted	\$ 0.30	\$ 434.10	\$ (305.45)	\$ (370.67)
Weighted average shares used to compute net loss per common share -				
Basic	10,135,063	428,000	428,000	428,000
Diluted	10,302,542	428,000	428,000	428,000

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

	Successor December 31, 2010	Predecessor December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 81,647	\$ 96,550
Receivables, net	39,222	47,655
Material and supplies	8,431	3,871
Prepaid expenses	5,707	4,691
Other current assets	4,566	8,326
Total current assets	139,573	161,093
Property, plant and equipment, net	459,781	711,265
Deferred financing and other assets	3,367	9,456
Intangible assets, net	43,315	301,863
 Total assets	 \$ 646,036	 \$ 1,183,677
Liabilities and Stockholders' Equity (Deficiency)		
Liabilities not subject to compromise		
Current liabilities		
Accounts payable	\$ 24,162	\$ 30,972
Accrued expenses	28,752	27,950
Advance billings and customer deposits	14,948	13,954
Other current liabilities	2,810	5,075
Total current liabilities	70,672	77,951
Long-term debt	300,000	-
Employee benefit obligations	94,453	113,748
Other liabilities	2,119	4,658
Total liabilities not subject to compromise	467,244	196,357
Liabilities subject to compromise	-	1,167,584
Total liabilities	467,244	1,363,941
 Commitments and contingencies		
 Stockholders' equity (deficiency)		
New common stock, par value of \$0.01 per share, 245,000,000 shares authorized and 10,135,063 shares issued and outstanding		
	101	-
Old common stock, par value of \$0.01 per share, 480,000 shares authorized and 428,000 shares issued and cancelled		
	-	4
Additional paid-in capital	162,169	428,993
Accumulated other comprehensive income (loss)	13,393	(33,191)
Retained earnings (accumulated deficit)	3,129	(576,070)
Total stockholders' equity (deficiency)	178,792	(180,264)
 Total liabilities and stockholders' equity (deficiency)	 \$ 646,036	 \$ 1,183,677

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

	Successor	Predecessor		
	Period from November 1 to December 31, 2010	Period from January 1 to October 31, 2010	For the Year Ended December 31, 2009 2008	
Cash flows from operating activities:				
Net income (loss)	\$ 3,129	\$ 185,794	\$ (130,734)	\$ (158,647)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	9,723	136,661	164,376	160,278
Employee retirement benefits	1,463	(13,366)	11,244	12,872
Provision for uncollectibles	674	4,851	8,898	9,414
Loss on early extinguishment of debt	-	-	-	3,456
Loss on interest rate swaps	-	-	3,967	8,875
Interest cost added to loan principal	-	11,573	11,297	-
Reorganization items	539	(251,674)	43,005	7,867
Changes in operating assets and liabilities:				
Receivables	840	(2,961)	2,244	(2,819)
Material and supplies	(2,936)	(1,624)	2,391	338
Prepaid expenses and other current assets	4,626	(4,925)	(3,462)	(1,322)
Accounts payable and accrued expenses	(1,615)	(1,158)	5,964	32,547
Income taxes payable	-	-	-	(1,150)
Advance billings and customer deposits	(714)	1,708	(1,363)	(179)
Other current liabilities	174	413	72	(9,049)
Other, net	83	1,475	2,574	5,450
Net cash provided by operating activities before reorganization items	15,986	66,767	120,473	67,931
Operating cash flows used by reorganization items	(3,065)	(17,858)	(25,361)	(6,267)
Net cash provided by operating activities	12,921	48,909	95,112	61,664
Cash flows from investing activities:				
Capital expenditures	(21,235)	(57,659)	(87,537)	(73,250)
Transfer of segregated cash	-	-	-	271,464
Proceeds from sale of investments	-	-	-	1,200
Net cash provided by (used in) investing activities	(21,235)	(57,659)	(87,537)	199,414
Cash flows used in financing activities:				
Proceeds from stock issuance	-	2,161	-	-
Proceeds from issuance of debt	-	-	-	86,800
Repayment of debt	-	-	-	(265,000)
Other	-	-	-	(2,675)
Net cash provided by (used in) financing activities	-	2,161	-	(180,875)
Net change in cash and cash equivalents	(8,314)	(6,589)	7,575	80,203
Cash and cash equivalents, beginning of period	89,961	96,550	88,975	8,772
Cash and cash equivalents, end of period	\$ 81,647	\$ 89,961	\$ 96,550	\$ 88,975

Hawaiian Telcom Holdco, Inc.
Consolidated Annual Revenue by Category
(Dollars in thousands, unaudited)

	Combined		Successor		Predecessor		Year-over-Year Change	
	For the Year Ended December 31, 2010	For the Year Ended December 31, 2010	Period from November 1 to December 31, 2010	Period from January 1 to October 31, 2010	For the Year Ended December 31, 2009	For the Year Ended December 31, 2009	Amount	Percentage
Wireline Services								
Local services	\$ 155,982	\$ 25,004	\$ 130,978	\$ 172,094	\$ (16,112)		-9.4%	
Network access services	132,771	22,764	110,007	130,068	2,703		2.1%	
Long distance services	34,694	5,539	29,155	35,703	(1,009)		-2.8%	
High-Speed Internet and other Internet	34,302	5,949	28,353	33,864	438		1.3%	
Other services and sales	38,961	6,732	32,229	31,404	7,557		24.1%	
	396,710	65,988	330,722	403,133	(6,423)		-1.6%	
Other	4,735	771	3,964	5,462	(727)		-13.3%	
	<u>\$ 401,445</u>	<u>\$ 66,759</u>	<u>\$ 334,686</u>	<u>\$ 408,595</u>	<u>\$ (7,150)</u>		<u>-1.7%</u>	

Hawaiian Telcom Holdco, Inc.
Consolidated Quarterly Revenue by Category
(Dollars in thousands, unaudited)

	Combined		Successor		Predecessor		Quarter-over-Quarter Change	
	For the Quarter Ended December 31, 2010	For the Quarter Ended December 31, 2010	Period from November 1 to December 31, 2010	Period from October 1 to October 31, 2010	For the Quarter Ended December 31, 2009	For the Quarter Ended December 31, 2009	Amount	Percentage
Wireline Services								
Local services	\$ 37,505	\$ 25,004	\$ 12,501	\$ 41,265	\$ (3,760)		-9.1%	
Network access services	33,788	22,764	11,024	31,562	2,226		7.1%	
Long distance services	8,353	5,539	2,814	8,976	(623)		-6.9%	
High-Speed Internet and other Internet	8,685	5,949	2,736	8,394	291		3.5%	
Other services and sales	10,634	6,732	3,902	8,627	2,007		23.3%	
	98,965	65,988	32,977	98,824	141		0.1%	
Other	1,151	771	380	1,247	(96)		-7.7%	
	<u>\$ 100,116</u>	<u>\$ 66,759</u>	<u>\$ 33,357</u>	<u>\$ 100,071</u>	<u>\$ 45</u>		<u>0.0%</u>	

Hawaiian Telcom Holdco, Inc.
Schedule of Annual Adjusted EBITDA Calculation
(Dollars in thousands, unaudited)

	Successor	Predecessor	
	Period from November 1 to December 31, 2010	Period from January 1 to October 31, 2010	For the Year Ended December 31, 2009
Net income (loss)	\$ 3,129	\$ 185,794	\$ (130,734)
Income tax benefit	-	(346)	(2,985)
Interest expense and other income and expense, net	4,313	23,324	29,953
Loss on interest swaps	-	-	3,967
Reorganization items	539	(251,674)	43,005
Depreciation and amortization	9,723	136,661	164,376
EBITDA	17,704	93,759	107,582
Non-recurring costs	499	2,391	8,381
Adjusted EBITDA	18,203	\$ 96,150	\$ 115,963
Combined adjusted EBITDA for 2010	<u>\$ 114,353</u>		

Hawaiian Telcom Holdco, Inc.
Schedule of Quarterly Adjusted EBITDA Calculation
(Dollars in thousands, unaudited)

	Successor	Predecessor	
	Period from November 1 to December 31, 2010	Period from October 1 to October 31, 2010	For the Quarter Ended December 31, 2009
Net income (loss)	\$ 3,129	\$ 254,897	\$ (47,499)
Income tax benefit	-	-	(1,686)
Interest expense and other income and expense, net	4,313	2,335	7,564
Reorganization items	539	(258,975)	23,049
Depreciation and amortization	9,723	10,387	42,196
EBITDA	17,704	8,644	23,624
Non-recurring costs	499	286	1,864
Adjusted EBITDA	18,203	\$ 8,930	\$ 25,488
Combined adjusted EBITDA for Q4 2010	<u>\$ 27,133</u>		

Note:

In connection with its emergence from bankruptcy on October 28, 2010, the Company adopted fresh-start reporting in accordance with generally accepted accounting principles. The adoption of fresh-start reporting results in the Company becoming a new entity for financial reporting purposes. Accordingly, the Company's financial condition and results of operations after October 31, 2010 are not comparable to its financial condition and results of operations for periods prior to and on October 31, 2010. However, to provide a basis for comparison to prior year results, the Company has combined the results for (a) the one month ended October 31, 2010 with the two months ended December 31, 2010 and (b) the ten months ended October 31, 2010 with the two months ended December 31, 2010 to aid in the understanding of the Company's financial performance.

Hawaiian Telcom Holdco, Inc.
Total Net Debt to LTM Adjusted EBITDA Ratio
(Dollars in thousands, unaudited)

	For the Year Ended December 31, 2010
Long-term debt	\$ 300,000
Less cash on hand	(81,647)
Total net debt	\$ 218,353
Adjusted EBITDA for the last twelve months ended December 31, 2010	\$ 114,353
Total Net Debt to Adjusted EBITDA	1.91x

Hawaiian Telcom Holdco, Inc.
Volume Information
(unaudited)

	Successor	Predecessor		2010 vs. 2009		2009 vs. 2008	
	December 31, 2010	December 31, 2009	December 31, 2008	Change		Change	
				Number	Percentage	Number	Percentage
Switched access lines							
Residential	241,506	262,428	291,512	-20,922	-8.00%	-29,084	-10.00%
Business	194,890	202,649	213,676	-7,759	-3.80%	-11,027	-5.20%
Public	4,791	4,947	5,255	-156	-3.20%	-308	-5.90%
	441,187	470,024	510,443	-28,837	-6.10%	-40,419	-7.90%
High-Speed Internet lines							
Residential	81,770	79,256	78,028	2,514	3.20%	1,228	1.60%
Business	16,728	15,530	16,791	1,198	7.70%	-1,261	-7.50%
Wholesale	1,206	1,242	849	-36	-2.90%	393	46.30%
	99,704	96,028	95,668	3,676	3.80%	360	0.40%
Long distance lines							
Residential	147,983	158,354	167,628	-10,371	-6.50%	-9,274	-5.50%
Business	79,323	81,669	84,431	-2,346	-2.90%	-2,762	-3.30%
	227,306	240,023	252,059	-12,717	-5.30%	-12,036	-4.80%