

Hawaiian Telcom

4th Quarter & Full Year 2010 Earnings Conference Call

March 28, 2011

Agenda

➤ Company Overview

Eric Yeaman
President & CEO

➤ Operational & Financial Review

Robert Reich
SVP & CFO

➤ Q & A

Presented Information

In addition to historical information, this presentation 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.

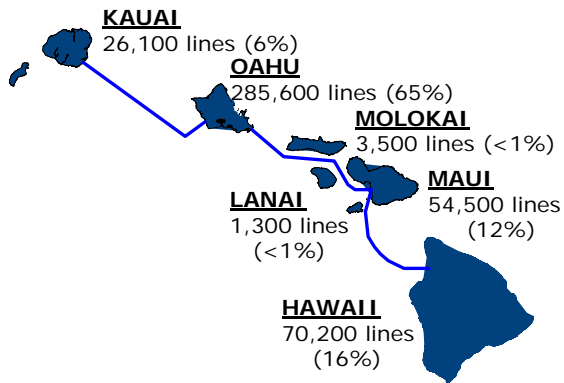
More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Hawaiian Telcom’s Annual Report on Form 10-K. The information contained in this presentation is as of March 28, 2011. It is anticipated that subsequent events and developments will cause estimates to change.

Company Overview

Eric Yeaman, President & CEO

Company Overview

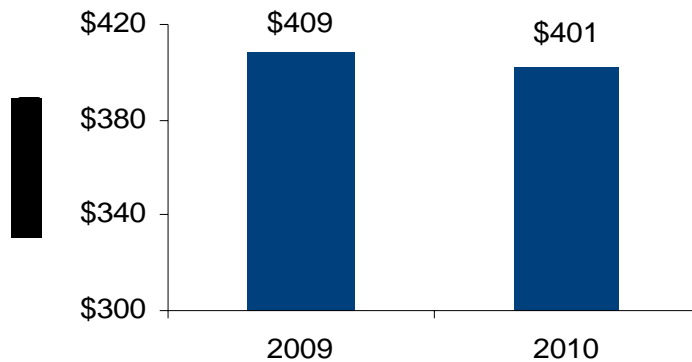
10th Largest ILEC in the Country; Operating Exclusively in Hawaii



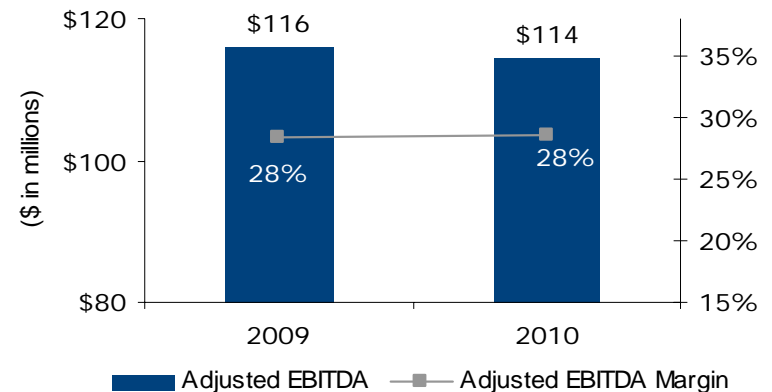
- Hawaiian Telcom (“HT”) is the incumbent local exchange carrier (“ILEC”) for the state of Hawaii and has been operating for more than 125 years.
- As of December 31, 2010, HT served approximately 242,000 residential access lines, 200,000 business access lines, and 100,000 high-speed Internet (“HSI”) subscribers.
- As of December 31, 2010, the Company had 1,431 employees (57% hourly, 43% salary).

Note: Per island switched access count as of 12/31/10

Total Revenue



Adjusted EBITDA & Margin



Update on Company Events

Emergence from Chapter 11

New Board of Directors Seated

Filed Video Franchise Application

Status of NASDAQ Listing

Key Accomplishments

Corporate Culture

- Defined & Energized Mission, Vision & Values



- Company-wide employee engagement
 - Over 90% of employees understand and support the Mission, Vision & Values

Network

- Transformed the network



- Deployed next-gen network
 - Statewide MPLS footprint
 - Increased reach and speed of our broadband capabilities

Systems

- Improved automation & reduced costs



- Orders in process are down 80%
- Data center consolidation saves \$9M over 5 years

Products

- Launched new products



- Four new next-gen services launched
 - Ethernet, IP-VPN, BVoIP, and Managed Services
- IPTV ready for commercial launch

Restructuring

- Restructured the balance sheet



- Improved financial flexibility
 - Eliminated \$500M of bond debt
 - Converted \$575M of bank debt to \$300M

Stabilized Business and Positioned Company for Growth

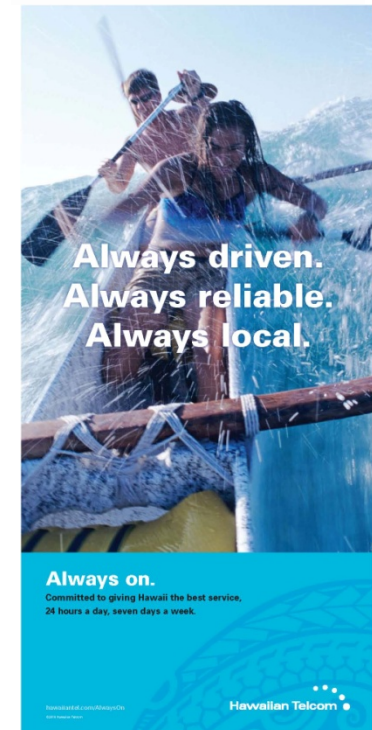
Company Strengths

Strong Local Presence

Advanced Network Infrastructure

Attractive Market Opportunity

Solid Management Team



Strategy to Profitably Grow the Business

Business

- Retain, Upsell and Acquire Customers via IP-Based Services
- Transition to Integrated Solutions Provider

Consumer

- Enhance Broadband Capabilities
- Deliver IPTV
- Win the Home

Wholesale

- Enhance Customer Relationships
- Maximize Wireless Backhaul Opportunities

Deliver Superior Service

Improve Financial Performance

Operational & Financial Review

Robert Reich, SVP & CFO

Hawaii Economic Outlook

Economy Showing Signs of Improvement

Tourism Industry Leading Recovery

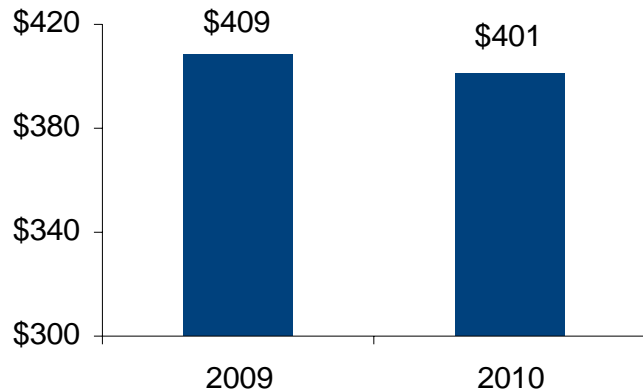
APEC Meeting and Rail Project

Statewide Unemployment Stable

Full Year Revenue & Adjusted EBITDA

(\$ in millions)

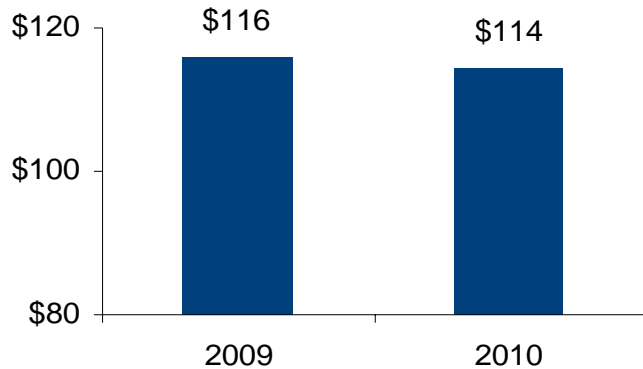
Total Revenue



➤ Stable revenues

- Full year 2010 revenues \$401M
- Growth from IP-based services and wireless backhaul

Adjusted EBITDA



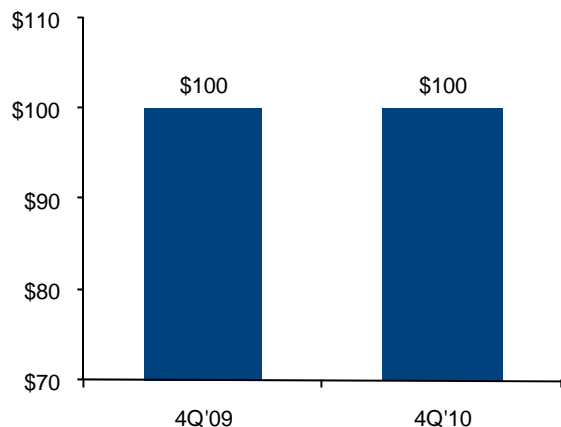
➤ Adjusted EBITDA down 1% Y/Y

- Access line loss driving decline
- Offset by cost saving initiatives

Quarterly Revenue & Adjusted EBITDA

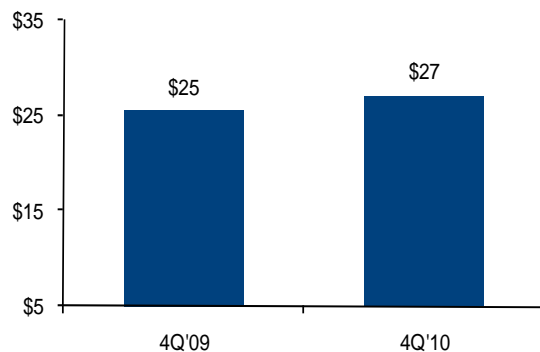
(\$ in millions)

Total Revenue



- Fourth quarter revenues \$100M
 - Sixth consecutive quarter of stable revenue performance

Adjusted EBITDA

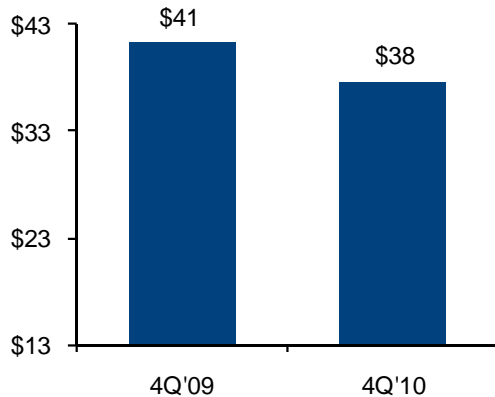


- Adjusted EBITDA up \$2M Y/Y
 - 27% margin, up from 25% in 4Q 09
 - Lower costs from renegotiated IT outsourcing contracts

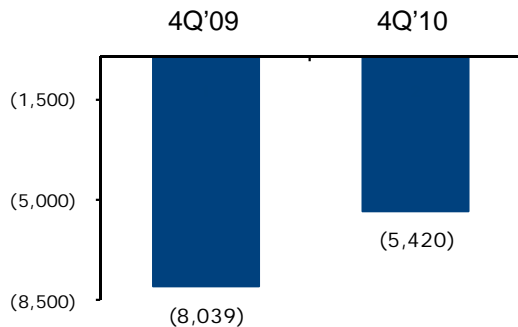
Local Services

(\$ in millions)

Local Services Revenue



Access Line – Quarterly Net Change

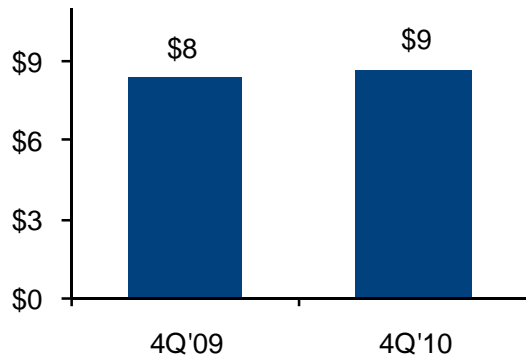


- Local revenues down 9% Y/Y
 - Continued secular pressures
- 5.4K access line loss in 4Q 10
 - Down from 8K in 4Q 09
- 6% access line loss Y/Y
 - Down from 8% Y/Y in 2009
 - 8% residential line loss; down from 10% Y/Y in 2009
 - 3% business line loss; down from 5% Y/Y in 2009
- 4,900 bundles added in 4Q 10
 - Attractive bundles and retention initiatives drive improved results

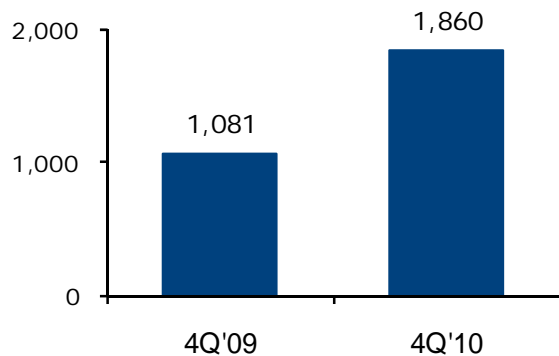
High-Speed Internet

(\$ in millions)

High-Speed Internet Revenue



HSI Line – Quarterly Net Change

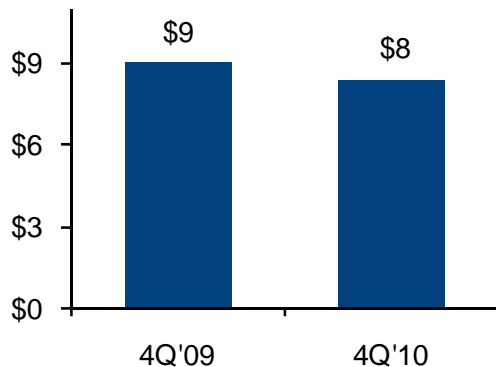


- HSI revenues up 3% Y/Y
 - Driven by subscriber growth
- Approximately 100K subscribers
 - 4% HSI growth Y/Y
 - 25% penetration of primary access lines
- 1/3 of HSI subscribers have service in higher-speed tiers
 - Nearly double from 17% a year-ago

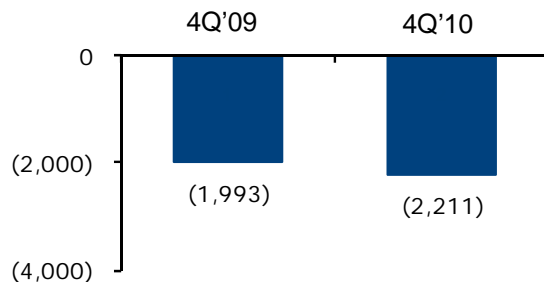
Long Distance Services

(\$ in millions)

Long Distance Services Revenue



LD Line – Quarterly Net Change



➤ LD revenues down 7% Y/Y

- Continued secular pressures

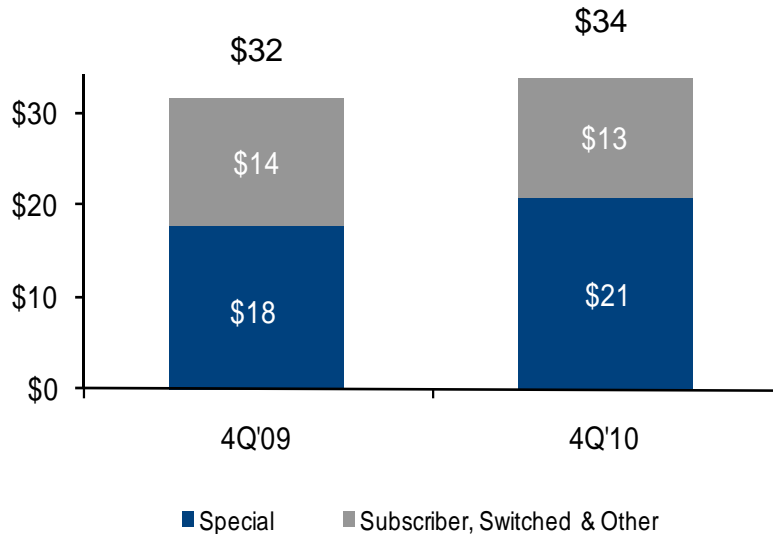
➤ 5% LD line loss

- Consistent with 5% line loss Y/Y in 2009
- 6.5% residential line loss; up from 5.5% Y/Y in 2009
- 2.9% business line loss; slight improvement from 3.3% Y/Y in 2009

Network Access Services

(\$ in millions)

Network Access Services Revenue

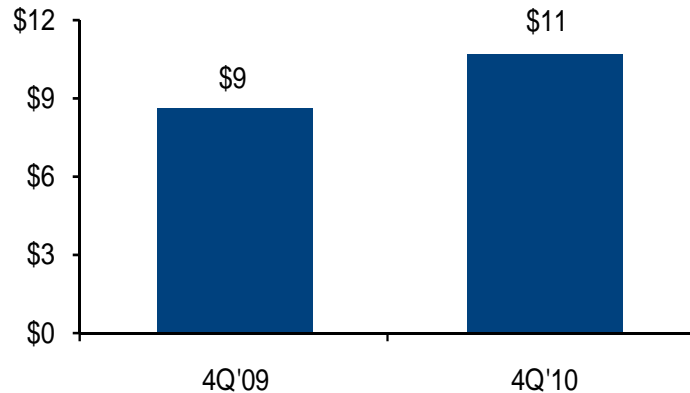


- Network Access revenue up 7% Y/Y
- Special Access revenue up 18% Y/Y
 - 60% of network access services revenue
 - Growth driven primarily by wireless backhaul and new IP-based data services
- Subscriber, Switched & Other Access revenue down 7% Y/Y
 - Decline driven primarily by access line erosion

Other Services & Sales

(\$ in millions)

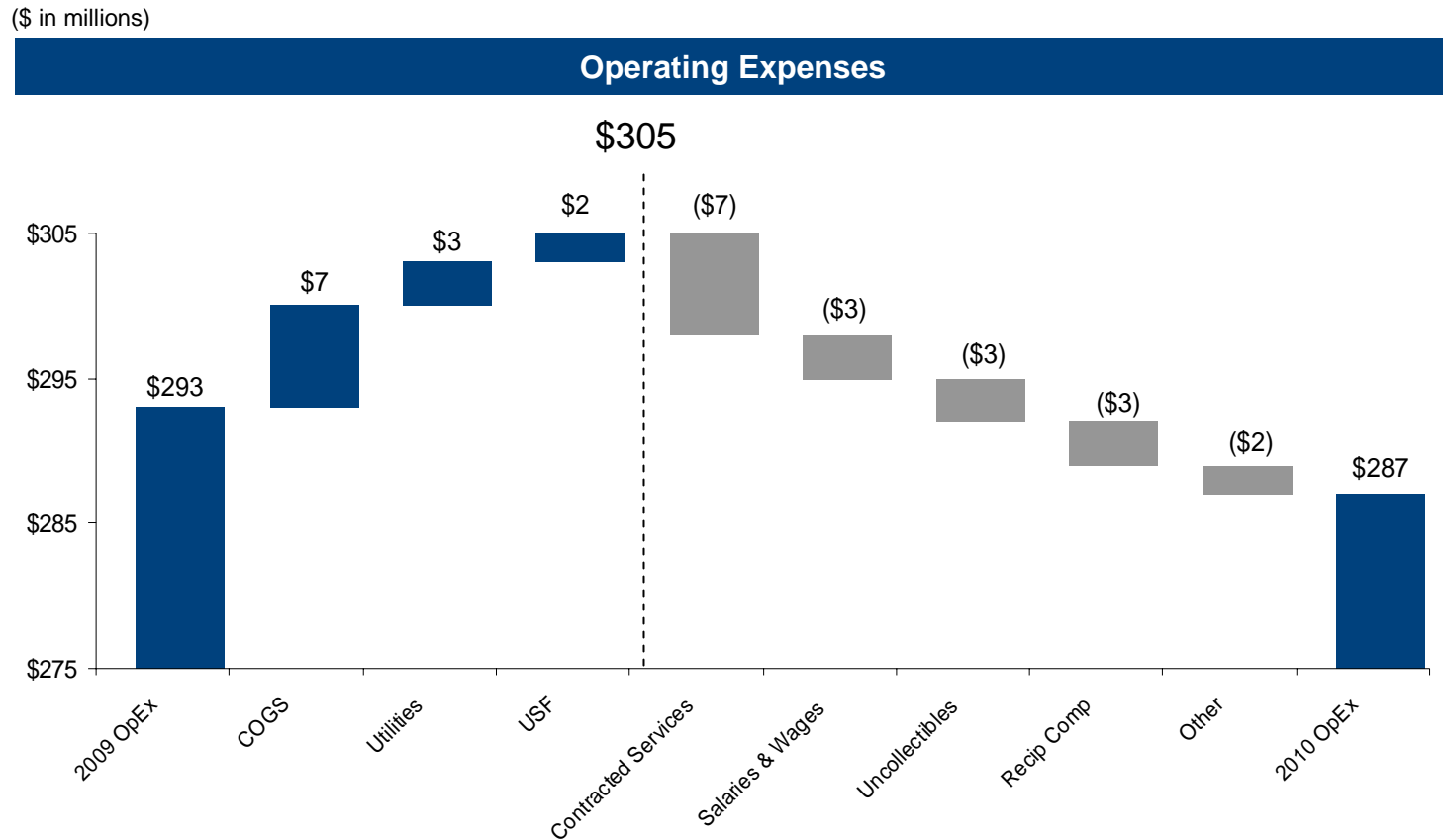
Other Services & Sales Revenue



➤ Other services & sales revenue up \$2M Y/Y

- Economic recovery resulting in higher customer spending
- Increase driven primarily by equipment installation for the State of Hawaii
- Provides Managed Services opportunities

Operating Expenses

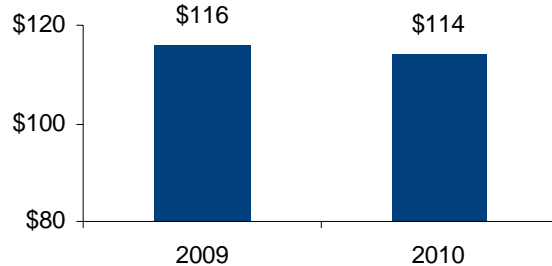


- Overall operating expense reductions totaling more than \$18 million more than offset annual cost increases

EBITDA & Non-Recurring

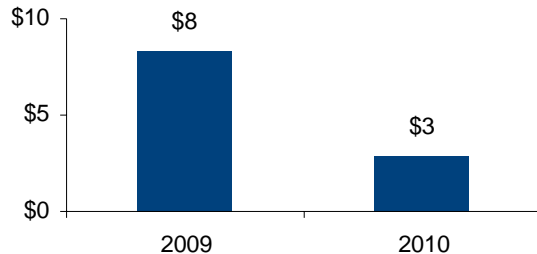
(\$ in millions)

Adjusted EBITDA



➤ Adjusted EBITDA down 1% Y/Y

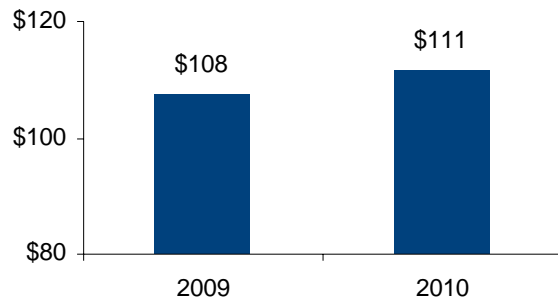
Non-Recurring Costs



➤ Non-recurring costs down over \$5M Y/Y

- Continuing to reduce outside contractor costs

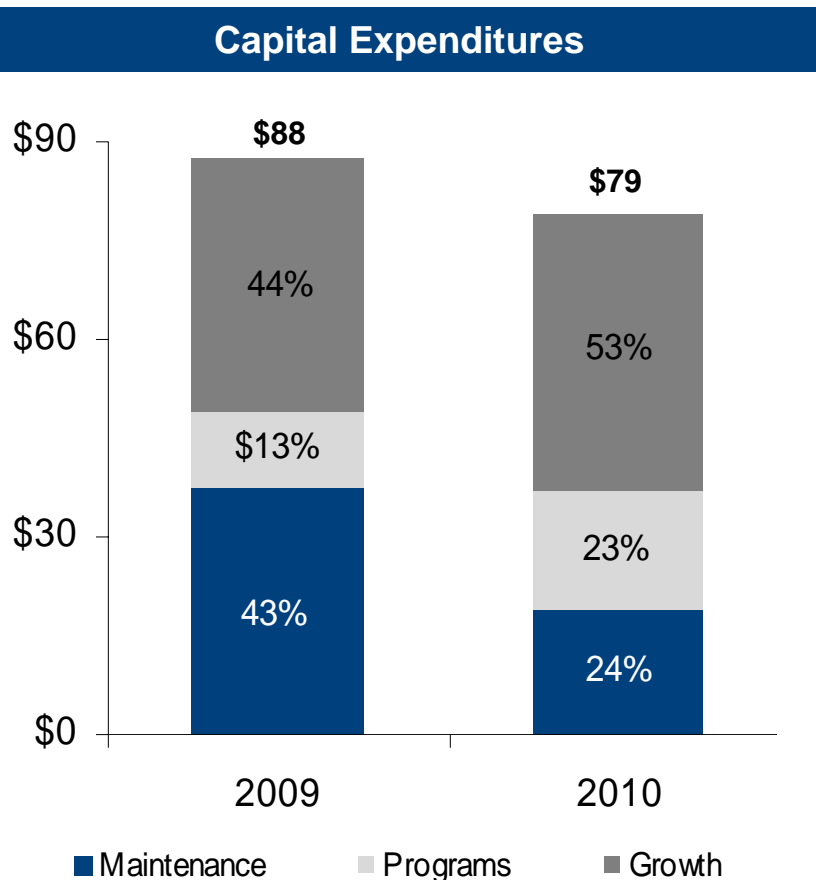
EBITDA



➤ EBITDA increased 4% Y/Y

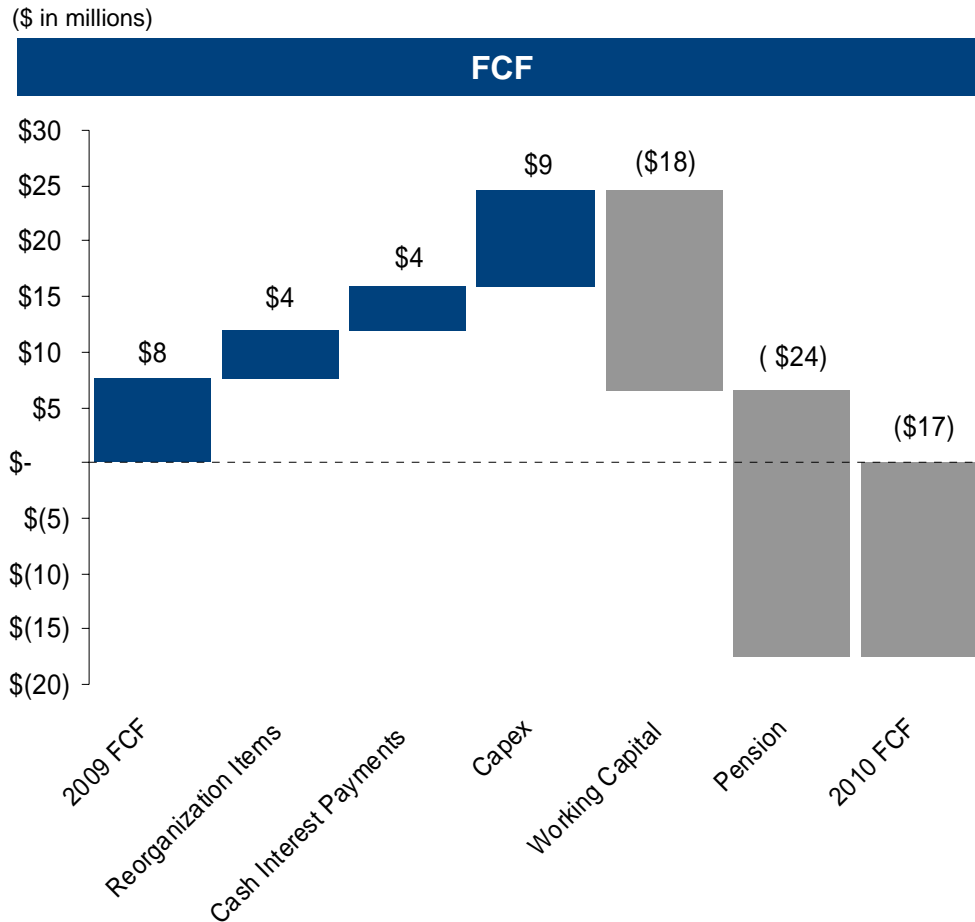
Capital Expenditures

(\$ in millions)



- Overall \$9M reduction in capital expenditures, or 10% Y/Y
- Significant shift from legacy maintenance cap-ex
 - Programs - enhancing the network and systems to position the Company for long-term success
 - Growth - projects to support revenue enhancing opportunities
- 2011 capital program expected to be comparable to 2010

Free Cash Flow



➤ 2010 YTD FCF of (\$17M)

- \$4M decrease in costs related to bankruptcy
- \$4M in lower interest payments
- \$9M reduction in capital spending
- (\$18M) decrease from working capital
- (\$24M) decrease from pension contributions

Q&A
