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For Immediate Release**Hawaiian Telcom Reports Fourth Quarter and Full Year 2012 Results*****Strong Hawaiian Telcom TV Sales Drive Quarterly & Annual Consumer Revenue Growth
Third Consecutive Year of Profitability***

HONOLULU (Thursday, March 14, 2013) -- Hawaiian Telcom Holdco, Inc. (NASDAQ: HCOM) reported financial results for the fourth quarter and full year of 2012. The highlights of 2012 are as follows:

- Revenue was \$96.6 million for the fourth quarter and \$385.5 million for the year:
 - Consumer revenue increased quarter-over-quarter and for the full year 2012 driven by growth in video revenue of \$1.6 million and \$4.6 million, respectively.
 - *Hawaiian Telcom TV* subscriber penetration increased to approximately 15 percent of the 65,000 households enabled at year-end, up from approximately 14 percent of the 59,400 households enabled at the end of the third quarter.
 - Added approximately 1,800 high-speed Internet (“HSI”) subscribers during the quarter, ending the year with approximately 107,600 subscribers, up 4.2 percent year-over-year.
 - Business data revenue increased 6.4 percent and 4.5 percent year-over-year for the fourth quarter and full year, respectively, driven by growth in switched Ethernet, IP-VPN and dedicated Internet access revenue.
- Fourth quarter and full year 2012 Adjusted EBITDA⁽¹⁾ of \$33.3 million and \$122 million, grew \$3.5 million and \$0.9 million year-over-year, respectively. The fourth quarter 2012 included a \$2.5 million net settlement gain associated with the acquisition of Wavecom Solutions Corporation (“Wavecom”).
- Generated fourth quarter and full year 2012 net income of \$98.6 million and \$110.0 million, or \$9.21 and \$10.32 per diluted share, respectively. Both the fourth quarter and full year net income and earnings per share amounts were favorably impacted by a one-time, non-cash tax benefit of \$90.8 million to reverse the Company’s tax valuation allowance.
- Adjusting for the \$90.8 million one-time, non-cash tax benefit related to the reversal of the tax valuation allowance, fourth quarter and full year 2012 Pro-forma Net Income⁽²⁾ was \$7.8 million and \$19.2 million, or \$0.73 and \$1.80 per diluted share, respectively.
- On December 31, completed the acquisition of Wavecom for \$8.3 million, net of cash acquired and final purchase price adjustments.
- Ratified a new five-year collective bargaining agreement with IBEW 1357 on December 28, 2012.

“In 2012, we made solid progress in executing our strategic plan and investing in key growth areas of our business,” said Eric K. Yeaman, Hawaiian Telcom’s president and CEO. “We continued to invest in our broadband network, expanding the footprint of our *Hawaiian Telcom TV* service to over 65,000 households on Oahu in 2012 and increasing subscriber penetration to approximately 15 percent at year-end with over 25 percent penetration in certain neighborhoods. *Hawaiian Telcom TV* is generating great excitement and strong demand in its addressable market and was the key driver of quarterly and annual consumer revenue growth in 2012.”

“In the business channel, we leveraged our broadband network to deliver IP-based solutions like our hosted VoIP and broadband Internet bundle for small- and medium-sized businesses. We saw a two and one-half times increase in the number of customers on these products in 2012, which helped drive a 6.5 percent year-over-year increase in business HSI subscribers.

“In the wholesale channel, we continued to invest capital in Fiber-to-the-Tower projects enabling our participation in the growing demand for wireless broadband. We now have 230 cell sites completed with 160 additional sites under contract to

build, and are pursuing other opportunities, including leveraging the fiber infrastructure to target separate commercial opportunities.

“In 2013, we will continue investing in our broadband network to extend our footprint, and further expand and enhance the portfolio of products and services we can deliver to our customers. We have a strong set of assets and capabilities along with the right people and strategies to capitalize on the key opportunities that exist in our marketplace. I am confident in the Company’s growth prospects and our ability to drive long-term shareholder value,” concluded Yeaman.

Fourth Quarter 2012 Results

Fourth quarter revenue was \$96.6 million, compared to \$98.9 million in the fourth quarter of 2011. Revenue growth in the quarter, driven by video and HSI, was more than offset by a 5.7 percent decline in access lines and the decrease in equipment and managed services revenue. Adjusted EBITDA was \$33.3 million, compared to \$29.8 million in the fourth quarter of 2011. After adjusting for a \$2.5 million net settlement gain associated with the acquisition of Wavecom, Adjusted EBITDA increased 3.4 percent year-over-year. The increase was due primarily to lower operating expenses as a result of various cost improvement initiatives.

The fourth quarter of 2012 reflects a net benefit from income taxes of \$91.0 million, compared to a tax benefit of \$0.5 million for the fourth quarter of 2011. Included in the 2012 amount are one-time, non-cash tax benefits of \$90.8 million relating to the reduction of certain valuation allowances previously established with respect to deferred tax assets. Net income for the fourth quarter of 2012, including the aforementioned tax benefits, was \$98.6 million, or \$9.21 per diluted share. Excluding the one-time, non-cash tax benefit recorded in the fourth quarter of 2012, Pro-forma Net Income was \$7.8 million, or \$0.73 per diluted share, up from \$6.5 million, or \$0.63 per diluted share for the fourth quarter of 2011.

Consumer Revenue

Fourth quarter consumer revenue totaled \$35.0 million, up 4.0 percent year-over-year driven by revenue growth from the Company’s *Hawaiian Telcom TV* service. The revenue increase in its consumer channel from the same period a year ago marks a key inflection point and transformation in its growth profile from legacy to next-generation services.

Video service revenue grew to \$1.8 million for the quarter, up from \$0.2 million in the same period a year ago, driven by the addition of over 8,200 subscribers in 2012, ending the year with approximately 9,800 subscribers in service. For the quarter, approximately 6,200 additional homes were enabled, increasing the number of homes enabled to 65,000 at year-end, and subscriber penetration increased to approximately 15 percent, from approximately 14 percent at the end of the third quarter.

Consumer HSI revenue was also up from the same period a year ago, led by a 4.0 percent year-over-year increase in consumer HSI subscribers to approximately 88,000, which was primarily driven by high HSI pull-through rates for new video subscribers and increased standalone HSI additions. As of December 31, 2012, approximately 54 percent of total video subscribers had a triple-play and 91 percent had a double-play. Increases driven by next-generation consumer video and HSI services were offset by the decline in legacy consumer access and long distance lines of 8.8 percent and 7.6 percent, respectively.

Business Revenue

Fourth quarter business revenue totaled \$40.4 million, down \$2.4 million from the same period a year ago, primarily due to a \$1.8 million year-over-year decrease in equipment and managed services revenue, mostly related to the higher level of sales of customer premise equipment to a single customer in the fourth quarter of 2011 versus the fourth quarter of 2012. The decline in business revenue was also attributed to the 2.1 percent and 1.8 percent year-over-year secular decline in business access and long distance lines, respectively. These decreases were partially offset by a 6.4 percent year-over-year increase in business data revenue driven by demand for IP-based data services. Also contributing to the offset was higher business HSI revenue as a result of a 6.5 percent year-over-year increase in business HSI subscribers to approximately 18,600.

Wholesale Revenue

Fourth quarter wholesale revenue totaled \$17.8 million, down 4.9 percent from the same period a year ago. Wholesale carrier data revenue decreased 2.7 percent year-over-year to \$15.9 million, due primarily to special construction revenue related to wireless cell site builds. Switched carrier access revenue declined 14.6 percent year-over-year to \$2.0 million, largely attributable to the overall decline in access lines and minutes of use, as well as the impact of intercarrier compensation reform.

Operating Expenses, Capital Expenditures and Liquidity

Operating expenses, exclusive of depreciation and amortization, one-time charges and non-cash stock compensation, decreased 8.4 percent to \$63.3 million, primarily due to the \$2.5 million net settlement gain associated with the acquisition of Wavecom, decreased costs of goods related to lower equipment sales, as well as declines in wages, employee benefit costs, and costs related to various maintenance contracts, partially offset by increased direct cost of goods related to video.

Full Year 2012 Results

Revenue was \$385.5 million, compared to \$395.2 million for the prior year, as increases driven by growth from video, HSI and new IP-based business services, were more than offset by revenue declines as a result of access line losses and lower level of sales of customer premise equipment. Adjusted EBITDA was \$122.0 million, up 1 percent compared to \$121.1 million in 2011. The Company recorded net tax benefits totaling \$91.4 million in 2012, of which \$90.8 million represents a one-time, non-cash tax benefit recorded in connection with the release of certain valuation allowances discussed above. Full year 2011 included a tax benefit of \$1.3 million. Net income for the full year 2012, including the aforementioned tax benefits, was \$110.0 million, or \$10.32 per diluted share. Excluding the one-time, non-cash tax benefit recorded in the full year 2012, Pro Forma Net Income was \$19.2 million, or \$1.80 per diluted share, compared to \$26.2 million, or \$2.41 per diluted share for 2011.

Capital expenditures totaled \$77.7 million for the full year 2012, compared to \$78.0 million in 2011. The Company's capital program included significant investments to its broadband network infrastructure and expansion of video enabled households. Also included in 2012 investing activities was the acquisition of Wavecom for \$8.3 million, net of cash acquired and final purchase price adjustments.

At the end of 2012, the Company had \$67.0 million in cash and cash equivalents compared to \$82.1 million at the end of 2011. The reduction is primarily related to the cash used for the acquisition of Wavecom and the costs, net of interest savings, of approximately \$11 million associated with the refinancing of the Company's \$300 million term loan in February 2012. Net Debt⁽³⁾ was \$228.4 million, resulting in a Net Debt to Adjusted EBITDA ratio as of December 31, 2012 of 1.87x.

Conference Call

The Company will host a conference call to discuss its fourth quarter and full year 2012 results at 8:00 a.m. (Hawaii Time), or 2:00 p.m. (Eastern Time) on Thursday, March 14, 2013.

To access the call, participants should dial (866) 271-5140 (US/Canada), or (617) 213-8893 (International) ten minutes prior to the start of the call and enter passcode 81652079.

A live webcast of the conference call, including a slide presentation, 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 one hour after the conclusion of the call until 11:59 p.m. (Eastern Time) March 21, 2013. Access the replay by dialing (888) 286-8010 and entering passcode 75573813. Alternatively, the replay can be accessed by dialing (617) 801-6888 and entering passcode 75573813.

Use of Non-GAAP Financial Measures

This press release contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) and Net Debt. These are non-GAAP financial measures used by Hawaiian Telcom management when evaluating results of operations. Management believes these measures also provide users of the financial statements with additional and useful comparisons of current results of operations 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 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 2012 Annual Report on Form 10-K. The information contained in this release is as of March 14, 2013. It is anticipated that subsequent events and developments may 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, video, 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 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⁾ **Adjusted EBITDA** is EBITDA plus non-recurring costs not expected to occur regularly in the ordinary course of business. EBITDA is defined as net income plus interest expense (net of interest income and other), income taxes, depreciation and amortization, and non-cash stock compensation. 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 and 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.

⁽²⁾ **Pro-forma Net Income** is defined as net income adjusted for the one-time, non-cash item related to the tax benefit to reverse the tax valuation allowance. The Company believes this non-GAAP measure, Pro-forma Net Income, is a meaningful performance measure for investors because it is used by our Board and management to evaluate performance, enhance comparability between periods and make operating decisions. Our use of Pro-Forma Net Income may not be comparable to similarly titled measures used by other companies in the telecommunications industry. A detailed reconciliation of Pro-forma Net Income 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 Statements of Income
(Dollars in thousands, except per share amounts)

| | Successor | | | Predecessor |
|--|------------------------------------|------------|--|--|
| | For the Year Ended December 31, | | Period from November 1 to December 31, | Period from January 1 to October 31, |
| | 2012 | 2011 | 2010 | 2010 |
| Operating revenues | \$ 385,498 | \$ 395,156 | \$ 66,759 | \$ 334,686 |
| Operating expenses: | | | | |
| Cost of revenues (exclusive of depreciation and amortization) | 160,226 | 159,822 | 27,117 | 135,114 |
| Selling, general and administrative | 108,508 | 120,390 | 21,938 | 105,813 |
| Depreciation and amortization | 70,908 | 63,806 | 9,723 | 136,661 |
| Total operating expenses | 339,642 | 344,018 | 58,778 | 377,588 |
| Operating income (loss) | 45,856 | 51,138 | 7,981 | (42,902) |
| Other income (expense): | | | | |
| Interest expense (contractual interest was \$62,642 for the period from January 1 to October 31, 2010) | (22,183) | (25,339) | (4,329) | (23,398) |
| Loss on early extinguishment of debt | (5,112) | - | - | - |
| Interest income and other | 59 | 65 | 16 | 74 |
| Total other expense | (27,236) | (25,274) | (4,313) | (23,324) |
| Income (loss) before reorganization items and income tax benefit | 18,620 | 25,864 | 3,668 | (66,226) |
| Reorganization items - (income) expense | - | 1,050 | 539 | (251,674) |
| Income before income tax benefit | 18,620 | 24,814 | 3,129 | 185,448 |
| Income tax benefit | (91,362) | (1,341) | - | (346) |
| Net income | \$ 109,982 | \$ 26,155 | \$ 3,129 | \$ 185,794 |
| Net income per common share - | | | | |
| Basic | \$ 10.74 | \$ 2.58 | \$ 0.31 | \$ 434.10 |
| Diluted | \$ 10.32 | \$ 2.41 | \$ 0.30 | \$ 434.10 |
| Weighted average shares used to compute net income per common share - | | | | |
| Basic | 10,242,573 | 10,147,561 | 10,135,063 | 428,000 |
| Diluted | 10,660,647 | 10,843,542 | 10,302,542 | 428,000 |

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

| | December 31, | |
|--|--------------|------------|
| | 2012 | 2011 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 66,993 | \$ 82,063 |
| Receivables, net | 34,082 | 37,712 |
| Material and supplies | 11,352 | 8,190 |
| Prepaid expenses | 5,161 | 4,107 |
| Deferred income taxes, current | 5,727 | - |
| Other current assets | 2,181 | 2,127 |
| Total current assets | 125,496 | 134,199 |
| Property, plant and equipment, net | 507,197 | 482,371 |
| Intangible assets, net | 39,075 | 40,745 |
| Goodwill | 1,569 | - |
| Deferred income taxes | 102,680 | - |
| Other assets | 9,075 | 4,457 |
| | \$ 785,092 | \$ 661,772 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 3,000 | \$ 2,600 |
| Accounts payable | 36,351 | 24,785 |
| Accrued expenses | 20,537 | 23,811 |
| Advance billings and customer deposits | 15,185 | 14,672 |
| Other current liabilities | 3,961 | 3,649 |
| Total current liabilities | 79,034 | 69,517 |
| Long-term debt | 292,410 | 297,400 |
| Employee benefit obligations | 132,004 | 155,428 |
| Other liabilities | 4,784 | 3,231 |
| Total liabilities | 508,232 | 525,576 |
| Commitments and contingencies (Note 16) | | |
| Stockholders' equity | | |
| Common stock, par value of \$0.01 per share, 245,000,000 shares authorized and 10,291,897 and 10,190,526 shares issued and outstanding at December 31, 2012 and 2011, respectively | 103 | 102 |
| Additional paid-in capital | 165,941 | 164,328 |
| Accumulated other comprehensive loss | (28,450) | (57,518) |
| Retained earnings | 139,266 | 29,284 |
| Total stockholders' equity | 276,860 | 136,196 |
| Total liabilities and stockholders' equity | \$ 785,092 | \$ 661,772 |

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

| | Successor | | | Predecessor |
|--|--------------------|-----------|---------------|--------------|
| | For the Year Ended | | Period from | Period from |
| | December 31, | | November 1 to | January 1 to |
| | 2012 | 2011 | December 31, | October 31, |
| | | | 2010 | 2010 |
| Cash flows from operating activities: | | | | |
| Net income | \$ 109,982 | \$ 26,155 | \$ 3,129 | \$ 185,794 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| Depreciation and amortization | 70,908 | 63,806 | 9,723 | 136,661 |
| Employee retirement benefits | (11,933) | (9,920) | 1,463 | (13,366) |
| Stock based compensation | 1,872 | 2,135 | 109 | 65 |
| Provision for uncollectibles | 716 | 2,940 | 674 | 4,851 |
| Deferred income taxes | (90,827) | | | |
| Loss on early extinguishment of debt | 5,112 | - | - | - |
| Interest cost added to loan principal | - | - | - | 11,573 |
| Reorganization items | - | 1,050 | 539 | (251,674) |
| Changes in operating assets and liabilities: | | | | |
| Receivables | (724) | (2,930) | 840 | (2,961) |
| Material and supplies | (3,161) | 240 | (2,936) | (1,624) |
| Prepaid expenses and other current assets | (1,109) | 4,039 | 4,626 | (4,925) |
| Accounts payable and accrued expenses | 3,255 | (6,058) | (1,615) | (1,158) |
| Advance billings and customer deposits | 424 | (276) | (714) | 1,708 |
| Other current liabilities | 269 | 1,421 | 174 | 413 |
| Other, net | 1,676 | (990) | (26) | 1,410 |
| Net cash provided by operating activities before reorganization items | 86,460 | 81,612 | 15,986 | 66,767 |
| Operating cash flows used by reorganization items | - | (2,393) | (3,065) | (17,858) |
| Net cash provided by operating activities | 86,460 | 79,219 | 12,921 | 48,909 |
| Cash flows from investing activities: | | | | |
| Capital expenditures | (77,713) | (77,992) | (21,235) | (57,659) |
| Acquisition of Wavecom, net of cash acquired | (8,343) | - | - | - |
| Proceeds on sale of investments | 746 | - | - | - |
| Net cash used in investing activities | (85,310) | (77,992) | (21,235) | (57,659) |
| Cash flows from financing activities: | | | | |
| Repayment of debt including premium | (306,750) | - | - | - |
| Proceeds from borrowing | 295,500 | - | - | - |
| Loan refinancing costs | (4,130) | - | - | - |
| Proceeds from stock issuance | - | 49 | - | 2,161 |
| Repayments of capital lease | (582) | (582) | - | - |
| Revolving loan refinancing costs | - | (253) | - | - |
| Taxes paid related to net share settlement on equity awards | (258) | (25) | - | - |
| Net cash provided by (used in) financing activities | (16,220) | (811) | - | 2,161 |
| Net change in cash and cash equivalents | (15,070) | 416 | (8,314) | (6,589) |
| Cash and cash equivalents, beginning of period | 82,063 | 81,647 | 89,961 | 96,550 |
| Cash and cash equivalents, end of period | \$ 66,993 | \$ 82,063 | \$ 81,647 | \$ 89,961 |

Hawaiian Telcom Holdco, Inc.
Revenue by Category and Channel
(Unaudited, dollars in thousands)

For Three Months

| | For Three Months Ended | | Change | |
|--------------------------------|------------------------|------------------|-------------------|--------------|
| | December 31, | | Amount | Percentage |
| | 2012 | 2011 | | |
| Wireline Services | | | | |
| Local voice services | \$ 34,668 | \$ 35,941 | \$ (1,273) | -3.5% |
| Network access services | | | | |
| Business data | 4,794 | 4,507 | 287 | 6.4% |
| Wholesale carrier data | 15,882 | 16,324 | (442) | -2.7% |
| Subscriber line access charge | 9,674 | 9,792 | (118) | -1.2% |
| Switched carrier access | 2,022 | 2,369 | (347) | -14.6% |
| | <u>32,372</u> | <u>32,992</u> | <u>(620)</u> | <u>-1.9%</u> |
| Long distance services | 6,617 | 7,517 | (900) | -12.0% |
| High-Speed Internet | 9,375 | 8,960 | 415 | 4.6% |
| Video | 1,823 | 202 | 1,621 | NA |
| Equipment and managed services | 7,814 | 9,574 | (1,760) | -18.4% |
| Other | 3,153 | 2,685 | 468 | 17.4% |
| | <u>95,822</u> | <u>97,871</u> | <u>(2,049)</u> | <u>-2.1%</u> |
| Wireless | 766 | 995 | (229) | -23.0% |
| | <u>\$ 96,588</u> | <u>\$ 98,866</u> | <u>\$ (2,278)</u> | <u>-2.3%</u> |
| Channel | | | | |
| Business | \$ 40,442 | \$ 42,849 | \$ (2,407) | -5.6% |
| Consumer | 34,987 | 33,644 | 1,343 | 4.0% |
| Wholesale | 17,770 | 18,693 | (923) | -4.9% |
| Other | 3,389 | 3,680 | (291) | -7.9% |
| | <u>\$ 96,588</u> | <u>\$ 98,866</u> | <u>\$ (2,278)</u> | <u>-2.3%</u> |

For Twelve Months

| | For the Year Ended | | Change | |
|--------------------------------|--------------------|-------------------|-------------------|--------------|
| | December 31, | | Amount | Percentage |
| | 2012 | 2011 | | |
| Wireline Services | | | | |
| Local voice services | \$ 141,352 | \$ 146,921 | \$ (5,569) | -3.8% |
| Network access services | | | | |
| Business data | 18,946 | 18,133 | 813 | 4.5% |
| Wholesale carrier data | 63,192 | 64,589 | (1,397) | -2.2% |
| Subscriber line access charge | 38,885 | 39,857 | (972) | -2.4% |
| Switched carrier access | 8,883 | 9,833 | (950) | -9.7% |
| | <u>129,906</u> | <u>132,412</u> | <u>(2,506)</u> | <u>-1.9%</u> |
| Long distance services | 27,959 | 31,945 | (3,986) | -12.5% |
| High-Speed Internet | 36,323 | 35,426 | 897 | 2.5% |
| Video | 4,883 | 269 | 4,614 | NA |
| Equipment and managed services | 31,418 | 33,274 | (1,856) | -5.6% |
| Other | 10,321 | 10,638 | (317) | -3.0% |
| | <u>382,162</u> | <u>390,885</u> | <u>(8,723)</u> | <u>-2.2%</u> |
| Wireless | 3,336 | 4,271 | (935) | -21.9% |
| | <u>\$ 385,498</u> | <u>\$ 395,156</u> | <u>\$ (9,658)</u> | <u>-2.4%</u> |
| Channel | | | | |
| Business | \$ 163,923 | \$ 168,262 | \$ (4,339) | -2.6% |
| Consumer | 137,765 | 137,563 | 202 | 0.1% |
| Wholesale | 71,673 | 74,422 | (2,749) | -3.7% |
| Other | 12,137 | 14,909 | (2,772) | -18.6% |
| | <u>\$ 385,498</u> | <u>\$ 395,156</u> | <u>\$ (9,658)</u> | <u>-2.4%</u> |

Hawaiian Telcom Holdco, Inc.
Schedule of Adjusted EBITDA Calculation
(Unaudited, dollars in thousands)

| | For Three Months Ended | | For the Year Ended | |
|--|------------------------|------------------|--------------------|-------------------|
| | December 31, | | December 31, | |
| | 2012 | 2011 | 2012 | 2011 |
| Net income | \$ 98,639 | \$ 6,511 | \$ 109,982 | \$ 26,155 |
| Income tax benefit | (91,016) | (528) | (91,362) | (1,341) |
| Interest expense and other income and expense, net | 5,262 | 6,467 | 27,236 | 25,274 |
| Reorganization items | - | 170 | - | 1,050 |
| Depreciation and amortization | 18,943 | 16,203 | 70,908 | 63,806 |
| Non-cash stock compensation | 529 | 646 | 1,872 | 2,135 |
| EBITDA | <u>32,357</u> | <u>29,469</u> | <u>118,636</u> | <u>117,079</u> |
| Non-recurring costs | 910 | 386 | 2,565 | 1,890 |
| Severance and lease termination costs | <u>-</u> | <u>(98)</u> | <u>752</u> | <u>2,102</u> |
| Adjusted EBITDA | <u>\$ 33,267</u> | <u>\$ 29,757</u> | <u>\$ 121,953</u> | <u>\$ 121,071</u> |

Hawaiian Telcom Holdco, Inc.
Schedule of Pro-forma Net Income Calculation
(Unaudited, dollars in thousands)

| | For Three Months Ended | For The Year Ended |
|---|------------------------|--------------------|
| | December 31, 2012 | December 31, 2012 |
| Net income | \$ 98,639 | \$ 109,982 |
| Less one-time tax benefits | <u>(90,826)</u> | <u>(90,826)</u> |
| Pro-forma net income | <u>\$ 7,813</u> | <u>\$ 19,156</u> |
| Pro-forma net income per common share - | | |
| Basic | <u>\$ 0.76</u> | <u>\$ 1.87</u> |
| Diluted | <u>\$ 0.73</u> | <u>\$ 1.80</u> |

Hawaiian Telcom Holdco, Inc.
Net Debt to LTM Adjusted EBITDA Ratio
(Unaudited, dollars in thousands)

| | |
|---|-------------------|
| Long-term debt as of December 31, 2012 | \$ 295,410 |
| Less cash on hand | <u>(66,993)</u> |
| Total Net Debt as of December 31, 2012 | <u>\$ 228,417</u> |
| LTM Adjusted EBITDA as of December 31, 2012 | \$ 121,953 |
| Total Net Debt to Adjusted EBITDA | 1.87x |

Hawaiian Telcom Holdco, Inc.
Volume Information
(Unaudited)

| | December 31, | | | 2012 vs. 2011 | | 2011 vs. 2010 | |
|----------------------------------|----------------|----------------|----------------|-----------------|---------------|-----------------|---------------|
| | 2012 | 2011 | 2010 | Number | Percentage | Number | Percentage |
| Voice access lines | | | | | | | |
| Residential | 203,330 | 223,009 | 241,506 | (19,679) | (8.8)% | (18,497) | (7.7)% |
| Business | 185,142 | 189,035 | 194,890 | (3,893) | (2.1)% | (5,855) | (3.0)% |
| Public | 4,405 | 4,623 | 4,791 | (218) | (4.7)% | (168) | (3.5)% |
| | <u>392,877</u> | <u>416,667</u> | <u>441,187</u> | <u>(23,790)</u> | <u>(5.7)%</u> | <u>(24,520)</u> | <u>(5.6)%</u> |
| High-Speed Internet lines | | | | | | | |
| Residential | 88,016 | 84,634 | 81,770 | 3,382 | 4.0% | 2,864 | 3.5% |
| Business | 18,575 | 17,442 | 16,728 | 1,133 | 6.5% | 714 | 4.3% |
| Wholesale | 1,020 | 1,156 | 1,206 | (136) | (11.8)% | (50) | (4.1)% |
| | <u>107,611</u> | <u>103,232</u> | <u>99,704</u> | <u>4,379</u> | <u>4.2%</u> | <u>3,528</u> | <u>3.5%</u> |
| Long distance lines | | | | | | | |
| Residential | 126,551 | 136,921 | 147,983 | (10,370) | (7.6)% | (11,062) | (7.5)% |
| Business | 74,781 | 76,160 | 79,323 | (1,379) | (1.8)% | (3,163) | (4.0)% |
| | <u>201,332</u> | <u>213,081</u> | <u>227,306</u> | <u>(11,749)</u> | <u>(5.5)%</u> | <u>(14,225)</u> | <u>(6.3)%</u> |
| Video | | | | | | | |
| Subscribers | 9,829 | 1,620 | - | 8,209 | 506.7% | 1,620 | NA |
| Homes Enabled | 65,000 | 27,400 | - | 37,600 | 137.2% | 27,400 | NA |