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

FORM 10-Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to _______

Commission File Number: 001-34686

Hawaiian Telcom Holdco, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**16-1710376**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer [ ]	Accelerated Filer [X]	Non-Accelerated Filer [ ] (Do not check if smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [X] No [ ]

As of November 3, 2016, 11,513,279 shares of the registrant’s common stock were outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Hawaiian Telcom Holdco, Inc.
Condensed Consolidated Statements of Income (Loss)
(Unaudited, dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating revenues	$ 97,848	$ 100,905	$ 296,183	$ 294,208
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	41,903	41,013	124,987	120,415
Selling, general and administrative	29,206	33,146	88,625	92,645
Depreciation and amortization	23,036	22,551	67,479	65,772
Total operating expenses	94,145	96,710	281,091	278,832
Operating income	3,703	4,195	15,092	15,376
Other income (expense):				
Interest expense	(4,156)	(4,148)	(12,879)	(12,651)
Interest income and other	—	4	—	15
Total other expense	(4,156)	(4,144)	(12,879)	(12,636)
Income (loss) before income tax provision (benefit)	(453)	51	2,213	2,740
Income tax provision (benefit)	(174)	(54)	892	1,204
Net income (loss)	$ (279)	$ 105	$ 1,321	$ 1,536
Net income (loss) per common share -				
Basic	$ (0.02)	$ 0.01	$ 0.11	$ 0.14
Diluted	$ (0.02)	$ 0.01	$ 0.11	$ 0.14
Weighted average shares used to compute net income (loss) per common share -				
Basic	11,512,280	11,040,299	11,499,947	10,844,478
Diluted	11,512,280	11,318,641	11,539,828	11,275,655

See accompanying notes to condensed consolidated financial statements.

Hawaiian Telcom Holdco, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited, dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Net income (loss)	$ (279)	$ 105	$ 1,321	$ 1,536
Other comprehensive loss:				
Unrealized holding loss arising during period	—	(1)	—	(1)
Retirement plan loss	(8,674)	(8,786)	(8,179)	(6,711)
Income tax benefit on comprehensive loss	3,315	3,357	3,126	2,565
Other comprehensive loss, net of tax	(5,359)	(5,430)	(5,053)	(4,147)
Comprehensive loss	$ (5,638)	$ (5,325)	$ (3,732)	$ (2,611)

See accompanying notes to condensed consolidated financial statements.

Hawaiian Telcom Holdco, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, dollars in thousands, except per share amounts)

	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 20,650	$ 30,312
Receivables, net	28,488	32,736
Material and supplies	8,217	8,499
Prepaid expenses	5,343	4,068
Other current assets	2,666	2,102
Total current assets	65,364	77,717
Property, plant and equipment, net	593,370	579,107
Intangible assets, net	33,254	34,828
Goodwill	12,104	12,104
Deferred income taxes, net	91,610	89,896
Other assets	5,985	6,043
Total assets	$ 801,687	$ 799,695
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	$ 3,000	$ 3,000
Accounts payable	50,844	44,841
Accrued expenses	15,656	14,491
Advance billings and customer deposits	15,324	17,551
Other current liabilities	6,070	5,932
Total current liabilities	90,894	85,815
Long-term debt	281,927	283,046
Employee benefit obligations	106,346	104,597
Other liabilities	17,185	18,538
Total liabilities	496,352	491,996
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, par value of $0.01 per share, 245,000,000 shares authorized and 11,512,502 and 11,466,398 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	115	115
Additional paid-in capital	179,387	178,019
Accumulated other comprehensive loss	(34,441)	(29,388)
Retained earnings	160,274	158,953
Total stockholders' equity	305,335	307,699
Total liabilities and stockholders' equity	$ 801,687	$ 799,695

See accompanying notes to condensed consolidated financial statements.

Hawaiian Telcom Holdco, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, dollars in thousands)

	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities:		
Net income	$ 1,321	$ 1,536
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,479	65,772
Deferred financing amortization	1,533	1,436
Employee retirement benefits	(6,430)	(3,315)
Provision for uncollectible receivables	2,908	2,640
Stock based compensation	1,722	1,087
Deferred income taxes	1,412	1,633
Changes in operating assets and liabilities:		
Receivables	1,340	(3,558)
Material and supplies	282	211
Prepaid expenses and other current assets	(1,839)	(2,538)
Accounts payable and accrued expenses	6,067	(3,222)
Advance billings and customer deposits	(2,227)	4,054
Other current liabilities	(600)	(693)
Other	(22)	552
Net cash provided by operating activities	72,946	65,595
Cash flows from investing activities:		
Capital expenditures	(78,334)	(76,732)
Funds released from restricted cash account	—	400
Net cash used in investing activities	(78,334)	(76,332)
Cash flows from financing activities:		
Proceeds from exercise of warrant	—	3,342
Proceeds from installment financing	1,698	2,779
Repayment of capital lease and installment financing	(2,680)	(3,083)
Repayment of debt	(2,250)	(2,250)
Refinancing and loan amendment costs	(688)	(150)
Taxes paid related to net share settlement of equity awards	(354)	(941)
Net cash used in financing activities	(4,274)	(303)
Net change in cash and cash equivalents	(9,662)	(11,040)
Cash and cash equivalents, beginning of period	30,312	39,885
Cash and cash equivalents, end of period	$ 20,650	$ 28,845
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$ 9,938	$ 11,234

See accompanying notes to condensed consolidated financial statements.

Hawaiian Telcom Holdco, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Equity
(Unaudited, dollars in thousands)

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Earnings	Equity
Balance, January 1, 2016	11,466,398	$ 115	$ 178,019	$ (29,388)	$ 158,953	$ 307,699
Stock based compensation	—	—	1,722	—	—	1,722
Common stock issued for stock compensation plans, net of shares withheld and withholding paid for employee taxes	46,104	—	(354)	—	—	(354)
Net income	—	—	—	—	1,321	1,321
Other comprehensive loss, net of tax	—	—	—	(5,053)	—	(5,053)
Balance, September 30, 2016	11,512,502	$ 115	$ 179,387	$ (34,441)	$ 160,274	$ 305,335
Balance, January 1, 2015	10,673,292	$ 107	$ 170,521	$ (23,947)	$ 157,853	$ 304,534
Stock based compensation	—	—	1,087	—	—	1,087
Exercise of warrant agreement	376,333	4	3,338	—	—	3,342
Common stock issued for stock compensation plans, net of shares withheld and withholding paid for employee taxes	73,255	—	(941)	—	—	(941)
Net income	—	—	—	—	1,536	1,536
Other comprehensive loss, net of tax	—	—	—	(4,147)	—	(4,147)
Balance, September 30, 2015	11,122,880	$ 111	$ 174,005	$ (28,094)	$ 159,389	$ 305,411

See accompanying notes to condensed consolidated financial statements.

Hawaiian Telcom Holdco, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business

Business Description

Hawaiian Telcom Holdco, Inc. and subsidiaries (the "Company") is the incumbent local exchange carrier for the State of Hawaii with an integrated telecommunications network. The Company offers a variety of telecommunication services to residential and business customers in Hawaii including local telephone, network access and data transport, television, Internet, long distance and wireless phone service. The Company also provides communications equipment sales and maintenance, data center colocation and network managed services.

Organization

The Company has one direct wholly-owned subsidiary, Hawaiian Telcom Communications, Inc. which has two direct wholly-owned subsidiaries – Hawaiian Telcom, Inc. and Hawaiian Telcom Services Company, Inc. Hawaiian Telcom, Inc. operates the regulated local exchange carrier and Hawaiian Telcom Services Company, Inc. operates all other businesses.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America and pursuant to rules and regulations of the U.S. Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted and condensed. In the opinion of the Company's management, all adjustments have been made to present fairly the results of operations, comprehensive loss, financial position and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2015.

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market accounts with maturities at acquisition of three months or less. The majority of cash balances at September 30, 2016 are held in one bank in demand deposit accounts. During the nine months ended September 30, 2015, funds amounting to $0.4 million in a restricted cash account, held in conjunction with a lease agreement provision, were released and deposited into unrestricted cash.

Supplemental Non-Cash Investing and Financing Activities

Accounts payable included $21.7 million and $14.5 million at September 30, 2016 and 2015, respectively, for additions to property, plant and equipment.

Taxes Collected from Customers

The Company presents taxes collected from customers and remitted to governmental authorities on a gross basis, including such amounts in the Company's reported operating revenues. Such amounts represent primarily Hawaii state general excise taxes and Hawaii Public Utility Commission fees. Such taxes and fees amounted to $2.1 million and $6.4 million for the three and nine months ended September 30, 2016, and $2.1 million and $6.1 million for the three and nine months ended September 30, 2015, respectively.

Earnings (loss) per Share

Basic earnings (loss) per share is based on the weighted effect of all common shares issued and outstanding, and is calculated by dividing earnings (loss) by the weighted average shares outstanding during the period. Diluted earnings per share is calculated by dividing earnings, adjusted for the effect, if any, from assumed conversion of all potentially dilutive common shares outstanding, by the weighted average number of common shares used in the basic earnings per share calculation plus the number of common shares that would be issued assuming conversion of all potentially dilutive common shares outstanding. The denominator used to compute basic and diluted earnings (loss) per share was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Basic earnings (loss) per share - weighted average shares	11,512,280	11,040,299	11,499,947	10,844,478
Effect of dilutive securities:				
Employee and director restricted stock units	—	19,045	39,881	76,058
Warrants	—	259,297	—	355,119
Diluted earnings (loss) per share - weighted average shares	11,512,280	11,318,641	11,539,828	11,275,655

The computation of weighted average dilutive shares outstanding excluded grants of restricted stock units convertible into 227,888 shares and 8,319 shares of common stock for the three and nine months ended September 30, 2016, respectively, and 84,259 shares of common stock for the three months ended September 30, 2015. For the three months ended September 30, 2016, the Company incurred a net loss so the restricted stock units are anti-dilutive to the computation of net loss per share. For the other periods presented, the unrecognized compensation on a per unit basis for these restricted stock units was greater than the average market price of the Company's common stock for the period presented. For the nine months ended September 30, 2015, there were no restricted stock units that were anti-dilutive to earnings per share.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued a new accounting standard which provides guidance for revenue recognition which was amended most recently in May 2016. The most recent amendments provide revised guidance on when to record revenue gross as the principal or net as the agent in accordance with the new revenue standard's control principal and, provide for narrow scope modifications and practical expedients. The new standard, along with the amendments which must be adopted at the same time as the new standard, is effective for the Company in the first quarter of 2018 with either full retrospective or modified retrospective adoption permitted. The modified retrospective approach requires a cumulative effect adjustment to retained earnings as of the beginning of the first reporting period for which the new accounting guidance is effective. Early adoption is allowed from the first quarter of 2017. The Company is currently evaluating the impact of the adoption of this accounting standard on the Company's consolidated financial statements and financial statement disclosures. As this process is still ongoing, the effect of adoption is not yet known.

In February 2016, the FASB issued a new standard for accounting for leases. The new standard requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model. The new standard must be adopted using the modified retrospective approach. The updated standard is effective for the Company beginning in the first quarter of 2019. Early adoption is permitted. The Company is currently evaluating the effect that the new standard will have on the Company's consolidated financial statements and financial statement disclosures.

In March 2016, the FASB issued a new standard that simplifies the accounting for employee share-based payment transactions. The new standard impacts the accounting for related income taxes, forfeitures and statutory tax withholding requirements as well as the classification of certain related payments in the statement of cash flows. The new accounting guidance is effective for the Company in the first quarter of 2017 with early adoption permitted. The adoption method required is specified as retrospective, modified retrospective or prospective for each of the various accounting provisions impacted by this new standard. The Company is evaluating the effect of the new guidance on the Company's consolidated financial statements and financial statement disclosures.

In June 2016, the FASB issued amended guidance on accounting for the impairment of financial instruments. The standard requires adoption of an impairment model known as the current expected credit loss model that is based on expected losses rather than incurred losses. For the Company, it is anticipated this will impact primarily the accounting for credit losses on trade receivables. The new standard is effective for the Company in the first quarter of 2020 with early adoption permitted from the first quarter of 2019. The provisions of the new standard expected to impact the Company must be adopted using the modified retrospective approach. The Company is evaluating the effect of the guidance on the Company's consolidated financial statements and financial statement disclosures.

3. Receivables

Receivables consisted of the following (dollars in thousands):

	September 30, 2016	December 31, 2015
Customers and other	$ 32,467	$ 36,667
Allowance for doubtful accounts	(3,979)	(3,931)
	$ 28,488	$ 32,736

4. Long-Lived Assets

Property, plant and equipment consisted of the following (dollars in thousands):

	September 30, 2016	December 31, 2015
Property, plant and equipment cost	$ 1,014,803	$ 937,927
Less accumulated depreciation	421,433	358,820
	$ 593,370	$ 579,107

Depreciation expense amounted to $22.5 million and $65.9 million for the three and nine months ended September 30, 2016, respectively. Depreciation expense amounted to $22.0 million and $63.9 million for the three and nine months ended September 30, 2015, respectively.

The gross carrying amount and accumulated amortization of identifiable intangible assets are as follows (dollars in thousands):

	September 30, 2016			December 31, 2015		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Subject to amortization:						
Customer relationships	$ 21,709	$ 15,783	$ 5,926	$ 21,709	$ 14,238	$ 7,471
Trade name and other	320	292	28	320	263	57
	22,029	16,075	5,954	22,029	14,501	7,528
Not subject to amortization:						
Brand name	27,300	—	27,300	27,300	—	27,300
	27,300	—	27,300	27,300	—	27,300
	$ 49,329	$ 16,075	$ 33,254	$ 49,329	$ 14,501	$ 34,828

Amortization expense amounted to $0.5 million and $1.6 million for the three and nine months ended September 30, 2016, respectively. Amortization expense amounted to $0.6 million and $1.9 million for the three and nine months ended September 30, 2015, respectively. Estimated amortization expense for the next five years and thereafter is as follows (dollars in thousands):

Year ended December 31,	
2016 (remaining months)	$ 526
2017	1,703
2018	1,307
2019	930
2020	574
Thereafter	914
	$ 5,954

5. Accrued Expenses and Other Current Liabilities

Accrued expenses consisted of the following (dollars in thousands):

	September 30, 2016	December 31, 2015
Salaries and benefits	$ 11,988	$ 12,185
Interest	2,675	1,262
Other taxes	993	1,044
	$ 15,656	$ 14,491

Other current liabilities consisted of the following (dollars in thousands):

	September 30, 2016	December 31, 2015
Other postretirement benefits, current	$ 2,929	$ 2,929
Installment financing contracts, current	2,226	1,849
Other	915	1,154
	$ 6,070	$ 5,932

6. Long-Term Debt

Long-term debt consisted of the following (dollars in thousands):

	Interest Rate at September 30, 2016	Final Maturity	September 30, 2016	December 31, 2015
Term loan	5.25 %	June 6, 2019	$ 290,888	$ 293,138
Debt issue costs and original issue discount			(5,961)	(7,092)
			284,927	286,046
Current			3,000	3,000
Noncurrent			$ 281,927	$ 283,046

The term loan outstanding at September 30, 2016 provides for interest at the Alternate Base Rate, a rate which is indexed to the prime rate with certain adjustments as defined, plus a margin of 3.25% or a Eurocurrency rate on deposits of one, two, three or six months but no less than 1.00% per annum plus a margin of 4.25%. The Company has selected the Eurocurrency rate as of September 30, 2016 resulting in an interest rate currently at 5.25%. The interest rate margin is subject to a further increase of 0.25% should there be a downgrade in the Company's credit rating.

The term loan provides for interest payments no less than quarterly. In addition, quarterly principal payments of $0.8 million are required. The balance of the loan is due at maturity on June 6, 2019. The Company must prepay, generally within three months after year end, up to 75% of excess cash flow, as defined. The percent of excess cash flow required is dependent on the Company's leverage ratio. There was no excess cash flow payment due for the year ended December 31, 2015. The Company must also make prepayments on loans in the case of certain events such as large asset sales.

In May 2016, the Company amended the term loan allowing for a revised leverage ratio financial covenant. The amendment modifies the maximum allowed leverage ratio, as defined, for the four consecutive fiscal quarters ended from June 30, 2016 to September 30, 2017 to 3.00:1.00, from December 31, 2017 to September 30, 2018 to 2.75:1.00, and from December 31, 2018 and each subsequent quarter to 2.50:1.00. In conjunction with the amendment, the Company paid a fee to the lenders of $0.4 million and such fee was deferred as financing related costs. The Company concluded that the amended lenders' term loans were not substantially different than the lenders' term loans prior to amendment. In addition, the Company paid an arrangement fee and legal costs amounting to $0.3 million. Such fees were expensed as incurred in the second quarter of 2016.

The Company also has a revolving credit facility which matures on December 6, 2018. The facility has an available balance of $30.0 million with no amounts drawn as of or for the periods ended September 30, 2016 and 2015. A commitment fee is payable quarterly to the lender under the facility. Interest on amounts outstanding is based on, at the Company's option, the bank prime rate plus a margin of 3.0% to 6.0% or the Eurocurrency rate for one, two, three or six month periods plus a margin of 4.0% to 5.5%. The margin is dependent on the Company's leverage, as defined in the agreement, at the time of the borrowing.

Maturities

The annual requirements for principal payments on long-term debt as of September 30, 2016 are as follows (dollars in thousands):

Year ended December 31,		
2016 (remaining months)	$	750
2017		3,000
2018		3,000
2019		284,138
	$	290,888

Capitalized Interest

Interest capitalized by the Company amounted to $0.4 million and $1.1 million for the three and nine months ended September 30, 2016, and $0.3 million and $0.8 million for the three and nine months ended September 30, 2015, respectively.

7. Employee Benefit Plans

The Company sponsors a defined benefit pension plan, with benefits frozen as of March 1, 2012, and postretirement health and life insurance benefits for union employees. The Company also sponsors a cash balance pension plan for nonunion employees, with benefits frozen as of April 1, 2007, and certain management employees receive postretirement health and life insurance under grandfathered provisions of a terminated plan.

The following provides the components of benefit costs (income) for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

Pension

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest cost	$ 1,703	$ 2,107	$ 5,695	$ 6,164
Expected asset return	(2,159)	(3,146)	(7,513)	(9,906)
Amortization of loss	136	24	392	5
Net periodic benefit income	(320)	(1,015)	(1,426)	(3,737)
Settlement loss	486	4,118	486	6,366
Total benefit (income) expense	$ 166	$ 3,103	$ (940)	$ 2,629

Other Postretirement Benefits

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Service cost	$ 259	$ 259	$ 777	$ 777
Interest cost	655	589	1,964	1,767
Amortization of loss	119	150	356	449
Total benefit cost	$ 1,033	$ 998	$ 3,097	$ 2,993

During the three months ended September 30, 2016, the Company determined it was probable lump sum benefits paid for its union pension plan in 2016 would exceed the threshold requiring settlement accounting. Actual lump sum benefits paid by the union plan amounted to $2.4 million for the nine months ended September 30, 2016. This resulted in recognition of a loss on settlement for the union plan during the three and nine months ended September 30, 2016 amounting to $0.5 million. The Company used a discount rate of 3.28% as of September 30, 2016 to measure the union plan benefit obligation. The new measurement resulted in a retirement plan loss which was recognized in other comprehensive loss of $8.9 million for the three and nine months ended September 30, 2016. For the nine months ended September 30, 2016, lump sum benefits paid for the management pension plan did not exceed the threshold requiring settlement accounting.

During the three and nine months ended September 30, 2015, the Company's pension plan for union employees paid lump-sum benefits to plan participants in full settlement of obligations due amounting to $25.7 million and $45.5 million, respectively. During the nine months ended September 30, 2015, the Company's pension plan for management employees paid lump sum benefits in full settlement amounting to $0.6 million. The Company's pension plan for management employees paid such benefits for the first quarter of 2015 only. This resulted in the recognition of a loss on settlement for both pension plans amounting to $4.1 million and $6.4 million for the three and nine months ended September 30, 2015, respectively. Because of the settlements, the Company measured its union pension plan obligations and plan assets as of September 30, 2015. The Company had previously measured its union pension plan obligations and plan assets as of June 30, 2015 and March 31, 2015 and its management pension plan obligations and plan assets as of March 31, 2015. The Company used discount rates of 4.03%, 4.09% and 3.54% as of September 30, 2015, June 30, 2015 and March 31, 2015, respectively, to measure the union pension plan obligations. The Company used a discount rate of 3.57% to measure the management plan obligations as of March 31, 2015. The new measurements resulted in a retirement plan loss which was recognized in other comprehensive loss of $9.0 million and $7.3 million for the three and nine months ended September 30, 2015, respectively.

The Company previously disclosed in its consolidated financial statements for the year ended December 31, 2015 that it expected to contribute $9.3 million to its pension plan in 2016. As of September 30, 2016, the Company has contributed $7.2 million. The Company presently expects to contribute the full amount during the remainder of 2016.

8. Income Taxes

The income tax provision (benefit) differs from the amounts determined by applying the statutory federal income tax rate of 34% to the income (loss) before income tax provision (benefit) for the following reasons (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Income tax at federal rate	$ (154)	$ 17	$ 752	$ 932
Increase (decrease) resulting from:				
State income taxes, net of federal income tax	(3)	3	143	116
Permanent difference for compensation limitation	—	14	—	242
Expense not deductible for tax	36	(158)	196	53
Other permanent differences	21	55	126	209
Capital goods excise tax credit	(74)	15	(325)	(348)
Total income tax provision (benefit)	$ (174)	$ (54)	$ 892	$ 1,204

The Company evaluates its tax positions for liability recognition. As of September 30, 2016, the Company had no unrecognized tax benefits. No interest or penalties related to income tax assessments were recognized in the Company's condensed consolidated statements of income for the three and nine months ended September 30, 2016 and 2015. All tax years from 2012 remain open for both federal and Hawaii state tax purposes.

9. Stock Compensation

The Company has an equity incentive plan. The Compensation Committee of the Company's Board of Directors may grant awards under the plan in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. The maximum number of shares issuable under the equity incentive plan is 1,400,000 shares with 638,000 shares remaining to be issued at September 30, 2016. All grants under the equity incentive plan will be issued to acquire shares at the fair value on date of grant.

As of September 30, 2016, all awards were restricted stock units. Activity with respect to outstanding restricted stock units for the nine months ended September 30, 2016 and 2015 was as follows:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
2016		
Nonvested at January 1, 2016	174,518	$ 26
Granted	127,360	25
Vested	(61,453)	25
Forfeited	(12,537)	25
Nonvested at September 30, 2016	227,888	$ 25
2015		
Nonvested at January 1, 2015	245,752	$ 27
Granted	140,909	26
Vested	(109,426)	28
Forfeited	(101,520)	26
Nonvested at September 30, 2015	175,715	$ 26

The Company recognized compensation expense of $0.6 million and $1.7 million for the three and nine months ended September 30, 2016, respectively. The Company recognized compensation expense of $0.2 million and $1.1 million for the three and nine months ended September 30, 2015, respectively. The fair value as of the vesting date for the restricted stock units that vested during the nine months ended September 30, 2016 and 2015 was $0.9 million and $2.6 million, respectively. Upon vesting, unit holders have the option to net share-settle to cover the required withholding tax and the remaining amount is converted into an equivalent number of shares of common stock. The total shares withheld were 15,351 and 36,171 for the nine months ended September 30, 2016 and 2015, respectively, and were based on the value of the restricted stock units as determined by the Company's closing stock price on the date of vesting. Total payments for the employees' tax obligations to the tax authorities amounted to $0.4 million and $0.9 million for the nine months ended September 30, 2016 and 2015, respectively. Other than reimbursements for tax withholdings, there was no cash received under the restricted stock unit arrangements.

The Company also has a performance based compensation plan. The incentive compensation is settled in March of each year for the prior year services and is based on Company performance relative to certain company specific metrics. The Company recognizes the expense during the performance period based on the expected compensation amount. The compensation for the performance period ended December 31, 2015 was settled in cash in March 2016. Beginning for the 2016 performance period, a specified portion of the compensation amount for certain employees will be settled in Company shares based on the share price at the date of settlement. Upon settlement, employees may have the option to net share-settle to cover the required withholding tax and the remaining amount is converted into an equivalent number of shares of common stock. The estimated performance based compensation to be settled in stock amounted to $0.2 million and $0.6 million for the three and nine months ended September 30, 2016, respectively.

10. Stockholders' Equity

Warrants

In 2010, the Company issued warrants to purchase 1,481,055 shares of common stock for $14.00 per share. The warrants to purchase shares were exercisable anytime from January 26, 2011 to the maturity on October 28, 2015. The warrants could be exercised on a cashless basis whereby a portion of the exercised warrants were tendered in lieu of payment for the exercise price. During the nine months ended September 30, 2015, warrants were exercised on a cashless basis resulting in the issuance of 137,636 shares of common stock. In addition, another 238,697 warrants were exercised for cash consideration of $3.3 million during the nine months ended September 30, 2015.

Accumulated Other Comprehensive Loss

The changes in components of accumulated other comprehensive loss, net of tax, are as follows (dollars in thousands):

	Unrealized Gain (Loss) on Investments	Retirement Plans	Total
Three Months Ended September 30, 2016			
July 1, 2016	$ —	$ (29,082)	$ (29,082)
Other comprehensive loss for 2016	—	(5,359)	(5,359)
September 30, 2016	$ —	$ (34,441)	$ (34,441)
Nine Months Ended September 30, 2016			
January 1, 2016	$ —	$ (29,388)	$ (29,388)
Other comprehensive loss for 2016	—	(5,053)	(5,053)
September 30, 2016	$ —	$ (34,441)	$ (34,441)
Three Months Ended September 30, 2015			
July 1, 2015	$ (64)	$ (22,600)	$ (22,664)
Other comprehensive loss for 2015	(1)	(5,429)	(5,430)
September 30, 2015	$ (65)	$ (28,029)	$ (28,094)
Nine Months Ended September 30, 2015			
January 1, 2015	$ (64)	$ (23,883)	$ (23,947)
Other comprehensive loss for 2015	(1)	(4,146)	(4,147)
September 30, 2015	$ (65)	$ (28,029)	$ (28,094)

Reclassifications out of accumulated other comprehensive loss for the three and nine months ended September 30, 2016 and 2015 were as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Retirement plans				
Amortization of loss and settlement loss	$ 741	$ 4,292	$1,234	$ 6,820
Income tax provision on comprehensive income	(282)	(1,631)	(469)	(2,592)
Total	$ 459	$ 2,661	$ 765	$ 4,228

The amortization of loss and settlement loss was recognized primarily in selling, general and administrative expense for the periods ended September 30, 2016 and 2015.

11. Commitments and Contingencies

Trans-Pacific Submarine Cable

In August 2014, the Company joined several other telecommunication companies to build and operate a trans-Pacific submarine cable system. The total system cost is expected to be $235 million and is primarily composed of a supply contract with the lead contractor. The Company will contribute $25 million over the multi-year construction period in exchange for a fractional ownership in the system. The Company will recognize its fractional share of the cost. In addition, the Company will construct a cable landing station in Hawaii and provide cable landing services. The system is expected to be completed in the first half of 2017. As of September 30, 2016, the Company had incurred capital costs of $13.6 million primarily to the cable contractor for construction with all such costs capitalized to telephone plant under construction.

The Company will have excess capacity on its share of the trans-Pacific cable that it will make available to other carriers for a fee. The Company has contracted and expects to enter into additional contracts with other carriers for long-term indefeasible right of use, or IRU, agreements for fiber circuit capacity. The Company may receive up-front payments for services to be delivered over a period of up to 25 years. The Company has entered into agreements for the sale of capacity for $27.0 million plus fees to activate assigned capacity, and for operations and maintenance. As of September 30, 2016, the Company had received up-front payments of $5.7 million. As provided for in one of the agreements, funds of $3.5 million were held in escrow. The funds in escrow will be released to the Company when the trans-Pacific cable is ready for service. The restricted cash is reflected in other assets in the condensed consolidated balance sheet. A liability to provide services in the future for all up-front payments is included in other liabilities. The Company will recognize revenue for the circuit, beginning upon activation of the services, on a straight-line basis over the contract term.

Connect America Fund Phase II

In conjunction with reforming the Universal Service Fund, the Federal Communications Commission (“FCC”) established the Connect America Fund (“CAF”) which provides incremental support to broadband service providers. CAF Phase II is the long-term component of the program. In August 2015, the Company notified the FCC that it was accepting CAF Phase II support which amounts to $4.4 million in annual funding. Support is retroactive through the beginning of 2015, net of certain other receipts from the Universal Service Fund, and will continue for six years. Under the terms of the CAF Phase II, the Company will offer broadband service at 10 Mbps downstream and 1 Mbps upstream or better to approximately 11,000 eligible locations in high-cost areas in the State of Hawaii and will provide voice and broadband services at reasonable rates.

For the three and nine months ended September 30, 2016, the Company recognized $1.1 million and $3.3 million, respectively, in CAF Phase II funding as revenue. For the three and nine months ended September 30, 2015, the Company recognized $2.2 million of the first year funds as revenue.

Collective Bargaining Agreement

The Company has a collective bargaining agreement with the International Brotherhood of Electrical Workers Local 1357 (“IBEW”) that expires on December 31, 2017. The agreement covers approximately half of the Company’s work force.

Third Party Claims

In the normal course of conducting its business, the Company is involved in various disputes with third parties, including vendors and customers. The outcome of such disputes is generally uncertain and subject to commercial negotiations. The Company periodically assesses its liabilities in connection with these matters and records reserves for those matters where it is probable that a loss has been incurred and the loss can be reasonably estimated. Based on management’s most recent assessment, the Company believes that the risk of loss in excess of liabilities recorded is not material for all outstanding claims and disputes and the ultimate outcome of such matters will not have a material adverse effect on the Company’s results of operations, cash flows or financial position.

Litigation

The Company is involved in litigation arising in the normal course of business. The outcome of litigation is not expected to have a material adverse impact on the Company's condensed consolidated financial statements.

12. Fair Value of Financial Instruments

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate the fair value.

Cash and cash equivalents, accounts receivable and accounts payable – The carrying amount approximates fair value. The valuation is based on settlements of similar financial instruments all of which are short-term in nature and generally settled at or near cost. Cash and cash equivalents is measured at Level 1.

Debt – The fair value of debt is based on the value at which the debt is trading among holders.

The estimated fair value of financial instruments is as follows (dollars in thousands):

	Carrying Value	Fair Value
September 30, 2016		
Liabilities - long-term debt (carried at cost)	284,927	290,524
December 31, 2015		
Liabilities - long-term debt (carried at cost)	286,046	291,306

Fair Value Measurements

The objective of the fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Liabilities carried at amortized cost with fair value disclosure on a recurring basis represent long-term debt. A summary is as follows (dollars in thousands):

	September 30, 2016	December 31, 2015
Liability value measurements using:		
Quoted prices in active markets for identical liabilities (Level 1)	$ —	$ —
Significant other observable inputs (Level 2)	290,524	291,306
Significant unobservable inputs (Level 3)	—	—
	$ 290,524	$ 291,306

13. Segment Information

The Company operates in two reportable segments of telecommunications and data center. This conclusion is based on how resources are allocated and performance is assessed by the Chief Executive Officer, the Company's chief operating decision maker. The telecommunications segment provides local voice services, video, high-speed internet and long distance voice services. In addition, the segment provides network access which includes data transport. Various related telephony services are provided including equipment and managed services. The data center segment provides physical colocation, virtual colocation and various related telephony services.

The following table provides operating financial information for the Company's reportable segments for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

	Tele-communications	Data Center	Intersegment Elimination	Total
Three Months Ended September 30, 2016				
Operating revenues	$ 95,337	$ 3,061	$ (550)	$ 97,848
Depreciation and amortization	22,498	538	—	23,036
Operating income (loss)	3,878	(175)	—	3,703
Capital expenditures	25,599	—	—	25,599
Three Months Ended September 30, 2015				
Operating revenues	$ 98,475	$ 2,762	$ (332)	$ 100,905
Depreciation and amortization	21,978	573	—	22,551
Operating income (loss)	4,352	(157)	—	4,195
Capital expenditures	23,018	121	—	23,139
Nine Months Ended September 30, 2016				
Operating revenues	$ 288,377	$ 9,329	$ (1,523)	$ 296,183
Depreciation and amortization	65,888	1,591	—	67,479
Operating income (loss)	15,630	(538)	—	15,092
Capital expenditures	78,689	746	—	79,435
Nine Months Ended September 30, 2015				
Operating revenues	$ 287,123	$ 8,143	$ (1,058)	$ 294,208
Depreciation and amortization	64,080	1,692	—	65,772
Operating income (loss)	16,170	(794)	—	15,376
Capital expenditures	69,395	699	—	70,094

Intersegment revenue represents primarily network access services provided by the telecommunications segment for data center colocation. For the three and nine months ended September 30, 2016 and 2015, total operating income above reconciles to the condensed consolidated statement of income as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating income	$ 3,703	$ 4,195	$ 15,092	$ 15,376
Corporate other expense	(4,156)	(4,144)	(12,879)	(12,636)
Income (loss) before income tax provision (benefit)	$ (453)	$ 51	$ 2,213	$ 2,740

The following table provides information on the Company's revenue, net of intersegment eliminations, by product group (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Local voice and other retail services	$81,347	$ 65,280	$246,481	$191,634
Wholesale carrier data services	13,440	32,863	40,373	94,431
Data center	3,061	2,762	9,329	8,143
	$97,848	$100,905	$296,183	$294,208

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance (including our anticipated cost structure) and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues," "assumption" or the negative of these terms or other comparable terminology. These statements (including statements related to our anticipated cost structure) are only predictions. Actual events or results may differ materially from those anticipated or projected due to a number of factors. These factors include, but are not limited to:

- failures in critical back-office systems and IT infrastructure;
- a breach of our data security systems;
- our ability to provide customers with reliable and uninterrupted service;
- our ability to fund capital expenditures for network enhancements;
- the ability to maintain arrangements with third-party service providers;
- changes in regulations and legislation applicable to providers of telecommunications services;
- the ability of our operating subsidiaries to distribute funds or assets to the parent company;
- a reduction in rates we are allowed to charge our customers as dictated by regulatory authorities;
- changes in demand for our products and services;
- technological changes affecting the telecommunications industry;
- our ability to continue to license or enforce the intellectual property rights on which our business depends;
- failure to renegotiate contracts with television content providers on acceptable terms or at all;
- economic conditions in Hawaii;
- our ability to retain experienced personnel;
- our ability to utilize net operating loss carryforwards or fund tax payments;
- the effect our indebtedness could have on our financial condition;
- the effect of severe weather and natural disasters;
- the ability of a few large shareholders to influence corporate decisions; and
- the effect future sales of a substantial amount of common stock may have on our stock price.

These and other factors may cause our actual results to differ materially from any forward-looking statement. Refer to our Annual Report on Form 10-K for a detailed discussion of risks that could materially adversely affect our business, financial condition and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business operations.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements are made as of the date of issuance of these quarterly condensed consolidated financial statements, we assume no obligation to update or revise them or to provide reasons why actual results may differ.

We do not undertake any responsibility to release any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of issuance of these quarterly condensed consolidated financial statements. Additionally, we do not undertake any responsibility to update you on the occurrence of any unanticipated events which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this quarterly report.

Background

In the following discussion and analysis of financial condition and results of operations, unless the context otherwise requires, "we," "us" or the "Company" refers, collectively, to Hawaiian Telcom Holdco, Inc. and its subsidiaries.

Segments and Sources of Revenue

We operate in two reportable segments (telecommunication and data center) based on how resources are allocated and performance is assessed by our chief operating decision maker. Our chief operating decision maker is our Chief Executive Officer.

Telecommunications

The telecommunication segment derives revenue from the following sources:

Business data which includes data products such as Ethernet and Dedicated Internet Access along with traditional High-Speed Internet ("HSI") for business customers, and VoIP. Business VoIP, also referred to as BVoIP, is a unified hosted communications solution for business that includes digital voice services bundled with internet service.

Voice services for both business and residential customers includes local telephone service. These revenues include monthly charges for basic service, and enhanced calling features such as voice mail, caller ID and 3 way calling. Voice also includes long distance services and subscriber line charges prescribed by the Federal Communications Commission and imposed on voice customers.

Equipment and managed services includes installation and maintenance of customer premise equipment as well as managed service for customer telephone and IT networks.

High Speed Internet services are provided to residential customers as well.

Video services are marketed as Hawaiian Telcom TV which includes digital television as well as advanced entertainment services.

Wholesale revenue represents wholesale data services provided to both wireline and wireless carriers.

We receive revenue from various other sources such as wireless services which includes the sale of wireless handsets and other wireless accessories, and switched carrier access which compensates us for origination, transport and termination of calls for long distance and other interexchange carriers. Also included in other revenue is government subsidies to provide service in rural or isolated areas.

Data Center

The data center segment provides physical colocation, virtual colocation and various related telephony services. We consider data center services as part of our business channel.

Results of Operations for the Three and Nine Months Ended September 30, 2016 and 2015

Operating Revenues

The following tables summarize our volume information (lines or subscribers) as of September 30, 2016 and 2015, and our operating revenues for the three and nine months ended September 30, 2016 and 2015. For comparability, we also present volume information as of September 30, 2016 compared to June 30, 2016.

Volume information includes certain information by lines. The line counts represent the number of billed units as of the end of the period as reflected in the records of our primary billing system. The separation of units by the business and consumer channel is based on the customer account designation in the billing system which is generally consistent with how revenue information is separated by channel. Business data lines represent digital subscriber lines used to provide internet services. Video service subscribers are determined with a count of individual customers as reflected in our primary billing system as of period end. For bulk contracts for multi dwelling units, we count individual residences subject to the bulk contract. Video homes enabled is estimated based on a count of single family homes and homes in multi dwelling units that are able to obtain our television service as of the period end.

Beginning December 2015, we enhanced the presentation of volume information and operating revenue to provide more meaningful information. Prior period information has been revised to reflect the current presentation. Total revenue has not changed from that previously reported but the classification by channel has been modified and we now present product information by channel as well.

Volume Information

As of September 30, 2016 compared to September 30, 2015

	September 30,		Change	
	2016	2015	Number	Percentage
Business				
Data lines	19,754	19,835	(81)	(0.4)%
BVoIP lines	18,593	16,273	2,320	14.3 %
Voice access lines	162,587	169,120	(6,533)	(3.9)%
Consumer				
Video subscribers	39,774	34,009	5,765	17.0 %
Internet lines	91,000	93,202	(2,202)	(2.4)%
Voice access lines	139,167	156,311	(17,144)	(11.0)%
Homes enabled for video	201,000	183,000	18,000	9.8 %

As of September 30, 2016 compared to June 30, 2016

	September 30, 2016	June 30, 2016	Change	
			Number	Percentage
Business				
Data lines	19,754	19,851	(97)	(0.5)%
BVoIP lines	18,593	18,101	492	2.7 %
Voice access lines	162,587	163,860	(1,273)	(0.8)%
Consumer				
Video subscribers	39,774	38,593	1,181	3.1 %
Internet lines	91,000	91,820	(820)	(0.9)%
Voice access lines	139,167	143,441	(4,274)	(3.0)%
Homes enabled for video	201,000	198,000	3,000	1.5 %

Operating Revenues (dollars in thousands)

	Three Months Ended September 30, 2016	2015	Change Amount	Percentage
Business				
Data services	$ 13,949	$ 12,387	$ 1,562	12.6 %
Voice services	21,626	23,657	(2,031)	(8.6)%
Data center services	3,061	2,762	299	10.8 %
Equipment and managed services	6,161	5,993	168	2.8 %
	44,797	44,799	(2)	(0.0)%
Consumer				
Video services	10,483	8,677	1,806	20.8 %
Internet services	7,053	8,283	(1,230)	(14.8)%
Voice services	18,144	19,683	(1,539)	(7.8)%
	35,680	36,643	(963)	(2.6)%
Wholesale carrier data	13,440	14,246	(806)	(5.7)%
Other	3,931	5,217	(1,286)	(24.7)%
	$ 97,848	$ 100,905	$ (3,057)	(3.0)%

	Nine Months Ended September 30, 2016	2015	Change Amount	Percentage
Business				
Data services	$ 45,510	$ 36,285	$ 9,225	25.4 %
Voice services	65,669	70,839	(5,170)	(7.3)%
Data center services	9,329	8,143	1,186	14.6 %
Equipment and managed services	15,804	15,036	768	5.1 %
	136,312	130,303	6,009	4.6 %
Consumer				
Video services	29,907	24,479	5,428	22.2 %
Internet services	22,106	24,598	(2,492)	(10.1)%
Voice services	55,825	60,231	(4,406)	(7.3)%
	107,838	109,308	(1,470)	(1.3)%
Wholesale carrier data	40,373	42,368	(1,995)	(4.7)%
Other	11,660	12,229	(569)	(4.7)%
	$ 296,183	$ 294,208	$ 1,975	0.7 %

Business data, including internet and BVoIP revenue, for the three and nine months ended September 30, 2016 increased when compared to three and nine months ended September 30, 2015 primarily because of revenue from one institutional customer. For the three and nine months ended September 30, 2016, business data services revenue from this customer amounted to $0.6 million and $6.7 million, respectively, including non-recurring fee revenue. Business data services revenue from this one customer was $0.2 million for both the three and nine months ended September 30, 2015. We had anticipated a reduction in revenue from this customer during the third quarter (relative to prior quarters in 2016) and the fourth quarter of the year as the recognition of revenue on certain upfront billed amounts ended when the fixed contract term ended on June 30, 2016. In addition, for the nine months ended September 30, 2016, we recognized the remaining balance of deferred up-front charges of $0.8 million when another institutional customer terminated the related services in the first quarter of 2016. In general, the demand for data services continues to rise as reflected in the growth of BVoIP lines.

The decrease in voice services revenues for the business channel for the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015 was caused primarily by the decline of voice access lines. Business voice access lines decreased 3.9% during the period which contributed an estimated $0.9 million and $2.7 million to the reduction in business voice services revenue for the three and nine months ended September 30, 2016, respectively, compared to the same periods in 2015.

Continued competition in the telecommunications industry has increasingly resulted in customers using technologies other than traditional phone lines for voice and data. Business customers are moving local voice service to VoIP technology. Generally, VoIP technology is less expensive than traditional wireline phone service, requiring us to respond with more competitive pricing.

Data center services revenues for the three and nine months ended September 30, 2016 increased when compared to the same period in the prior year as a result of increased Ethernet, security and hardware sales. Data center is deemed a separate business segment. However, we consider this part of our business channel.

Equipment and managed services revenue for the three and nine months ended September 30, 2016 increased when compared to the same periods in the prior year with the installation of equipment for one large commercial customer. Revenue from equipment sales varies from period to period based on the volume of large installation projects.

We are continuing the roll out of Hawaiian Telcom TV on Oahu as we expand the number of homes enabled. Our volume is increasing as more homes become enabled for video service.

Residential internet revenues for the quarter and nine months ended September 30, 2016 decreased when compared to the same periods in 2015 as a result of the combined effect of competitive pricing and a decline in internet lines.

The decrease in voice services revenues for the consumer channel for the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015 was caused primarily by a decline in voice access lines. Consumer voice access lines decreased 11.0% during the period which contributed an estimated $2.2 million and $6.6 million to the decline in consumer voice services revenue for the three and nine months ended September 30, 2016, respectively, compared to the same periods in the prior year. Residential customers are increasingly using wireless services in place of traditional wireline phone services as well as using VoIP technology offered by cable competitors.

In an effort to slow the rate of line loss, we are continuing retention and acquisition programs, and are increasingly focusing efforts on bundling of services. We have instituted various “saves” campaigns designed to focus on specific circumstances where we believe customer churn is controllable. These campaigns include targeted offers to “at risk” customers as well as other promotional tools designed to enhance customer retention. We also emphasize win back and employee referral programs. Additionally, we are intensifying our efforts relative to developing tools and training to enhance our customer service capability to improve customer retention and growth.

Wholesale carrier revenue decreased in the first quarter and first nine months of 2016 compared to the same periods of 2015 as certain carriers have replaced older legacy circuits with more cost effective alternatives.

Other revenues decreased for the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015. Other revenue was impacted by the timing of recognition of government subsidies from the Universal Service Fund. In conjunction with reforming the Universal Service Fund, the Federal Communications Commission (“FCC”) established the Connect America Fund (“CAF”) which provides incremental support to broadband service providers. In August 2015, we notified the FCC that we are accepting CAF Phase II support which amounts to $4.4 million in annual funding. Under the terms of the CAF Phase II, we will offer broadband service at 10 Mbps downstream and 1 Mbps upstream or better to approximately 11,000 eligible locations in high-cost areas in the State of Hawaii and will provide voice and broadband services at reasonable rates. For the three and nine months ended September 30, 2016, we recognized $1.1 million and $3.3 million, respectively, in CAF Phase II subsidies as revenue. For both the three and nine months ended September 30, 2015, we recognized $2.2 million of the first year funds as revenue.

In addition to the government subsidies as discussed above, other revenues were impacted by declines in certain other ancillary services. There has been a reduction in marketing effort on certain ancillary products, such as wireless, as we focus on other telecommunication and data center services.

Operating Costs and Expenses

The following tables summarize our costs and expenses for all segments and by segments for the three and nine months ended September 30, 2016 compared to the costs and expenses for the three and nine months ended September 30, 2015 (dollars in thousands):

	Three Months Ended September 30,		Change	
	2016	2015	Amount	Percentage
Cost of revenues (exclusive of depreciation and amortization)	$ 41,903	$ 41,013	$ 890	2.2 %
Selling, general and administrative expenses	29,206	33,146	(3,940)	(11.9)%
Depreciation and amortization	23,036	22,551	485	2.2 %
	$ 94,145	$ 96,710	$ (2,565)	(2.7)%
By segment —				
Telecommunications	$ 90,909	$ 93,791	$ (2,882)	(3.1)%
Data center	3,236	2,919	317	10.9 %
	$ 94,145	$ 96,710	$ (2,565)	(2.7)%

	Nine Months Ended September 30,		Change	
	2016	2015	Amount	Percentage
Cost of revenues (exclusive of depreciation and amortization)	$ 124,987	$ 120,415	$ 4,572	3.8 %
Selling, general and administrative expenses	88,625	92,645	(4,020)	(4.3)%
Depreciation and amortization	67,479	65,772	1,707	2.6 %
	$ 281,091	$ 278,832	$ 2,259	0.8 %
By segment —				
Telecommunications	$ 271,224	$ 269,895	$ 1,329	0.5 %
Data center	9,867	8,937	930	10.4 %
	$ 281,091	$ 278,832	$ 2,259	0.8 %

The Company's total headcount as of September 30, 2016 was 1,289 compared to 1,287 as of September 30, 2015. Employee related costs are included in both cost of revenues and selling, general and administrative expenses.

Cost of revenues consists of costs we incur to provide our products and services including those for operating and maintaining our networks, installing and maintaining customer premise equipment, and cost of services directly associated with various products. Costs of revenue for the three and nine months ended September 30, 2016 increased when compared to the prior year periods because of increased content costs for Hawaiian Telcom TV of $1.9 million and $5.5 million, respectively, as we add subscribers. In addition, costs incurred for system repairs related to unusually heavy rains amounted to $0.7 million in the nine months ended September 30, 2016. These increases were offset by reduced costs of utility pole maintenance of $0.9 million for the three months ended September 30, 2016. In addition, we incurred lower electricity costs of $1.8 million on reduced utility rates and energy saving initiatives for nine months ended September 30, 2016 compared to the same period in 2015.

Selling, general and administrative expenses include costs related to sales and marketing, information systems and other administrative functions. The decrease for the three and nine months ended September 30, 2016 relative to the three months and nine months ended September 30, 2015 is primarily because of lower pension costs of $2.9 million and $3.6 million, respectively. There was a significantly higher level of retirements involving lump sum pension settlements in 2015 resulting in much higher pension settlement losses being recognized in 2015. In addition, for the three months ended September 30, 2016, there were lower professional fees of $0.6 million relative to the same period in the prior year.

Depreciation and amortization for the three and nine month periods ended September 30, 2016 was higher than the same periods in the prior year because of asset additions to support growth in the business for next-generation services such as video, and higher speed internet and data.

Operating costs and expenses for the data center segment for the three months ended September 30, 2016 were higher compared to the same period in the prior year by $0.3 million with increased service volumes. The increase in operating costs and expenses for the data center segment for the nine months ended September 30, 2016 compared to the same period in the prior year is because of greater costs for leased circuits and other direct cost of services of $1.0 million with increased service volumes.

The changes in operating costs and expenses for the telecommunications segment were a decrease of $2.9 million and an increase of $1.3 million for the three and nine months ended September 30, 2016 compared to the same periods in 2015, respectively. The causes of the changes are the same as those explaining changes in costs and expenses for all segments discussed above.

Other Income and (Expense)

The following tables summarize other income (expense) for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands).

	Three Months Ended September 30,		Change	
	2016	2015	Amount	Percentage
Interest expense	$ (4,156)	$ (4,148)	$ (8)	0.2 %
Interest income and other	—	4	(4)	(100.0)%
	$ (4,156)	$ (4,144)	$ (12)	0.3 %

	Nine Months Ended September 30,		Change	
	2016	2015	Amount	Percentage
Interest expense	$ (12,879)	$ (12,651)	$ (228)	1.8 %
Interest income and other	—	15	(15)	(100.0)%
	$ (12,879)	$ (12,636)	$ (243)	1.9 %

Interest expense for the nine month period ended September 30, 2016 increased compared to the same period in 2015 because of the term loan amendment entered into in May 2016 which resulted in a higher interest rate and certain financing costs expensed as part of the amendment process. Interest capitalized amounted to $0.4 and $1.1 million for three and nine months ended September 30, 2016, respectively. The interest capitalized amounted to $0.3 million and $0.8 million for the three and nine months ended September 30, 2015, respectively.

Income Tax Provision

We had effective tax rates of 38.4% and 40.3% for the three and nine months ended September 30, 2016, respectively. The effective tax rates were 43.9% and 40.4% for the three and nine months ended September 30, 2015, respectively. The effective tax rates decreased from the prior year periods, in particular for the current quarter, as permanent differences between financial reporting and income tax income, primarily related to non-deductible compensation, decreased relative to pretax income. We consider a variety of factors in determining the effective tax rate, including our forecasted full-year pretax results, the U.S. federal statutory rate, expected nondeductible expenses and estimated state taxes.

As of December 31, 2015, net operating losses available for carry forward through 2035 amounted to $136.2 million for federal tax purposes and $143.7 million for state tax purposes. Availability of net operating losses in future periods may be subject to additional limitations if there is a deemed change in control for income tax reporting purposes. Such change in control is determined for income tax reporting purposes based on cumulative changes in stock ownership over a defined period.

Liquidity and Capital Resources

As of September 30, 2016, we had cash of $20.7 million. From an ongoing operating perspective, our cash requirements in 2016 and 2017 consist of supporting the development and introduction of new products, capital expenditure projects, pension funding obligations and other changes in working capital. A combination of cash-on-hand and cash generated from operating activities will be used to fund our cash requirements.

We continue to focus on improving operating results, including efforts to simplify product offerings, improve our customer service experience and increase our revenue enhancement activities. There can be no assurance that these actions will result in improved overall cash flow. We continue to have sizable retirement obligations for our existing employee base. Any sustained declines in the value of pension trust assets or relatively high levels of pension lump sum benefit payments, such as those paid in 2015, will increase the magnitude of future plan contributions.

Agreements with the Hawaii Public Utilities Commission and the debt agreements of Hawaiian Telcom Communications, Inc. limit the ability of our subsidiaries to pay dividends to the parent company and restrict the net assets of all of our subsidiaries. This can limit our ability to pay dividends to our shareholders. As the parent company has no operations, debt or other obligations, this restriction has no other immediate impact on our operations.

Cash Flows for Nine Months Ended September 30, 2016 and 2015

Our primary source of funds continues to be cash generated from operations. We use the net cash generated from operations to fund network expansion and modernization. We expect that our capital spending requirements will continue to be financed through internally generated funds. We also expect to use cash generated in future periods for debt service. Additional debt or equity financing may be needed to fund additional development activities or to maintain our capital structure to ensure financial flexibility.

Net cash provided by operations amounted to $72.9 million for the nine months ended September 30, 2016. Net cash provided by operations amounted to $65.6 million for the nine months ended September 30, 2015. The increase in cash provided by operations was because of working capital demands during the nine months ended September 30, 2015. The net use of cash from working capital changes amounted to $5.7 million for the first three quarters of 2015 and was primarily related to additional payments to vendors and employees for operating uses in 2015.

Cash used in investing activities for the nine months ended September 30, 2016 was comprised of capital expenditures of $78.3 million. Cash used in investing activities included capital expenditures of $76.7 million for the nine months ended September 30, 2015. The level of capital expenditures for 2016 is expected to be in the high-$90 million range as we invest in systems to support new product introductions and transform our network to enable next-generation technologies.

Cash used in financing activities for the nine months ended September 30, 2016 and 2015 was related primarily to the repayment of our debt and satisfaction of other obligations.

Outstanding Debt and Financing Arrangements

As of September 30, 2016, we had outstanding $290.9 million in aggregate long-term debt with a maturity date of June 2019. We do not expect to generate the necessary cash flow from operations to repay the facility in its entirety by the maturity date and repayment is dependent on our ability to refinance the credit facility at reasonable terms. The ability to refinance the indebtedness at reasonable terms before maturity cannot be assured.

Contractual Obligations

During the nine months ended September 30, 2016, the Company's future contractual obligations have not changed materially from the amounts disclosed as of December 31, 2015 in our Form 10-K.

We do not maintain any off balance sheet financing or other arrangements.

Critical Accounting Policies and Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Changes in these estimates and assumptions are considered reasonably possible and may have a material effect on the condensed consolidated financial statements and thus actual results could differ from the amounts reported and disclosed herein. The Company's critical accounting policies that require the use of estimates and assumptions were discussed in detail in our Annual Report on Form 10-K for the year ended December 31, 2015, and have not changed materially from that discussion.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2016, our floating rate obligations consisted of $290.9 million of debt outstanding under our term loan facility. Accordingly, our earnings and cash flow are affected by changes in interest rates. Based on our borrowings at September 30, 2016 and assuming a 1.0 percentage point increase or decrease in the average interest rate under these borrowings, we estimate that our annual interest expense would increase or decrease by approximately $2.9 million.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Scott K. Barber, our Chief Executive Officer, and Dan T. Bessey, our Chief Financial Officer, have evaluated the disclosure controls and procedures of Hawaiian Telcom Holdco, Inc. (the "Company") as of September 30, 2016. Based on their evaluation, as of September 30, 2016, they have concluded that the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective in ensuring that information required to be disclosed by the Company in reports the Company files or submits under the Securities Exchange Act of 1934:

(1) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and

(2) is accumulated and communicated to the Company's management, including the Company's principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Certifications

The certifications attached hereto as Exhibits 31.1, 31.2, 32.1 and 32.2 should be read in conjunction with the disclosures set forth herein.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Other than ordinary routine litigation incidental to the business, we are not involved in any material pending legal proceedings that are likely to have a material adverse effect on us.

Item 1A. Risk Factors

See Part I, Item 1A, “Risk Factors,” of our 2015 Annual Report for a detailed discussion of risk factors related to our business, results of operations and financial condition.

Item 5. Other Information.

Item 5.01. Earnings Release

Hawaiian Telcom Holdco, Inc. issued a press release on November 3, 2016 announcing its 2016 third quarter 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. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 31, 2016 the Compensation Committee (the "Committee") of the Board of Directors of Hawaiian Telcom Holdco, Inc. (the "Company"), in consultation with the Committee's independent compensation consultant, completed a review of the Company's executive severance and other termination benefits, and, as a result of such review, the Committee approved (i) certain amendments to the Executive Severance Plan (the "Severance Plan"), (ii) the Company's entry into a Change of Control Agreement with certain key employees, including the Company's Chief Executive Officer ("CEO"), Scott Barber, Chief Financial Officer Dan Bessey, Chief Administrative Officer and General Counsel, John Komeiji, and its Senior Vice President-Technology, Kevin Paul (collectively, the "Named Executive Officers"), and (iii) certain amendments to the form of Restricted Stock Unit Grant Agreement to be entered into under the Company's 2010 Equity Incentive Plan (the "Equity Plan") with certain key employees, including each of the Named Executive Officers.

The amendments to the Severance Plan implement recommendations from the Company's independent compensation consultant, and include the following material changes: (i) increasing the multiplier for the base severance payment (the "Base Severance Amount") for the CEO from 1.5X to 2X, (ii) including in the Base Severance Amount that is subject to the multiplier an amount equal to the participant's bonus opportunity under the performance compensation plan at the target level of performance for the year of termination (the "Bonus"), (iii) providing that the Base Severance Amount will be paid in a lump sum; provided, however, that the portion of the Base Severance Amount that each of the existing participants under the Severance Plan (currently, only the Named Executive Officers) would receive under the Severance Plan as in effect on October 31, 2016 (immediately prior to the amendment) (1.5X base salary for the CEO, 1X base salary for the other Named Executive Officers) will not be paid in a lump sum and will instead be paid pursuant to the original payment schedule under the Severance Plan (18 months for the CEO, 12 months for the other Named Executive Officers), (iv) eliminating benefits that are triggered upon the participant's death or disability, (v) requiring that a participant receiving severance benefits under the Severance Plan sign a confidentiality and non-disparagement agreement, (vi) modifying the period of coverage for health insurance benefits to correlate to the pay multiplier (e.g., 1X=1 year); and (vii) capping the total amount of severance payments made to a participant under the Severance Plan to an amount equal to twice the participant's annual compensation paid during the year immediately preceding the year in which the separation from service occurs. The foregoing description of the material amendments to the Severance Plan is limited in its entirety by reference to the full text of the amended Severance Plan attached to this Form 10-Q as exhibit 10.1.

The Committee also approved the Company's entry into a Change of Control Agreement with certain key employees, including each of the Named Executive Officers, and implemented recommendations from the Company's independent compensation consultant. These Change of Control Agreements have a 3-year term and provide for the following severance benefits if the participant is terminated by the Company without Cause or by the participant for Good Reason within the period beginning six months before and ending twenty four months after a Change of Control: (i) payment to our CEO of an amount equal to 2X his base salary plus Bonus, with the portion of such amount equal to 1.5X his base salary to be paid over 18 months and the balance to be paid in a lump sum, (ii) payment to each of the other Named Executive Officers of an amount equal to 1.5X their respective base salary plus Bonus, with the portion of such amount equal to 1X their respective base salary to be paid over 12 months, and the balance to be paid in a lump sum, (iii) medical insurance benefits for a period of 24 months for our CEO and 18 months for each of the other Named Executive Officers, and (iv) a pro rata portion of the Named Executive Officer's bonus earned under the performance compensation plan for the year of termination based on actual performance, paid in a lump sum at the time such bonuses are generally paid under the performance compensation plan. The foregoing description of the Change of Control Agreements is limited in its entirety by reference to the full text of the form of Change of Control Agreement attached to this Form 10-Q as exhibit 10.2.

Finally, the Committee also approved amendments to the form of Restricted Stock Unit Grant Agreement under the Equity Plan to be entered into between the Company and certain participants under the Equity Plan, including each of the Named Executive Officers, beginning with the 2017 Restricted Stock Unit ("RSU") grants. The amendments implement recommendations from the Company's independent compensation consultant and include the following material changes: (i) modifying the existing change in control trigger by (a) adding the requirement that the participant must also be terminated by the Company without Cause or by the Participant for Good Reason within the period beginning 2 months before, and 24 months after, the change in control transaction, (b) modifying the number of performance-based RSUs vesting upon such termination or, if later, change in control transaction, from the maximum number of unvested performance-based RSUs, to vesting the target number of unvested performance-based RSUs for vesting dates that have not yet occurred, and (c) providing that the accelerated vesting that would otherwise occur upon a participant's termination in connection with a change in control will occur immediately prior to, and contingent upon, the consummation of the Change in Control if the successor in interest does not agree to assume the RSUs, or substitute equivalent awards or rights; (ii) revising the vesting formula for accelerated vesting in connection with Death or Disability from pro rata vesting of unvested time-based RSUs to 100% vesting of unvested time-based RSUs; and (iii) for performance-based RSUs, eliminating the restriction on transfer which lapses in equal installments on each of the first three anniversaries of vesting. The foregoing description of the amendments to the Restricted Stock Unit Grant Agreement is limited in its entirety by reference to the full text of the form of Restricted Stock Unit Grant Agreement attached to this Form 10-Q as exhibit 10.3.

Item 6. Exhibits

See Exhibit Index following the signature page of this Report.

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 thereunto duly authorized.

	HAWAIIAN TELCOM HOLDCO, INC.
November 3, 2016	/s/ Scott K. Barber
	Scott K. Barber Chief Executive Officer
November 3, 2016	/s/ Dan T. Bessey
	Dan T. Bessey Chief Financial Officer

EXHIBIT INDEX

10.1*	Hawaiian Telcom Holdco, Inc. Executive Severance Plan, amended and restated effective November 1, 2016.
10.2*	Form of Change of Control Agreement between Hawaiian Telcom Holdco, Inc. and Each of the Named Executive Officers
10.3*	Form of Restricted Stock Unit Agreement for Executives Pursuant to the Hawaiian Telcom 2010 Equity Incentive Plan beginning with the 2017 Restricted Stock Unit grants.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Press Release dated November 3, 2016 announcing third quarter earnings.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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* Identifies each management contract or compensatory plan or arrangement.

Exhibit 10.1

HAWAIIAN TELCOM HOLDCO, INC.

EXECUTIVE SEVERANCE PLAN

(amended and restated effective November 1, 2016)

INTRODUCTION

The purpose of the Hawaiian Telcom Holdco, Inc. Executive Severance Plan (the “Plan”) is to retain key employees and to encourage such employees to use their best business judgment in managing the affairs of Hawaiian Telcom Holdco, Inc. and its subsidiaries and affiliates (the “Company”). Therefore, Hawaiian Telcom Holdco, Inc. is willing to provide the severance benefits described below to protect these employees in the event of an involuntary termination. It is further intended that this Plan will complement other compensation program components to assure a sound basis upon which the Company will retain key employees.

Article 1

Definitions and Exclusions

Whenever used in this Plan, the following words and phrases shall have the meanings set forth below. When the defined meaning is intended, the term is capitalized:

1.1. “Base Salary” means the total amount of base salary payable to a participant at the salary rate in effect immediately prior to the participant’s Separation from Service with the Company. Base Salary does not include bonuses, reimbursed expenses, credits or benefits under any plan of deferred compensation, to which the Company contributes, or any additional cash compensation or compensation payable in a form other than cash.

1.2. “Board of Directors” shall mean the Board of Directors of Hawaiian Telcom Holdco, Inc.

1.3. “Cause” to terminate a participant’s employment shall include any of the following facts or circumstances:

(a) the participant’s failure to follow a legal order of the Board of Directors, other than any such failure resulting from the participant’s Disability, and such failure is not remedied within 30 days after receipt of written notice;

(b) the participant’s gross or willful misconduct in the performance of duties that causes or is reasonably likely to cause damage to the Company;

(c) the participant’s conviction of felony or crime involving material dishonesty or moral turpitude;

(d) the participant’s fraud or, other than with respect to a de minimis amount, personal dishonesty involving the Company’s assets; or

(e) the participant’s unlawful use (including being under the influence) or possession of illegal drugs on the Company’s premises or while performing the participant’s duties and responsibilities to the Company.

Prior to a termination pursuant to subsection 1.3(c) above, the Company shall conduct a reasonable investigation to determine, based on the information reasonably available to the Company, whether Cause for termination exists.

1.4. “Change of Control Agreement” means a Change of Control Agreement entered into by and between the Company and a participant.

1.5. “Compensation Committee” means the Compensation Committee of the Board of Directors.

1.6. “Deadline Date” means the later of the later of the 30th day after the participant’s Separation from Service or the maximum time that the participant has to consider and not revoke the General Release under applicable law.

1.7. “Disability” shall mean the absence of a participant from the participant’s duties to the Company on a full-time basis for a total of 6 months during any 12-month period as a result of incapacity due to mental or physical illness, which determination is made by a physician selected by the Company and acceptable to the participant or the participant’s legal representative (such agreement as to acceptability not to be withheld unreasonably). Notwithstanding the foregoing, a Disability shall not be “incurred” hereunder until, at the earliest, the last day of the 6th month of such absence and in no event shall the participant be determined to be Disabled unless such physician determines that such illness can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

1.8. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.9. “General Release” means an agreement that includes a full and complete general waiver and release of all claims that a participant may have against the Company or persons affiliated with the Company, as well as provisions relating to confidentiality and non-disparagement, in the form provided by the Company.

1.10. “Good Reason” means a participant’s resignation due to the occurrence of any of the following conditions which occurs without the participant’s written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied:

(a) a material diminution in the authority, duties or responsibilities of the participant or the supervisor to whom the participant is required to report;

(b) the Company's material breach of this Plan or the participant's employment offer letter or employment agreement (including, without limitation, the Company's material failure to provide payments or benefits required under this Plan or the participant's employment offer letter or employment agreement); or

(c) the relocation of the participant's principal office, without his or her consent, to a location that is in excess of 100 miles from Honolulu, Hawaii.

In order for a participant to resign for Good Reason, the participant must provide written notice to Hawaiian Telcom Holdco, Inc. of the existence of the Good Reason condition within 90 days of the initial existence of such Good Reason condition. Upon receipt of such notice, Hawaiian Telcom Holdco, Inc. will have 30 days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such 30 day period, the participant may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of Hawaiian Telcom Holdco, Inc.'s 30-day cure period.

1.11. "Involuntary Separation from Service" shall have the meaning set forth in Treasury Regulation 1.409A-1(n).

1.12. "Separation from Service" shall have the meaning set forth in Treasury Regulation 1.409A-1(h).

1.13. "Severance Period" shall mean a period of 24 months for the Company's CEO and 12 months for all other participants.

1.14. "Target Bonus" shall mean the amount of the award for a given year at target level of performance under any applicable performance or incentive bonus arrangement in effect at the time of a Separation from Service (including, without limitation, the Company's Performance Compensation Plan) that a participant would have received had he or she continued to be employed by the Company until the date such awards were paid, assuming all performance was achieved at target level.

Article 2

Eligibility for Benefits

2.1. Eligibility. The Company's executives at the Senior Vice President and higher level, hired by the Company after December 7, 2012, are eligible for Plan benefits. Exceptions (additions or deletions) to the eligibility requirements can be made only by Hawaiian Telcom Holdco, Inc.'s Chief Executive Officer ("CEO"), with the approval of the Compensation Committee. Any additional participants added to the Plan by the CEO pursuant to the foregoing provision shall be referred to herein as "Additional Participants" and all rules applicable to all participants under the Plan shall apply to all Additional Participants, except as set forth herein.

2.2. Benefits. If a participant experiences a Separation from Service as a result of an Involuntary Separation from Service by the Company without Cause or as a result of the participant's resignation for Good Reason, the Company shall pay to the participant the severance benefits described in Section 3.2, provided that the CEO, with the approval of the Compensation Committee, may establish greater or lesser benefits to be paid to any Additional Participant or Additional Participants upon the same or different events than those set forth herein for other participants, which benefits shall be set forth in an Addendum to this Plan (for purposes of clarity, all Additional Participants need not receive the same type and/or amount of benefits under the Plan, upon the same event or events). Notwithstanding anything stated herein or in any other plan, program, arrangement or agreement otherwise and except as provided by a Change of Control Agreement, a participant receiving benefits under this Plan shall not be eligible for severance benefits under any other severance plan, policy or arrangement sponsored by the Company or any other written agreement by and between the Company and the participant, including without limitation, any employment offer letter or employment agreement, whether entered into before or after this Plan is adopted by the Company. If severance or other benefits would be provided under both this Plan and a Change of Control Agreement, the participant shall receive the severance and other benefits provided by the Change of Control Agreement and not this Plan.

2.3. Pre-Conditions to Benefits. Any other provision of this Plan notwithstanding, no participant shall receive the severance benefits described in Section 3.2 unless and until (i) the participant has timely executed the General Release and such agreement becomes effective no later than the Deadline Date, and (iii) the participant has returned all Company property within 10 days of the participant's Separation from Service.

2.4. Notice of Termination. Any termination of a participant's employment by the Company or by the participant (other than termination that occurs as a result of the participant's death) shall be communicated by a written notice to the other party indicating the specific basis for the termination, referencing the applicable provisions of this Plan, and specifying a termination date. Any notice of termination submitted by a participant shall specify a termination date that is at least 30 days following the date of such notice; provided, however, the Company may, in its sole discretion, change the termination date to any date following the Company's receipt of the notice of termination. Any notice of termination submitted by the Company may provide for any termination date (e.g., the date the participant receives the notice of termination, or any date thereafter specified by the Company in its sole discretion). The failure by a participant 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 participant or the Company or preclude the participant or the Company from asserting such fact or circumstance in enforcing the participant's or the Company's rights.

2.5. Plan Administration. The Compensation Committee, or such other committee as may be appointed by the Board of Directors from time to time, shall administer this Plan (the "Plan Administrator"). The Plan Administrator is responsible for the general administration and management of this Plan and shall have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply this Plan and to determine all questions relating to eligibility for benefits. This Plan shall be interpreted in accordance with its terms and their intended meanings. However, the Plan Administrator and all plan fiduciaries shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion they deem to be appropriate in their sole discretion, and to make any findings of fact needed in the administration of this Plan. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious.

Article 3

Severance Benefits

3.1. Termination for Cause or Resignation without Good Reason. If a participant's employment is terminated by the Company for Cause, or by participant without Good Reason, the participant shall not be entitled to any severance payments or benefits.

3.2. Termination without Cause or Resignation for Good Reason. If a participant experiences an Involuntary Separation from Service by the Company without Cause or as a result of the participant's resignation for Good Reason, the participant will receive the following severance payments and benefits from the Company:

(a) Severance Pay. The Company will pay an amount equal to (i) for the CEO, the sum of the CEO's Base Salary and Target Bonus, multiplied by 2, and (ii) for participants other than the CEO, the sum of the participant's Base Salary plus Target Bonus, in each case, paid in a single, lump sum payment on the first regularly scheduled payroll date that occurs on or after the Deadline Date. Notwithstanding the foregoing, with respect to any participant who was a participant in this Plan as of October 31, 2016, the portion of the foregoing severance benefit that is equal to (1) for the CEO, 150% of the CEO's Base Salary, and (2) for participants other than the CEO, the participant's Base Salary, shall not be paid at the time and in the manner set forth in the foregoing provision and shall instead be paid as follows: in separate and distinct equal installment payments in accordance with Company's standard payroll procedures at the time of the participant's Separation from Service for the period beginning on the date of such Separation from Service and ending on the earliest to occur of (A)(I) for the CEO, the 18 month anniversary of the date of the CEO's Separation from Service, and (II) for participants other than the CEO, the 12 month anniversary of the date of the participant's Separation from Service, (B) the first date the participant violates any restrictive covenant that may be described in his or her employment offer letter or employment agreement, including, without limitation, any non-competition, non-solicitation, non-disparagement or confidentiality covenant, (C) the 5th day following the date of the participant's termination in the event the Company has not received by that date a General Release executed by the participant and the participant's voluntary waiver of any review period, or (D) the first date of the participant's revocation of the General Release.

(b) Health Insurance. The Company will pay for continued coverage for the length of the Severance Period for the participant and any dependents under the Company group health plan in which the participant and any dependents were entitled to participate immediately prior to the Separation from Service, excluding Exec-U-Care or similar supplemental coverage policies for senior executives. If the foregoing coverage is not available, and if the participant elects to continue his or her health insurance coverage (excluding Exec-U-Care or similar supplemental coverage policies for senior executives) under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), then the Company will pay 100% of the participant's monthly premiums due for such COBRA coverage from the first date on which the participant loses health coverage as an employee of the Company (with any payments commencing after such date being made retroactively to such date) through the date the Company has paid for COBRA premiums for a length of time equal to the Severance Period or, if earlier, the expiration of the participant's coverage under COBRA or the date when the participant receives substantially equivalent health insurance coverage in connection with new employment or self-employment. Notwithstanding the foregoing, if the Company determines, in its sole discretion, at any time, that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or having the benefit be subject to tax, the Company will, in lieu thereof, pay participant an amount equal to total benefit intended to be provided pursuant to this subsection (i.e., the total premium payment due for the Severance Period), which payment will be taxable, subject to all applicable tax withholdings and other required deductions, and will paid in a single, lump sum payment on the first regularly scheduled payroll date that occurs on or after the Deadline Date.

(c) Performance Compensation Plan Award Severance. The Company will pay the participant a pro-rated amount of his or her annual award under the Company's Performance Compensation Plan for the year of termination, with such prorated amount equal to the award the participant would have received had he or she continued to be employed by the Company until the date such awards are paid multiplied by a fraction, the numerator of which is the total number of days the participant was employed by the Company during the calendar year and the denominator of which is 365, based on actual performance in relation to the performance targets set forth in the Performance Compensation Plan, which amount shall be determined in good faith by the Compensation Committee and paid in a single, lump sum payment in the calendar year following the calendar year in which the participant's Separation from Service occurs and by no later than the 15th day of the 3rd month following the end of the calendar year in which the Separation from Service occurs or, if later, the 15th day of the 3rd month following the end of the Company's tax year in which the Separation from Service occurs.

3.3. Limitation on Benefits. Notwithstanding anything stated herein to the contrary, in no event shall any participant, or any Additional Participant, receive severance benefits under the Plan that exceed, in the aggregate, the equivalent of twice the participant's or Additional Participant's annual compensation paid or provided during the year immediately preceding the year in which the Separation from Service occurs, and the payment or provision of all severance benefits under the Plan shall be completed within 24 months of the Separation from Service (any severance benefits remaining unpaid or outstanding as of such time shall be paid or provided at the end of the 24th month following the Separation from Service). For purposes of this subsection, "annual compensation" shall mean the total of all compensation, including wages, salary, and any other benefit of monetary value, whether paid in the form of cash or otherwise, which was paid as consideration for the participant's service during the year, or which would have been so paid at the participant's usual rate of compensation if the participant had worked a full year.

3.4. Code Section 409A. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended, the regulations and other guidance there under and any state law of similar effect (collectively "Section 409A"), each payment that is paid pursuant to this Plan is hereby designated as a separate payment. The parties intend that all payments made or to be made under this Plan comply with, or are exempt from, the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply or be so exempt. Specifically, any severance payments made in connection with the participant's Separation from Service under this Plan and paid on or before the 15th day of the 3rd month following the end of the participant's first tax year in which the participant's Separation from Service occurs or, if later, the 15th day of the 3rd month following the end of the Company's first tax year in which the participant's Separation from Service occurs, shall be exempt from Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(4) and any additional severance provided in connection with the participant's Separation from Service under this Plan shall be exempt from Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) (to the extent it is exempt pursuant to such section it will in any event be paid no later than the last day of the participant's 2nd taxable year following the taxable year in which the participant's Separation from Service occurs). Notwithstanding the foregoing, if any of the payments provided in connection with the participant's Separation from Service do not qualify for any reason to be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(4), Treasury Regulation Section 1.409A-1(b)(9)(iii), or any other applicable exemption and the participant is, at the time of the participant's Separation from Service, a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i), each such payment will not be made until the first regularly scheduled payroll date of the 7th month after the participant's Separation from Service and, on such date (or, if earlier, the date of the participant's death), the participant will receive all payments that would have been paid during such period in a single lump sum. Any lump sum payment of delayed payments pursuant to the preceding sentence shall be paid with interest to reflect the period of delay, with such interest to accrue at the prime rate in effect at Citibank, N.A. at the time of the participant's Separation from Service. Any remaining payments due under the Plan shall be paid as otherwise provided herein. The determination of whether the participant is a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i) as of the time of such Separation from Service shall made by the Company in accordance with the terms of Section 409A.

Article 4

Employment Status

4.1. Right to Terminate Employment. This Plan shall not be deemed to constitute an employment contract between the Company and any participant. Nothing contained herein shall give any participant the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge the participant at any time, nor shall it give the Company the right to require the participant to remain in its employ or to interfere with the participant's right to terminate employment at any time.

4.2. Status during Benefit Period. Commencing upon the date of the participant's Separation from Service, the participant shall cease to be an employee of the Company for any purpose. The payment of severance benefits under this Plan shall be payments to a former employee.

Article 5

Claims and Review Procedures

5.1. Claims Procedure. Severance benefits will be provided to each participant in the amount determined hereunder by Hawaiian Telcom Holdco, Inc. If a participant believes he or she has not been provided with the severance pay benefits to which he or she is entitled under this Plan, then the participant may file a request for review within 90 days after the date he or she should have received such benefits according to the Plan. The request for review must be submitted to the Plan Administrator. The Plan Administrator will respond to the request for review within 90 days after it is received, setting forth the reasons for its determination in writing. If the participant's request for review is denied, the participant or the participant's duly authorized representative may, within 60 days after receiving written notice of such denial, file a written appeal with the Plan Administrator setting forth the reasons for disagreeing with the initial determination including any documents or records which support the participant's appeal. The Plan Administrator shall respond to this appeal within 60 days after it is received, setting forth the reasons for its determination in writing. The participant may review pertinent Plan documents and his or her employment records, and as part of the written request for review may submit issues and comments concerning the claim.

5.2. Authority. In determining whether to approve or deny any claim or any appeal from a denied claim, the Plan Administrator shall exercise its discretionary authority to interpret the Plan and the facts presented with respect to the claim, and its discretionary authority to determine eligibility for benefits under the Plan. Any approval or denial shall be final and conclusive upon all persons.

5.3. Exhaustion of Remedies. Except as required by applicable law, no action at law or equity shall be brought to recover a benefit under the Plan unless and until the claimant has: (a) submitted a claim for benefits, (b) been notified by the Plan Administrator that the benefits (or a portion thereof) are denied, (c) filed a written request for a review of denial with the Plan Administrator, and (d) been notified in writing that the denial has been affirmed.

Article 6

Information Required by ERISA

6.1. Plan Information. The Plan is administered by Hawaiian Telcom Holdco, Inc. The Plan sponsor's and Plan Administrator's name, address, telephone number, employer identification number and Plan number are as follows:

Plan Name: Hawaiian Telcom Holdco, Inc. Executive Severance Plan

Plan Sponsor/ Hawaiian Telcom Holdco, Inc.

Administrator: c/o Compensation Committee

1177 Bishop Street

Honolulu, Hawaii 96813

Telephone No.: (808) 546-4511

Employer I.D. No.: 16-1710376

Plan No.: 507

Plan Year: January 1 through December 31

Effective Date: December 17, 2012

6.2. Type of Plan. This is an unfunded welfare benefit severance plan. The Company provides benefits from its general assets.

6.3. Agent for Service of Legal Process. The name and address of the person designated as agent for service of legal process is the same as the name and address of the Plan Administrator.

6.4. Statement of ERISA Rights. Participants in this Plan are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

(a) Examine, without charge, at the Plan Administrator's office, all Plan documents, including the Plan instrument (which is this document) and copies of all documents filed by the Plan Administrator with the Department of Labor.

(b) Copies of all Plan documents and other Plan information may also be obtained upon written request to the Plan Administrator; provided, however, that a reasonable charge may be made for copies.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of this Plan. The people who operate the Plan have a duty to do so prudently and in the interest of Plan participants and beneficiaries. However, employees and agents of the Company carrying out their responsibilities with respect to the Plan are acting as representatives of the Company and not as fiduciaries in their own right. No one, including a participant's employer or any other person, may fire a participant or otherwise discriminate against a participant in any way to prevent a participant from obtaining benefits or exercising the participant's rights under ERISA. If a participant's claim for benefits is denied in whole or in part, the participant must receive a written explanation of the reason for this denial. A participant has the right to have the Plan Administrator review and reconsider the participant's claim, as described elsewhere in this document.

Under ERISA, there are several steps a participant can take to enforce the above rights. For instance, if a participant requests certain materials required to be furnished by the Plan and the participant does not receive them within 30 days, a participant may file suit in federal court. In such a case, the court may require that the participant be provided with the materials and may fine the Company up to $100 a day until the participant receives them, unless the materials were not sent because of reasons beyond the Plan Administrator's control. If a participant has a claim for benefits which is denied or ignored in whole or in part, the participant may file suit in a state or federal court. If a participant is discriminated against for asserting the participant's rights, the participant may seek assistance from the United States Department of Labor or the participant may file suit in federal court. The court will decide who should pay the court costs and legal fees. If a participant is successful, the court may order the person the participant has sued to pay these costs and fees. If a participant loses, the court may order the participant to pay these costs and fees if, for example, it finds the participant's claim is frivolous.

If any participant has any questions about this Plan, the participant should contact the Plan Administrator. If any participant has any questions about this statement or about the participant's rights under ERISA, the participant should contact the nearest office of the Labor-Management Services Administration, United States Department of Labor.

6.5. Plan Administration and Interpretations. Hawaiian Telcom Holdco, Inc. is the named fiduciary, which has the authority to control and manage the operation and administration of the Plan. Hawaiian Telcom Holdco, Inc. shall make such rules, regulations and computations and shall take such other actions to administer the Plan as it may deem appropriate. Hawaiian Telcom Holdco, Inc. shall have sole and complete discretion to interpret and administer the terms of the Plan and to determine eligibility for benefits and the amount of any such benefits pursuant to the terms of the Plan. In administering the Plan, Hawaiian Telcom Holdco, Inc. shall act in a nondiscriminatory manner to the extent legally required and shall at all times discharge its duties with respect to the Plan in accordance with the standards set forth in Section 404(a)(1) and other applicable sections of ERISA.

Article 7

Amendment and Termination

It is intended that the Plan shall continue from year to year, subject to an annual review by the Board of Directors or the Compensation Committee. However, the Board of Directors and the Compensation Committee reserves the right to modify, amend or terminate the Plan at any time; provided, that no amendment or termination shall be made that would materially and adversely affect the rights of any participant without his or her consent.

Article 8

Miscellaneous

8.1. Benefits Non-Assignable. No right or interest of a participant in this Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, assignments for the benefit of creditors, receiverships, or in any other manner, excluding transfer by operation of law as a result solely of mental incompetency.

8.2. Assumption of Plan. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, whether pursuant to a change of control or otherwise, to expressly assume and agree to perform the obligations under this Plan in the same manner and to the same extent the Company would be required to perform under this Plan and this Plan shall be binding upon any such successor. For all purposes under this Plan, the term "Company" shall include any successor to the Company's business or assets that becomes bound by this Plan or any affiliate of any such successor that employs any participant.

8.3. Taxes, Withholding and Required Deductions. All forms of compensation referred to in this Plan are subject to all applicable taxes, withholding, and any other deductions required by applicable law.

8.4. Applicable Law. This Plan is a welfare plan subject to ERISA and it shall be interpreted, administered, and enforced in accordance with that law.

8.5. Severability. If any provision of this Plan becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Plan shall continue in full force and effect. If any provision of this Plan is rendered illegal by any present or future statute, law, ordinance or regulation (collectively, the "Law") then that provision shall be curtailed or limited only to the minimum extent necessary to bring the provision into compliance with the Law. All the other terms and provisions of this Plan shall continue in full force and effect without impairment or limitation.

8.6. Binding Agreement. This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the participants and their heirs, executors, administrators and legal representatives.

IN WITNESS WHEREOF, Hawaiian Telcom Holdco, Inc. has caused this amended and restated Plan to be executed by its duly authorized officer effective as of the 1st day of November, 2016.

HAWAIIAN TELCOM HOLDCO, INC.

By: /Scott Barber/

Scott Barber

Its President and Chief Executive Officer

Exhibit 10.2

HAWAIIAN TELCOM HOLDCO, INC.

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement (the “Agreement”) is made and entered into by and between [--] (the “Employee”) and Hawaiian Telcom Holdco, Inc., a Delaware corporation (the “Company”), effective as of [--], 2016.

Capitalized terms used in this Agreement are defined in Section 4 below.

RECITALS

The Compensation Committee believes that it is in the best interests of the Company and its stockholders to provide Employee with the severance benefits provided herein to protect Employee in the event an involuntary termination occurs in connection with a Change of Control and to encourage Employee to focus on and use their best business judgment in managing the affairs of the Company.

The Compensation Committee further believes that this Agreement will complement other compensation program components to assure a sound basis upon which the Company will retain key employees such as Employee.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the earlier to occur of (i) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied, and (ii) the date that is three (3) years from the date this Agreement is effective; provided, however, if a Change of Control Protection Period begins prior to the termination of this Agreement, this Agreement shall not terminate pursuant to the foregoing provision and shall instead terminate upon the earlier to occur of (A) the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied, and (B) the expiration of the Change of Control Protection Period.

2. At-Will Employment. The Company and Employee acknowledge that Employee’s employment is and shall continue to be at-will, as defined under applicable law. This means that this Agreement shall not be deemed to constitute an employment contract between the Company and Employee and nothing contained herein shall give Employee the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge Employee at any time, nor shall it give the Company the right to require Employee to remain in its employ or to interfere with Employee’s right to terminate employment at any time. Further, for purposes of clarity, the requirement for Employee to provide the Company with written notice of Employee’s intent to resign if Employee resigns for Good Reason in no way affects or impacts the at-will nature of Employee’s employment with the Company.

3. Termination Benefits.

(a) Termination for Any Reason. Upon Employee’s termination of employment with the Company for any reason, Employee shall be entitled to the compensation, benefits reimbursements then due and owing for the period ending as of the end of the effective date of Employee’s termination. Accordingly, the Company shall make the following payments to Employee (or Employee’s beneficiaries or estate if applicable): (i) all earned but unpaid salary or other earned but unpaid compensation or wages, and (ii) any unreimbursed business expenses incurred by Employee on or before the termination date and which are reimbursable under the Company’s business expense reimbursement policies, which will be paid promptly following Employee’s submission of any required receipts and other documentation to the Company in accordance with the Company’s business expense reimbursement policies, provided such receipts and documents are received by the Company within forty five (45) days after the termination date.

(b) Covered Termination during the Change of Control Protection Period. If Employee experiences a Separation as a result of Employee's termination by the Company without Cause (for purposes of this Agreement, a termination by the Company without Cause shall not include any termination that occurs as a result of Employee's death or disability), or as a result of Employee's resignation for Good Reason, in either case, at any time during the Change of Control Protection Period, and Employee satisfies the conditions described in Section 3(c) below, then the Company will make the severance payments and provide the benefits set forth below.

(i) The Company will pay Employee [two hundred percent (200%)/one hundred fifty percent (150%)] of an amount equal to the sum of Employee's Base Salary, plus Target Bonus for the year in which the Separation occurs, which amount shall be paid in a single, lump sum payment on the first regularly scheduled payroll date that occurs on or after the Deadline Date.

(ii) Continued coverage (at the Company's expense), for the length of the Coverage Period for Employee and any dependents under the Company group health plan in which Employee and any dependents were entitled to participate immediately prior to the Separation, excluding Exec-U-Care or similar supplemental coverage policies for senior executives. If the foregoing coverage is not available, and if Employee elects to continue Employee's health insurance coverage (excluding Exec-U-Care or similar supplemental coverage policies for senior executives) under COBRA, then the Company will pay one hundred percent (100%) of Employee's monthly premiums due for such COBRA coverage from the first date on which Employee loses health coverage as an employee of the Company (with any payments commencing after such date being made retroactively to such date) through the date the Company has paid for COBRA premiums for a length of time equal to the Coverage Period or, if earlier, the expiration of Employee's (or Employee's dependent's) coverage under COBRA or the date when Employee (or Employee's dependents) receives substantially equivalent health insurance coverage in connection with new employment or self-employment. Notwithstanding the foregoing, if the Company determines, in its sole discretion, at any time, that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or having the benefit be subject to tax, the Company will, in lieu thereof, pay Employee an amount equal to total benefit intended to be provided pursuant to this subsection (i.e., the total premium payment due for the Coverage Period), which payment will be taxable, subject to all applicable tax withholdings and other required deductions, and will paid in a single, lump sum payment on the first regularly scheduled payroll date that occurs on or after the Deadline Date.

(iii) The Company will pay Employee a pro-rated amount of Employee's annual award for the year in which the Separation occurs under any applicable performance or incentive bonus arrangement in effect at the time of Separation (including, without limitation, the Company's Performance Compensation Plan) that Employee would have received had he or she continued to be employed by the Company until the date such awards were paid, multiplied by a fraction, the numerator of which is the total number of days Employee was employed by the Company during the calendar year in which the Separation occurs and the denominator of which is three hundred sixty five (365), based on actual performance in relation to the performance targets for the applicable performance or incentive bonus arrangement, which amount shall be determined in good faith by the Compensation Committee and paid in a single, lump sum payment in the calendar year following the calendar year in which the participant's Separation occurs and by no later than the 15th day of the 3rd month following the end of the calendar year in which the Separation occurs or, if later, the 15th day of the 3rd month following the end of the Company's tax year in which the Separation occurs.

Notwithstanding anything stated herein, with respect to any Employee who was a participant in the Severance Plan as of October 31, 2016, all severance payments and benefits shall be paid or provided at the time, and in the manner, required by Code Section 409A which, for some severance payments and/or benefits, may require such severance payments and/or benefits to be paid or provided at the time, and in the manner, provided by the Severance Plan instead of at the time, and in the manner, set forth above.

(c) Pre-Conditions to Termination Benefits. Any other provision of this Agreement notwithstanding, Section 3(b) above shall not apply unless and until (i) Employee has timely executed the General Release, Confidentiality and Non-Disparagement Agreement and such agreement becomes effective no later than the Deadline Date, and (iii) Employee has returned all Company property within ten (10) days of Employee's Separation.

(d) Voluntary Resignation; Termination for Cause. If Employee's employment with the Company terminates (i) voluntarily by Employee other than for Good Reason, (ii) for Cause by the Company, or (iii) for any other reason other than as set forth in Section 3(b) above (including Employee's disability or death), then Employee shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices, including the Severance Plan, or pursuant to other written agreements with the Company entered into after the date hereof. In no event shall Employee receive severance or other benefits under both this Agreement and the Severance Plan. If severance or other benefits would be provided under both this Agreement and the Severance Plan, Employee shall receive the severance and other benefits provided by this Agreement and not the Severance Plan.

(e) Code Section 409A. For purposes of Code Section 409A, each payment that is paid, and benefit that is provided, pursuant to this Agreement is hereby designated as a separate payment. The Company and Employee intend that all payments made or to be made, and benefits provided or to be provided, under this Agreement comply with, or are exempt from, the requirements of Code Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Code Section 409A, and any ambiguities herein will be interpreted to so comply or be so exempt. Specifically, any severance payments made, or benefits provided, in connection with Employee's Separation under this Agreement and paid on or before the fifteenth (15th) day of the third (3rd) month following the end of Employee's first tax year in which Employee's Separation occurs or, if later, the (15th) day of the third (3rd) month following the end of the Company's first (1st) tax year in which Employee's Separation occurs, shall be exempt from Code Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(4) and any additional severance payments or benefits provided in connection with Employee's Separation under this Agreement shall be exempt from Code Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) (to the extent it is exempt pursuant to such section it will in any event be paid no later than the last day of Employee's second (2nd) taxable year following the taxable year in which Employee's Separation occurs). Notwithstanding the foregoing, if any of the severance payments or benefits provided in connection with Employee's Separation do not qualify for any reason to be exempt from Code Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(4), Treasury Regulation Section 1.409A-1(b)(9)(iii), or any other applicable exemption and Employee is, at the time of Employee's Separation, a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i), each such payment or benefit will not be made until the first (1st) regularly scheduled payroll date of the seventh (7th) month after Employee's Separation and, on such date (or, if earlier, the date of Employee's death), Employee will receive all payments and benefits that would have been provided during such period in a single lump sum. Any lump sum payment of delayed payments or benefits pursuant to the preceding sentence shall be paid with interest to reflect the period of delay, with such interest to accrue at the prime rate in effect at Citibank, N.A. at the time of Employee's Separation. Any remaining payments due under this Agreement shall be paid as otherwise provided herein. The determination of whether Employee is a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i) as of the time of such Separation shall made by the Company in accordance with the terms of Code Section 409A.

4. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Base Salary. "Base Salary" means the total amount of base salary payable to Employee at the salary rate in effect immediately prior to Employee's Separation from the Company. Base Salary does not include bonuses, reimbursed expenses, credits or benefits under any plan of deferred compensation, to which the Company contributes, or any additional cash compensation or compensation payable in a form other than cash.

(b) Board. "Board" shall mean the Board of Directors of the Company.

(c) Cause. "Cause" to terminate Employee's employment shall include any of the following facts or circumstances: (i) Employee's failure to follow a legal order of the Board, other than any such failure resulting from

Employee's Disability, and such failure is not remedied within thirty (30) days after receipt of written notice; (ii) Employee's gross or willful misconduct in the performance of duties that causes or is reasonably likely to cause damage to the Company; (iii) Employee's conviction of felony or crime involving material dishonesty or moral turpitude; (iv) Employee's fraud or, other than with respect to a de minimis amount, personal dishonesty involving the Company's assets; or (v) Employee's unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or while performing Employee's duties and responsibilities to the Company. Prior to any termination for Cause, the Company shall conduct a reasonable investigation to determine, based on the information reasonably available to the Company, whether Cause for termination exists.

(d) Change of Control. "Change of Control" means the occurrence of any one or more of the following events, provided that, with respect to any payment that is subject to Code Section 409A, an event shall not be treated as a Change of Control hereunder unless such event also constitutes a "change in control event" within the meaning of Code Section 409A:

(i) any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of the Company), becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty (50%) of the combined voting power of the Company's then outstanding securities;

(ii) during any three (3)-year period, individuals who at the beginning of such period constitute the Board, along with any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (i), (iii), or (iv) of this definition of "Change of Control" or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the three (3)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(iii) a merger or consolidation of the Company or a direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto continuing to hold, directly or indirectly, securities representing (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity immediately after such merger or consolidation (or the ultimate parent company of the Company or such surviving entity); provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities shall not constitute a Change or Control; or

(iv) the consummation of a sale or disposition of assets of the Company and/or its direct and indirect subsidiaries (either in a single transaction or in a series of related transactions) having a value constituting at least forty percent (40%) of the total gross fair market value of all of the assets of the Company and its direct and indirect subsidiaries (on a consolidated basis) immediately prior to such transaction, other than the sale or disposition of all or substantially all of the assets of the Company to persons who beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

(e) Change of Control Protection Period. “Change of Control Protection Period” means the period beginning six (6) months prior to and ending twenty-four (24) months after a Change of Control.

(f) COBRA. “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(g) Code. “Code” means the Internal Revenue Code of 1986, as amended.

(h) Code Section 409A. “Code Section 409A” means Code Section 409A, the regulations and other guidance there under and any state law of similar effect.

(i) Compensation Committee. “Compensation Committee” means the Compensation Committee of the Board.

(j) Coverage Period. “Coverage Period” shall mean a period of [twenty-four (24)/eighteen (18)] months.

(k) Deadline Date. “Deadline Date”) means the later of the later of the thirtieth (30th) day after Employee’s Separation or the maximum time that Employee has to consider and not revoke the General Release, Confidentiality and Non-Disparagement Agreement under applicable law.

(l) Disability. “Disability” shall mean the absence of Employee from Employee’s duties to the Company on a full-time basis for a total of six (6) months during any twelve (12)-month period as a result of incapacity due to mental or physical illness, which determination is made by a physician selected by the Company and acceptable to Employee or Employee’s legal representative (such agreement as to acceptability not to be withheld unreasonably). Notwithstanding the foregoing, a Disability shall not be “incurred” hereunder until, at the earliest, the last day of the sixth (6th) month of such absence and in no event shall Employee be determined to be Disabled unless such physician determines that such illness can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

(m) Exchange Act. “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(n) FAA. “FAA” means the Federal Arbitration Act, as amended.

(o) General Release, Confidentiality and Non-Disparagement Agreement. “General Release, Confidentiality and Non-Disparagement Agreement” means a full and complete general waiver and release of all claims that Employee may have against the Company or persons affiliated with the Company and agreement to maintain the confidentiality of certain Company information and to refrain from disparaging the Company or its management in the form provided by the Company.

(p) Good Reason. Employee’s resignation for “Good Reason” means Employee’s resignation due to the occurrence of any of the following conditions which occurs without Employee’s written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a material diminution in the authority, duties or responsibilities of Employee or the supervisor to whom Employee is required to report; (ii) the Company’s material breach of this Agreement or Employee’s employment offer letter or employment agreement (including, without limitation, the Company’s material failure to provide payments or benefits required under this Agreement or Employee’s employment offer letter or employment agreement); (iii) the relocation of Employee’s principal office, without Employee’s consent, to a location that is in excess of fifty (50) miles from Honolulu, Hawaii; (iv) a reduction in total direct compensation in amount greater than ten percent (10%) of the previous year’s total direct compensation that is not caused by below target performance of performance-based compensation; or (v) the failure of the successor in interest to the Company to assume the Company’s obligations under this Agreement. In order for Employee to resign for Good Reason, Employee must provide written notice to the Company of the existence of the Good Reason condition within ninety (90) days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have thirty (30) days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such thirty (30) day period, Employee may resign based on the Good Reason condition specified in the notice effective no later than thirty (30) days following the expiration of the Company’s thirty (30)-day cure period.

(q) Involuntary Separation from Service. Employee's "Involuntary Separation from Service" means Employee's involuntary separation from service as defined in Treasury Regulation 1.409A-1 (n).

(r) JAMS. "JAMS" means Judicial Arbitration and Mediation Service.

(s) Separation. Employee's "Separation" means Employee's separation from service as defined in Treasury Regulation 1.409A-1(h).

(t) Severance Plan. "Severance Plan" shall mean the Hawaiian Telcom Holdco, Inc. Executive Severance Plan, as amended from time to time.

(u) Target Bonus. "Target Bonus" shall mean the amount of the award for a given year at target level of performance under any applicable performance or incentive bonus arrangement in effect at the time of Separation (including, without limitation, the Company's Performance Compensation Plan) that Employee would have received had he or she continued to be employed by the Company until the date such awards were paid, assuming all performance was achieved at target level.

5. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger (forward or reverse triangular), consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets (including the ultimate parent entity in any reverse triangular merger or similar transaction) shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any such successor to the Company's business and/or assets.

(b) Employee's Successors. The terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Notice.

(a) General. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (i) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail (or the equivalent thereof), postage prepaid, (ii) upon delivery, if delivered by hand, (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid, or (iv) one (1) business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail (or the equivalent thereof), postage prepaid, and shall be addressed, if to Employee, at Employee's address as set forth in the books and records of the Company and, if to the Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten (10) days' advance written notice to the other party pursuant to the provisions above.

(b) Notice of Termination. Any termination of Employee's employment by the Company or by Employee (other than termination that occurs as a result of Employee's death) shall be communicated by a written notice to the other party given in accordance with Section 6(a) of this Agreement indicating the specific basis for the termination, referencing the applicable provisions of this Agreement, if applicable, and specifying a termination date. Except with respect to a resignation for Good Reason (which shall follow the procedures set forth above for a resignation for Good Reason), any notice of termination submitted by Employee shall specify a termination date that is at least thirty (30) days following the date of such notice; provided, however, the Company may, in its sole discretion, change the termination date to any date following the Company's receipt of the notice of termination. Further, except as set forth below with respect to a termination as a result of Employee's Disability, any notice of termination submitted by the Company may provide for any termination date (e.g., the date Employee receives the notice of termination, or any date thereafter specified by the Company in its sole discretion). Any notice of termination submitted by the Company where the basis for the termination is Employee's Disability shall specify a termination date that is thirty (30) days after receipt of such notice by Employee, and Employee's termination shall be effective as of such date, provided that, within the thirty (30) days after such receipt, Employee shall not have returned to the full-time performance of Employee's duties. This Section 6(b) shall be construed in a manner consistent with the requirements of the Americans with Disabilities Act and Hawaii Employment Practices law. The failure by Employee 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 Employee or the Company or preclude Employee or the Company from asserting such fact or circumstance in enforcing Employee's or the Company's rights.

7. Miscellaneous Provisions.

(a) No Duty to Mitigate. Employee shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that Employee may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement and the Severance Plan, as applicable, constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof.

(e) Governing Law. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Hawaii, without giving effect to principles of conflicts of law. Subject to subsection (f) below, for purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the state of Hawaii and agree that any such litigation shall be conducted only in the courts of Hawaii or the federal courts of the United States located in Hawaii and no other courts.

(f) Severability. If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively, the "Law") then that provision shall be curtailed or limited only to the minimum extent necessary to bring the provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(g) Taxes, Withholding and Required Deductions. All forms of compensation referred to in this Agreement are subject to all applicable taxes, withholding, and any other deductions required by applicable law.

(h) Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile or scanned copy will have the same force and effect as execution of an original, and a facsimile or scanned signature will be deemed an original and valid signature.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

HAWAIIAN TELCOM HOLDCO, INC.

By:

Title:

Date:

[NAME]

By:

Title:

Date::

Exhibit 10.3

RESTRICTED STOCK UNIT AGREEMENT FOR EXECUTIVES
PURSUANT TO THE
HAWAIIAN TELCOM 2010 EQUITY INCENTIVE PLAN

* * * * *

Participant:

Grant Date: [--], 201[-]

Total Maximum Number of
Restricted Stock Units granted: #(the "<u>Total Maximum RSUs</u>")

Total Target Number
of Restricted Stock Units: #(the "<u>Total Target RSUs</u>")

* * * * *

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this " <u>Agreement</u>"), dated as of the Grant Date specified above, is entered into by and between Hawaiian Telcom Holdco, Inc., a Delaware corporation (the "<u>Company</u>"), and the Participant specified above, pursuant to the Hawaiian Telcom 2010 Equity Incentive Plan (the "<u>Plan</u>"), which is administered by the Compensation Committee of the Board of Directors of the Company (the "<u>Committee</u>"); and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Restricted Stock Units ("<u>RSUs</u>") provided herein to the Participant, each of which is a bookkeeping entry representing the equivalent in value of one (1) Share.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **<u>Incorporation By Reference; Plan Document Receipt</u>**. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the grant of the RSUs hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement

and the terms of the Plan, the terms of the Plan shall control. Any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan.

2. **Grant of Restricted Stock Unit Award**. The Company hereby grants to the Participant, as of the Grant Date specified above, the Total Maximum RSUs specified above. The Total Maximum RSUs is determined by adding the Time-Based RSUs and the Maximum Performance-Based RSUs as defined in Section 3(a) below. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason. The Participant shall not have the rights of a stockholder in respect of the Shares underlying this Award until such Shares are delivered to the Participant in accordance with Section 4.

3. **Vesting**.

(a) General. Except as otherwise provided in this Section 3, RSUs subject to this Award shall vest as follows:

(i) Time-Based RSUs. Fifty percent (50%) of the Total Target RSUs, rounded to the nearest whole share (the "Time-Based RSUs"), shall vest in equal installments of twelve and one-half percent (12.5%) of the Total Target RSUs on March 12, 2018, March 12, 2019, March 12, 2020, and March 12, 2021, (or if the Company's shares are not traded such day on an established national or regional securities exchange, the vesting date shall be the immediately prior day on which the Company's shares are traded on an established national or regional securities exchange), subject to the Participant's continued employment by the Company or one of its Subsidiaries through each such vesting date; and

(ii) Performance-Based RSUs. An amount of RSUs equal to the Target PBRSUs (as defined below) multiplied by 1.5625 (the "Maximum Performance-Based RSUs" or "Maximum PBRSUs") shall vest on the vesting dates and in the amounts set forth in this Section 3(a)(ii) based upon the Company's performance over one year for revenue and Adjusted EBITDA and over two years for total shareholder return of the Company in comparison to the NASDAQ Telecommunications Index (the "Index"), subject to the Participant's continued employment with the Company or one of its Subsidiaries through each vesting date, and provided further, in no event may the Participant vest in any of the PBRSUs pursuant to this Section 3(a)(ii) in the event the FY2017 Adjusted EBITDA performance is below Threshold (as shown in the table below). "Target PBRSUs" shall mean the Total Target RSUs less the Time-Based RSUs. The Committee shall determine the extent to which the performance goals set forth herein are achieved and the total number of PBRSUs that will vest pursuant to this Section 3(a)(ii) in its sole and absolute discretion. For purposes of clarity, in no event may Participant vest in more than the Maximum PBRSUs pursuant to this Section 3(a)(ii).

On the Determination Date (as defined below) and on each of the first two annual anniversaries of the Determination Date, an amount of PBRSUs shall vest equal to the product of A times B times C, where:

A = Total Base Percentage of Target PBRSUs Vested (as defined below);

B = TSR Award Modifier (as defined below); and

C = Sixteen and two-thirds percent (16 2/3%) of the Total Target RSUs.

Notwithstanding the foregoing, the Committee in its sole discretion, after consideration of such factors as it deems appropriate, may reduce the number of Performance-Based RSUs that otherwise would vest pursuant to this Section 3(a)(ii).

For purposes of this Section 3(a)(ii), "Total Base Percentage of Target PBRSUs Vested" shall mean (1) Weighted % Vested from Revenue Performance, plus (2) Weighted % Vested from Adjusted EBITDA Performance, each of which shall be determined as follows:

Weighted % Vested from Revenue Performance				
Measurement	**Weighting**	**Factor**	**Amount** ($ in mils)	**Base % of Target PBRSUs Vested**
FY2017 Revenue	40%			
Threshold		95%	$--	75%
Target		100%	$--	100%
Maximum		105%	$--	125%

Weighted % Vested from Adjusted EBITDA Performance				
Measurement	**Weighting**	**Factor**	**Amount** ($ in mils)	**Base % of Target PBRSUs Vested**
FY2017 Adjusted EBITDA	60%			
Threshold		95%	$--	75%
Target		100%	$--	100%
Maximum		105%	$--	125%

In the event of performance between Threshold and Target or between Target and Maximum, straight-line interpolation will determine the weighted percentages set forth above. If performance is below Threshold, the applicable weighted percentage will equal zero percent (0%). In no event may the Weighted % Vested from Revenue Performance or the Weighted % Vested from Adjusted EBITDA Performance exceed 125%.

For purposes of this Section 3(a)(ii), "TSR Award Modifier" shall have the meaning set forth below based on the Company's TSR relative performance which shall be equal to the Company TSR, minus the Index TSR (each, as defined below), multiplied by 100%:

Level	TSR Relative Performance (Company TSR minus Index TSR)	TSR Award Modifier
High	+15% and higher	125%
Target	0%	100%
Low	-15% and lower	75%

In the event of TSR relative performance between levels, straight-line interpolation will determine the TSR Award Modifier. The TSR Award Modifier shall never exceed 125% or go below 75%.

For purposes of this Section 3(a)(ii), "TSR" shall mean the aggregate total shareholder return on Shares over the two-year period beginning January 1, 2017 and ending on December 31, 2018 (the "TSR Performance Period") against the total shareholder return over the same two-year period for the Index. TSR shall be calculated for the Company and Index using:

- A beginning price for the Shares and the Index equal to the trading volume weighted average price over the first 5 trading days in January 2017, and accounting for the reinvestment of dividends over this period ("Beginning Price"), and

- An ending price for the Shares and the Index equal to the trading volume weighted average price over the last 5 trading days in December 2018, and accounting for the reinvestment of dividends over this period ("Ending Price").

TSR shall be calculated for the Company and the Index as follows:

Company TSR = (Share Ending Price/Share Beginning Price) – 1

Index TSR = (Index Ending Price/ Index Beginning Price) – 1

The "Determination Date" for the Performance-Based RSUs shall be March 12, 2019 or, if later, the date in fiscal year 2019 on which the Committee determines the Total Base Percentage of PBRSUs Vested, the TSR Award Modifier and the total number of RSUs that will be eligible to vest pursuant to this Section 3(a)(ii), if any; provided, however, the Determination Date shall not be later than the earlier of (i) thirty (30) days following the completion of the Company's final audited financial statement for fiscal year 2018, and (ii) April 30, 2019.

EXAMPLE: Executive is awarded a grant of 10,000 Total Target RSUs (i.e., 5,000 Target PBRSUs). The FY2017 Revenue and FY2017 Adjusted EBITDA both equal or exceed their respective Maximum levels, and the Company TSR outperforms the Index TSR by more than 15%. Accordingly, on the Determination Date and on each of the first two annual anniversaries of the Determination Date, the following amount of PBRSUs (equal to one-third of Executive's Maximum Performance-Based RSUs) would vest, as follows:

No. of Target PBRSUs		Total Base Percentage of Target PBRSUs Vested		TSR Award Modifier			
1,666.66	x	125%	x	125%	=	2,604	(rounded down to nearest whole share)

Any determinations made pursuant to Section 3 by the Committee shall be made in the sole and absolute discretion of the Committee and shall be conclusive and binding on the parties for all purposes.

(b) Certain Terminations.

(i) Upon a Participant's Termination due to the Participant's death or Disability (as determined by the Committee in its sole discretion), (A) all unvested Time-Based RSUs shall immediately vest on the date of such Termination, and (B) the number of Performance-Based RSUs set forth in Section 3(b)(iii) below shall become vested upon the earlier of (I) the regularly scheduled vesting date (e.g., the Determination Date or the first or second annual anniversary thereof) next to occur on or after the Termination, and (II) the 15th day of the 3rd month following the end of the Calendar year in which the Participant's Termination occurs or, if later, the 15th day of the 3rd month following the end of the Company's tax year in which the Participant's Termination occurs (and any remaining unvested Performance-Based RSUs shall be forfeited immediately following such date). Any such vested RSUs shall be paid as provided in Section 4 and any transfer restrictions applicable to any Shares previously issued upon vesting of Performance-Based RSUs or issued pursuant to this Section 3(b) shall immediately lapse upon the Participant's Termination.

(ii) Upon a Participant's Termination due to the Participant's Termination by the Company without Cause or Termination by the Participant for Good Reason, (A) the number of Time-Based RSUs set forth in Section 3(b)(iv) shall immediately vest on the date of such Termination (and any remaining unvested Time-Based RSUs shall be forfeited immediately upon Termination), and (B) the number of Performance-Based RSUs set forth in Section 3(b)(iii) below shall become vested upon the earlier of (I) the regularly scheduled vesting date (e.g., the Determination Date or the first or second annual anniversary thereof) next to occur on or after the Termination, and (II) the 15th day of the 3rd month following the end of the Calendar year in which the Participant's Termination occurs or, if later, the 15th day of the 3rd month following the end of the Company's tax year in which the Participant's Termination occurs (and any remaining unvested Performance-Based RSUs shall be forfeited immediately following such date). Any such vested RSUs shall be paid as provided in Section 4 and any transfer restrictions applicable to any Shares previously issued upon vesting of Performance-Based RSUs or issued pursuant to this Section 3(b) shall immediately lapse upon the Participant's Termination.

(iii) For purposes of Section 3(b)(i) and (ii) above, the following number of Performance-Based RSUs shall become vested: (A) the number of Performance-Based RSUs that would otherwise vest on such vesting date based on actual performance as determined pursuant to the provisions of Section 3(a)(ii) above, multiplied by (B) the ratio (I) if the Termination occurs on or before December 31, 2018, the numerator of which is the number of days that elapsed between January 1, 2017 and the Termination and the denominator of which is 730, or (II) if the Termination occurs on or after January 1, 2019, the numerator of which is the number of days that elapsed between the first day of the fiscal year in which the Termination occurred and the Termination and the denominator of which is 365.

(iv) For purposes of Section 3(b)(ii) above, the following number of Time-Based RSUs shall become vested: (A) the number of Time-Based RSUs scheduled to vest on the next annual anniversary of the Grant Date, multiplied by (B) the ratio, the numerator of which is the number of days that have elapsed from the immediately preceding anniversary of the Grant Date (or the applicable Grant Date, in the event the date of Termination is less than one year following the Grant Date) to the date of Termination and the denominator of which is 365.

(c) Change in Control. If the Participant experiences a Termination by the Company without Cause or a Termination by the Participant for Good Reason, in either case, within 2 months prior to, or 24 months after, a Change in Control, then all unvested Time-Based RSUs, and the number of Target PBRSUs equal to the total Target PBRSUs multiplied by a factor where the factor equals 1/3 multiplied by the number of scheduled PBRSU vesting dates that has not occurred as of the Termination, will vest immediately on the later of (i) date of the Change in Control, and (ii) the Termination; provided, if a Change in Control occurs and the Company's successor or an affiliate thereof does not agree to assume this Agreement, or to substitute an equivalent award or right for this Agreement, and Participant does not voluntarily resign for any reason other than Good Reason without continuing with the Company's successor or an affiliate thereof, then any acceleration of vesting that would otherwise occur upon Participant's Termination on or after a Change in Control shall occur immediately prior to, and contingent upon, the consummation of such Change in Control. Any such vested RSUs shall be paid as provided in Section 4 and any transfer restrictions applicable to any Shares previously issued upon vesting of Performance-Based RSUs or issued pursuant to this Section 3(c) shall immediately lapse upon the Change in Control.

(d) Leaves of Absence. Notwithstanding anything stated herein or the Plan to the contrary, if the Participant takes a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under applicable local law.

(e) Forfeiture. Except as set forth in Section 3(b) above, all unvested RSUs shall be immediately forfeited upon the Participant's Termination for any reason.

4. **Delivery of Shares**. Subject to Sections 10 and 13, RSUs shall be automatically settled in Shares upon vesting of such RSUs. In connection with the delivery of the Shares pursuant to this Agreement, the Participant agrees to execute any documents reasonably requested by the Company, including, without limitation any agreement containing confidentiality, non-competition, non-disparagement, and/or waiver and release of claims provisions. In no event shall a Participant be entitled to receive any Shares with respect to any unvested or forfeited portion of the RSU award.

5. **Dividends and Other Distributions**. The Participant shall be entitled to receive all dividends and other distributions paid with respect to the Shares underlying the RSUs, provided that any such dividends or other distributions will be subject to the same vesting requirements as the underlying RSUs and shall be paid at the time the Shares are delivered pursuant to Section 4.

6. **Non-transferability**.

(a) Restriction on Transfers. All RSUs, and any rights or interests therein, (i) shall not be sold, exchanged, transferred, assigned or otherwise disposed of in any way at any time by the Participant (or any beneficiary(ies) of the Participant), other than by testamentary disposition by the Participant or by the laws of descent and distribution, (ii) shall not be pledged or encumbered in **any** way at any time by the Participant (or any beneficiary(ies) of the Participant) and (iii) shall not be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, pledge, transfer, assign, encumber or otherwise dispose of these RSUs, or the levy of any execution, attachment or similar legal process upon these RSUs, contrary to the terms of this Agreement and/or the Plan, shall be null and void and without legal force or effect.

(b) Other Rights. Notwithstanding anything herein to the contrary, the Participant, and any permitted transferee, shall not, directly or indirectly, Transfer any Shares acquired by the Participant or permitted transferee (or his or her estate or legal representative), unless in each such instance the Participant or permitted transferee (or his or her estate or legal representative) shall have first offered to the Company the Shares proposed to be Transferred pursuant to a bona fide offer from a third party. The right of first refusal must be exercised by the Company by delivering to the Participant or permitted transferee (or his or her estate or legal representative) written notice of such exercise within twenty (20) business days of the Company's receipt of written notification of the proposed sale. Upon the exercise of a right of first refusal, the Shares proposed to be sold shall be purchased by the Company at the price per share offered to be paid by the prospective transferee. The notice of exercise of the right of first refusal shall specify the date and location for the closing of such purchase. This right of first refusal shall expire immediately upon the effectiveness of the filing of a Form 10 with the Securities and Exchange Committee or, if later, the date that the Company's shares otherwise become registered with the Securities and Exchange Commission.

7. **Code Section 409A.** For purposes of Code Section 409A, the regulations and other guidance there under and any state law of similar effect (collectively "Section 409A"), each distribution that is made pursuant to this Agreement is hereby designated as a separate payment. The Participant and the Company intend that all distributions made or to be made under this Agreement comply with, or are exempt from, the requirements of Section 409A so that none of the distributions will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply or be so exempt. Specifically, any distribution made in connection with the Participant's Termination and paid on or before the 15th day of the 3rd month following the end of the Calendar year in which the Participant's Termination occurs or, if later, the 15th day of the 3rd month following the end of the Company's tax year in which the Participant's Termination occurs, shall be exempt from Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(4) and any additional distribution made in connection with the Participant's Termination under this Agreement shall be exempt from Section 409A to the maximum extent permitted pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) (to the extent it is exempt pursuant to such section it will in any event be paid no later than the last day of the Participant's 2nd taxable year following the taxable year in which the Participant's Termination occurs). Notwithstanding the foregoing, if any of the distributions provided in connection with the Participant's Termination do not qualify for any reason to be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(4), Treasury Regulation Section 1.409A-1(b)(9)(iii), or any other applicable exemption and the Participant is, at the time of the Participant's Termination, a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i), each such distribution will not be made until the first regularly scheduled payroll date of the 7th month after the Participant's Termination and, on such date (or, if earlier, the date of the Participant's death), the Participant will receive all distributions that would have been made during such period in a single distribution. Any remaining distributions due under this Agreement shall be made as otherwise provided herein. The determination of whether the Participant is a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i) as of the time of such Termination shall made by the Committee in accordance with the terms of Section 409A.

8. **Entire Agreement; Amendment**. This Agreement, together with the Plan contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. This Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

9. **Acknowledgment of Employee**. This award of RSUs does not entitle Participant to any benefit other than that granted under this Agreement. Any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

Participant understands and accepts that the benefits granted under this Agreement are entirely at the discretion of the Company and that the Company retains the right to amend or terminate this Agreement and the Plan at any time, at its sole discretion and without notice.

10. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without reference to the principles of conflict of laws thereof.

11. **Withholdings and Required Deductions**. Prior to any relevant tax, withholding or required deduction event, as applicable, the Participant agrees to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account obligations of the Company and/or any Affiliate that arise in connection with the RSUs. In this regard, the Participant authorizes the Company and/or any Affiliate, or their respective agents, at their discretion, to satisfy any obligations related to any taxes or other required deductions applicable to the RSUs by one or a combination of the following: (1) withholding from the Participant's wages or other cash compensation payable to the Participant by the Company or any Affiliate; (2) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); (3) withholding of Shares that otherwise would be issued upon settlement of the RSUs; or (4) any other arrangement approved by the Company. Unless the tax obligations or other required deductions described herein are satisfied, the Company shall have no obligation to issue a certificate or book-entry transfer for such Shares.

12. **No Right to Employment**. Any questions as to whether and when there has been a termination of such employment and the cause of such termination shall be determined in the sole discretion of the Committee. Nothing in this Agreement or in the Plan shall interfere with or restrict in any way the rights of the Company or its Subsidiaries to terminate the Participant's employment or service at any time, for any reason and with or without cause.

13. **Notices**. Any notice which may be required or permitted under this Agreement shall be in writing, and shall be delivered in person or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

(a) If such notice is to the Company, to the attention of the General Counsel of the Company or at such other address as the Company, by notice to the Participant, shall designate in writing from time to time.

(b) If such notice is to the Participant, at his/her address as shown on the Company's records, or at such other address as the Participant, by notice to the Company, shall designate in writing from time to time.

14. **Compliance with Laws**. This issuance of RSUs (and the Shares underlying the RSUs) pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the 1934 Act and in each case any respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company shall not be obligated to issue these RSUs or any of the Shares pursuant to this Agreement if any such issuance would violate any such requirements.

15. **Binding Agreement; Assignment**. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant shall not assign (except as provided by Section 6 hereof) any part of this Agreement without the prior express written consent of the Company.

16. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

17. **Headings**. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

18. **Further Assurances**. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

19. **Severability**. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

HAWAIIAN TELCOM HOLDCO, INC.

By:

Name:

Title:

PARTICIPANT

By:

Name:

Title:

Exhibit 31.1

Certification Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002

I, Scott K. Barber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hawaiian Telcom Holdco, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2016

/s/ Scott K. Barber
Scott K. Barber
Chief Executive Officer

Exhibit 31.2

Certification Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002

I, Dan T. Bessey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hawaiian Telcom Holdco, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2016

/s/ Dan T. Bessey
Dan T. Bessey
Chief Financial Officer

Exhibit 32.1

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hawaiian Telcom Holdco, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott K. Barber, certify, pursuant to 18 U.S.C.§1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2016	/s/ Scott K. Barber
	Scott K. Barber
	Chief Executive Officer

Exhibit 32.2

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hawaiian Telcom Holdco, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan T. Bessey, certify, pursuant to 18 U.S.C.§1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2016

/s/ Dan T. Bessey
Dan T. Bessey
Chief Financial Officer

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For Immediate Release

Hawaiian Telcom Reports Third Quarter 2016 Results

Delivered business strategic revenue(1) growth of 12.3 percent
Achieved data center and cloud services revenue growth of 10.8 percent
Increased consumer strategic revenue(1) by 3.4 percent
Grew Hawaiian Telcom TV into a $42 million annualized revenue stream

HONOLULU (Thursday, November 3, 2016) -- Hawaiian Telcom Holdco, Inc. (NASDAQ: HCOM) reported financial results for its third quarter ended September 30. The highlights are as follows:

- Revenue totaled $97.8 million, resulting in Adjusted EBITDA(2) of $28.6 million.
- Business strategic revenue increased 12.3 percent year-over-year to $17.0 million, driven by a solid 12.6 percent growth in data services revenue and 10.8 percent growth in data center services revenue.
- Consumer strategic revenue increased 3.4 percent year-over-year to $17.5 million, driven by a strong 20.8 percent growth in video services revenue.
- Enabled 3,000 households with fiber in the third quarter, increasing enabled households on O‘ahu to 201,000.
- Ended the third quarter with approximately 39,800 Hawaiian Telcom TV subscribers, increasing penetration of households enabled to 19.8 percent.
- Generated net loss of $0.3 million, or $0.02 per diluted share for the quarter, partially because of a $0.5 million non-cash pension expense related to employee retirements in the quarter, and a $0.5 million anticipated year-over-year increase in depreciation and amortization as a result of the continued expansion of the Company’s next-generation broadband fiber network.

“I am proud of what Hawaiian Telcom and its employees have been able to achieve over the last six years as a public company,” said Scott Barber, Hawaiian Telcom’s president and CEO. “Six years ago we anticipated the coming industry-wide decline in traditional legacy revenues and made the strategic decision to invest in upgrading our network with fiber that would enable us to provide advanced high-bandwidth services to Hawai‘i’s consumers and businesses. As a result of executing this decision, strategic revenues now represent almost half of our consumer revenue and 40 percent of our business revenue. We have successfully transformed the Company into Hawai‘i’s Technology Leader, a strategic partner for businesses and a next-generation communications and entertainment provider for Hawai‘i consumers.

“Today we can take pride in the 100 percent increase in our fiber route miles compared to six years ago, resulting in more than 200,000 homes and 5,000 business locations with access to the network that provides Hawai‘i’s fastest Internet. Businesses of all sizes consider us a strategic partner, consistently turning to us for a wide array of services from traditional, such as phone and CPE, to next-generation IP, data and cloud services. This constructive relationship has resulted in steady business data services revenue growth year-over-year for eleven consecutive quarters. We also recently celebrated Hawaiian Telcom TV's five year anniversary; our IPTV product now represents a $42 million annualized revenue stream and growing, with nearly 40,000 subscribers. With these investments and our outstanding employees providing exceptional customer service, I'm confident that we will continue to generate organic growth, sustainable and growing cash flow, and increase long-term value for our shareholders."

Third Quarter 2016 Results

Third quarter revenue was $97.8 million, compared to $100.9 million in the third quarter of 2015. The decline was partly because of an additional $1.1 million received in 2015 for government subsidies from the FCC's Connect America Fund – Phase II program to expand broadband availability. Revenue growth in the quarter, primarily driven by strong growth in consumer video, business data (broadband) services and data center services was offset by the impact of voice access line losses and lower wholesale revenue. Third quarter Adjusted EBITDA was $28.6 million, a decrease of $2.7 million year-over-year.

Net loss for the third quarter was $0.3 million, or $0.02 per diluted share, partially because of a $0.5 million non-cash pension expense related to employee retirements in the quarter, and a $0.5 million anticipated year-over-year increase in depreciation and amortization as a result of the continued expansion of the Company's next-generation broadband fiber network.

Business Revenue

Third quarter business revenue totaled $44.8 million, consistent with the third quarter of 2015. Data services revenue increased a solid 12.6 percent year-over-year as customer demand for high-bandwidth IP-based data services such as Ethernet, Dedicated Internet Access, IP-VPN and BVoIP continued to rise. One of the measures of this trend is the growth in BVoIP lines, which grew 14.3 percent year-over-year to approximately 18,600 lines, offsetting more than a third of total legacy voice access line decline.

Revenue from data center services grew 10.8 percent year-over-year for the third quarter, driven by increased sales of Ethernet, security, and managed services.

Third quarter business strategic revenue increased 12.3 percent year-over-year and now represents 38 percent of total reported business revenue, compared to 34 percent in the same period a year ago, and 32 percent in the same period two years ago. Revenue increases from business strategic services and equipment and managed services offset the year-over-year decline in business legacy voice services.

Consumer Revenue

Third quarter consumer revenue totaled $35.7 million, compared to $36.6 million in the third quarter of 2015. Revenue growth in the quarter from Hawaiian Telcom TV and high-bandwidth Internet services was more than offset by the year-over-year revenue decline in consumer legacy voice and low-bandwidth Internet services. Third quarter consumer strategic revenue increased 3.4 percent year-over-year and now represents 49 percent of total consumer revenue, up from 46 percent in the same period a year ago, and 40 percent in the same period two years ago.

Hawaiian Telcom TV continues to deliver solid results. Video services revenue grew to $10.5 million for the quarter and has become a $42 million and growing annualized revenue stream. The 20.8 percent year-over-year video revenue growth was driven by the addition of approximately 5,800 subscribers in the last twelve months, ending the third quarter with approximately 39,800 subscribers in service. During the quarter, 3,000 additional households were fiber-enabled, increasing the total number of households enabled to 201,000 with 62 percent of those households capable of utilizing fiber-to-the-premise technology. Hawaiian Telcom TV penetration of households enabled increased to 19.8 percent at the end of the third quarter, up from 18.6 percent at the end of the third quarter of 2015.

Internet services revenue declined $1.2 million from the same period a year ago primarily due to promotional pricing. The Company ended the third quarter with approximately 91,000 Internet subscribers and customer adoption of higher speed offerings has continued to increase. The number of customers on 21 Mbps to 1 Gbps speeds increased by 21 percent over the last year and 66 percent over the last two years. The number of triple-play customers grew 8.8 percent year-over-year and Internet attachment rate continues to be high. As of September 30, 2016, approximately 94 percent of all video subscribers had double- or triple-play bundles with Internet.

Wholesale Revenue

Third quarter wholesale revenue totaled $13.4 million, compared to $14.2 million in the third quarter 2015. The decline was because of wholesale customers disconnecting lower bandwidth legacy circuits on month-to-month rates and moving to more efficient and cost effective fiber-based, higher bandwidth Ethernet circuits on multi-year contracts, as well as reduction in rates for certain wireless carriers in exchange for extended terms.

Operating Expenses

Operating expenses, exclusive of non-cash and special items which we exclude from our Adjusted EBITDA calculation, decreased $0.4 million year-over-year to $69.3 million in the third quarter. The decrease was primarily due to reduced costs of utility pole maintenance, lower labor overtime, and lower electricity costs from reduced utility rates and energy savings initiatives. These decreases were partially offset by higher direct cost of services related to video from rising content costs and increasing number of subscribers.

Capital Expenditures and Liquidity

Capital expenditures totaled $78.3 million in the nine months ended September 30, 2016, compared with $76.7 million for the same period in the prior year. Approximately 85 percent of total capital expenditures for the first nine months of 2016 was directed towards growth and expansion initiatives, which include payments on the trans-Pacific cable system, spending on enabling homes and fiber-to-the-business, Connect America Fund build out, as well as success-based spending to support the growth of the Company's next-generation services. Overall, total capital expenditures for 2016 are expected to be in the high-$90 million range.

At the end of third quarter 2016, the Company had $20.7 million in cash and cash equivalents compared to $30.3 million at the end of 2015. The use of cash is primarily related to higher levels of expansion-related and success-based capital expenditures. Net Debt[3] was $264.3 million, resulting in a Net Leverage Ratio[4] as of September 30, 2016 of 2.3x.

Conference Call

The Company will host a conference call to discuss its third quarter 2016 results at 8:00 a.m. (Hawaii Time), or 2:00 p.m. (Eastern Time) on Thursday, November 3, 2016.

To access the call, participants should dial (877) 456-0428 (US/Canada), or (615) 247-0082 (International) ten minutes prior to the start of the call and provide passcode 95494078.

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 two hours after the conclusion of the call until 5:00 p.m. (Eastern Time) November 10, 2016. Access the replay by dialing (855) 859-2056 or (404) 537-3406 and entering passcode 95494078.

Use of Non-GAAP Financial Measures

This press release contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), Net Debt, Net Leverage Ratio and Levered Free Cash Flow. 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, Net Debt, Net Leverage Ratio and Levered Free Cash Flow 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”, “expected”, 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: failures in Hawaiian Telcom’s critical back office systems and IT infrastructure; breach of the our data security systems; increases in the amount of capital expenditures required to execute our business plan; the loss of certain outsourcing agreements, or the failure of any third party to perform under these agreements; our ability to sell capacity on the new submarine fiber cable project; adverse changes to applicable laws and regulations; the failure to adequately adapt to technological changes in the telecommunications industry, including changes in consumer technology preferences; adverse economic conditions in Hawai‘i; the availability of lump sum distributions under our union pension plan; limitations on the ability to utilize net operating losses due to an ownership change under Internal Revenue Code Section 382; the inability to service our indebtedness; limitations imposed on our business from restrictive covenants in the credit agreements; and severe weather conditions and natural disasters. More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Hawaiian Telcom’s 2015 Annual Report on Form 10-K. The information contained in this release is as of November 3, 2016. It is anticipated that subsequent events and developments may cause estimates to change, and the Company undertakes no duty to update forward-looking statements.

About Hawaiian Telcom

Hawaiian Telcom (NASDAQ: HCOM), headquartered in Honolulu, is Hawai‘i’s Technology Leader, providing integrated communications, broadband, data center and entertainment solutions for business and residential customers. With roots in Hawai‘i beginning in 1883, the Company offers a full range of services including Internet, video, voice, wireless, data network solutions and security, colocation, and managed and cloud services supported by the reach and reliability of its next generation fiber network and a 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 On[SM] customer experience. For more information, visit www.hawaiiantel.com.

(1) **Consumer strategic revenue**, as defined by the Company, includes video services and consumer Internet services revenues. **Business strategic revenue**, as defined by the Company, includes data services and data center services revenues. Data services include Dedicated Internet Access, Ethernet and other business data services, business Internet, and BVoIP. Data center services include physical colocation, virtual colocation, network services, security, cloud services, and various related telephony services.

(2) **Adjusted EBITDA** is a non-GAAP measure defined by the Company as Net Income plus interest expense (net of interest income and other), income taxes, depreciation and amortization, gain on sale of property, non-cash stock and other performance-based compensation, SystemMetrics earn-out, pension settlement loss and other special items. The Company believes this non-GAAP measure 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 Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in the telecommunications industry. A detailed reconciliation of Adjusted EBITDA to comparable GAAP financial measures has been included in the table 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.

(4) **Net Leverage Ratio** is defined by the Company as Net Debt divided by Last Twelve Months Adjusted EBITDA. A detailed reconciliation of Net Leverage Ratio has been included in the tables distributed with this release.

[5] In the fourth quarter 2015, we revised the presentation of volume information and operating revenue to provide more meaningful information. Prior period information has been revised to reflect the current presentation. Total revenue has not changed from that previously reported but the classification by channel has been modified and we now present product information by channel as well.

[6] **Levered Free Cash Flow** provides a useful measure of operational performance and liquidity. The Company defines Levered Free Cash Flow as Adjusted EBITDA less cash interest expense and capital expenditures. A detailed reconciliation of Levered Free Cash Flow has been included in the tables distributed with this release.

Hawaiian Telcom Holdco, Inc.
Consolidated Statements of Income (Loss)
(Unaudited, dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating revenues	$ 97,848	$ 100,905	$ 296,183	$ 294,208
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	41,903	41,013	124,987	120,415
Selling, general and administrative	29,206	33,146	88,625	92,645
Depreciation and amortization	23,036	22,551	67,479	65,772
Total operating expenses	94,145	96,710	281,091	278,832
Operating income	3,703	4,195	15,092	15,376
Other income (expense):				
Interest expense	(4,156)	(4,148)	(12,879)	(12,651)
Interest income and other	—	4	—	15
Total other expense	(4,156)	(4,144)	(12,879)	(12,636)
Income (loss) before income tax provision (benefit)	(453)	51	2,213	2,740
Income tax provision (benefit)	(174)	(54)	892	1,204
Net income (loss)	$ (279)	$ 105	$ 1,321	$ 1,536
Net income (loss) per common share -				
Basic	$ (0.02)	$ 0.01	$ 0.11	$ 0.14
Diluted	$ (0.02)	$ 0.01	$ 0.11	$ 0.14
Weighted average shares used to compute net income (loss) per common share -				
Basic	11,512,280	11,040,299	11,499,947	10,844,478
Diluted	11,512,280	11,318,641	11,539,828	11,275,655

Hawaiian Telcom Holdco, Inc.
Consolidated Balance Sheets
(Unaudited, dollars in thousands, except per share amounts)

	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 20,650	$ 30,312
Receivables, net	28,488	32,736
Material and supplies	8,217	8,499
Prepaid expenses	5,343	4,068
Other current assets	2,666	2,102
Total current assets	65,364	77,717
Property, plant and equipment, net	593,370	579,107
Intangible assets, net	33,254	34,828
Goodwill	12,104	12,104
Deferred income taxes, net	91,610	89,896
Other assets	5,985	6,043
Total assets	$ 801,687	$ 799,695
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	$ 3,000	$ 3,000
Accounts payable	50,844	44,841
Accrued expenses	15,656	14,491
Advance billings and customer deposits	15,324	17,551
Other current liabilities	6,070	5,932
Total current liabilities	90,894	85,815
Long-term debt	281,927	283,046
Employee benefit obligations	106,346	104,597
Other liabilities	17,185	18,538
Total liabilities	496,352	491,996
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, par value of $0.01 per share, 245,000,000 shares authorized and 11,512,502 and 11,466,398 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	115	115
Additional paid-in capital	179,387	178,019
Accumulated other comprehensive loss	(34,441)	(29,388)
Retained earnings	160,274	158,953
Total stockholders' equity	305,335	307,699
Total liabilities and stockholders' equity	$ 801,687	$ 799,695

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

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash flows from operating activities:		
Net income	$ 1,321	$ 1,536
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,479	65,772
Deferred financing amortization	1,533	1,436
Employee retirement benefits	(6,430)	(3,315)
Provision for uncollectible receivables	2,908	2,640
Stock based compensation	1,722	1,087
Deferred income taxes	1,412	1,633
Changes in operating assets and liabilities:		
Receivables	1,340	(3,558)
Material and supplies	282	211
Prepaid expenses and other current assets	(1,839)	(2,538)
Accounts payable and accrued expenses	6,067	(3,222)
Advance billings and customer deposits	(2,227)	4,054
Other current liabilities	(600)	(693)
Other	(22)	552
Net cash provided by operating activities	72,946	65,595
Cash flows from investing activities:		
Capital expenditures	(78,334)	(76,732)
Funds released from restricted cash account	—	400
Net cash used in investing activities	(78,334)	(76,332)
Cash flows from financing activities:		
Proceeds from exercise of warrant	—	3,342
Proceeds from installment financing	1,698	2,779
Repayment of capital lease and installment financing	(2,680)	(3,083)
Repayment of debt	(2,250)	(2,250)
Refinancing and loan amendment costs	(688)	(150)
Taxes paid related to net share settlement of equity awards	(354)	(941)
Net cash used in financing activities	(4,274)	(303)
Net change in cash and cash equivalents	(9,662)	(11,040)
Cash and cash equivalents, beginning of period	30,312	39,885
Cash and cash equivalents, end of period	$ 20,650	$ 28,845
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$ 9,938	$ 11,234

Hawaiian Telcom Holdco, Inc.
Revenue by Category and Channel (5)
(Unaudited, dollars in thousands)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Change Amount	Change Percentage
Business				
Data services	$ 13,949	$ 12,387	$ 1,562	12.6 %
Voice services	21,626	23,657	(2,031)	(8.6)%
Data center services	3,061	2,762	299	10.8 %
Equipment and managed services	6,161	5,993	168	2.8 %
	44,797	44,799	(2)	(0.0)%
Consumer				
Video services	10,483	8,677	1,806	20.8 %
Internet services	7,053	8,283	(1,230)	(14.8)%
Voice services	18,144	19,683	(1,539)	(7.8)%
	35,680	36,643	(963)	(2.6)%
Wholesale carrier data	13,440	14,246	(806)	(5.7)%
Other	3,931	5,217	(1,286)	(24.7)%
	$ 97,848	$ 100,905	$ (3,057)	(3.0)%

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Change Amount	Change Percentage
Business				
Data services	$ 45,510	$ 36,285	$ 9,225	25.4 %
Voice services	65,669	70,839	(5,170)	(7.3)%
Data center services	9,329	8,143	1,186	14.6 %
Equipment and managed services	15,804	15,036	768	5.1 %
	136,312	130,303	6,009	4.6 %
Consumer				
Video services	29,907	24,479	5,428	22.2 %
Internet services	22,106	24,598	(2,492)	(10.1)%
Voice services	55,825	60,231	(4,406)	(7.3)%
	107,838	109,308	(1,470)	(1.3)%
Wholesale carrier data	40,373	42,368	(1,995)	(4.7)%
Other	11,660	12,229	(569)	(4.7)%
	$ 296,183	$ 294,208	$ 1,975	0.7 %

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

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	LTM Ended September 30, 2016
Net income (loss)	$ (279)	$ 105	$ 1,321	$ 1,536	$ 885
Income tax provision (benefit)	(174)	(54)	892	1,204	1,045
Interest expense and other income and expense, net	4,156	4,144	12,879	12,636	17,048
Operating income	3,703	4,195	15,092	15,376	18,978
Depreciation and amortization	23,036	22,551	67,479	65,772	89,586
Non-cash stock and other performance-based compensation	737	186	2,305	1,087	2,802
SystemMetrics earn-out	(71)	(350)	660	194	724
Pension settlement loss	486	4,118	486	6,366	2,208
Other special items	675	550	1,461	1,419	2,506
Adjusted EBITDA	$ 28,566	$ 31,250	$ 87,483	$ 90,214	$ 116,804

Hawaiian Telcom Holdco, Inc.
Schedule of Levered Free Cash Flow [6]
(Unaudited, dollars in thousands)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	LTM Ended September 30, 2016
Adjusted EBITDA	$ 28,566	$ 31,250	$ 87,483	$ 90,214	$ 116,804
Cash interest expense	(3,588)	(3,630)	(9,938)	(11,234)	(14,882)
Capital expenditures	(25,436)	(23,816)	(78,334)	(76,732)	(100,636)
Levered Free Cash Flow	$ (458)	$ 3,804	$ (789)	$ 2,248	$ 1,286

Hawaiian Telcom Holdco, Inc.
Schedule of Net Leverage Ratio
(Unaudited, dollars in thousands)

Long-term debt as of September 30, 2016	$ 284,927
Less cash on hand	(20,650)
Total net debt as of September 30, 2016	$ 264,277
LTM Adjusted EBITDA as of September 30, 2016	$ 116,804
Net leverage ratio as of September 30, 2016	2.3 x

Hawaiian Telcom Holdco, Inc.
Volume Information [5]
(Unaudited)

	September 30, 2016	September 30, 2015	Change Number	Change Percentage
Business				
Data lines	19,754	19,835	(81)	(0.4)%
BVoIP lines	18,593	16,273	2,320	14.3 %
Voice access lines	162,587	169,120	(6,533)	(3.9)%
Consumer				
Video subscribers	39,774	34,009	5,765	17.0 %
Internet lines	91,000	93,202	(2,202)	(2.4)%
Voice access lines	139,167	156,311	(17,144)	(11.0)%
Homes enabled for video	201,000	183,000	18,000	9.8 %

	September 30, 2016	June 30, 2016	Change Number	Change Percentage
Business				
Data lines	19,754	19,851	(97)	(0.5)%
BVoIP lines	18,593	18,101	492	2.7 %
Voice access lines	162,587	163,860	(1,273)	(0.8)%
Consumer				
Video subscribers	39,774	38,593	1,181	3.1 %
Internet lines	91,000	91,820	(820)	(0.9)%
Voice access lines	139,167	143,441	(4,274)	(3.0)%
Homes enabled for video	201,000	198,000	3,000	1.5 %