

HAWAIIAN TELCOM HOLDCO, INC.

QUARTERLY TRENDED EXTERNAL FORMAT
(UNAUDITED)
(Dollars in thousands)

	For the Three Months Ended												For the Year Ended December 31,		
	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	2014	2015	2016
Operating revenues:															
Business															
Data services.....	\$ 11,215	\$ 11,268	\$ 11,162	\$ 11,187	\$ 12,059	\$ 11,838	\$ 12,387	\$ 13,043	\$ 14,968	\$ 16,593	\$ 13,949	\$ 13,853	\$ 44,832	\$ 49,327	\$ 59,363
Voice services.....	25,414	24,843	24,627	24,051	24,021	23,161	23,657	22,882	22,352	21,690	21,626	21,468	98,936	93,722	87,136
Data center services.....	2,405	2,323	2,485	3,524	2,597	2,784	2,762	2,951	3,057	3,211	3,061	3,106	10,737	11,094	12,435
Equipment and managed services.....	4,489	4,723	4,818	5,294	4,265	4,779	5,993	5,510	4,465	5,178	6,161	5,925	19,324	20,546	21,729
	<u>43,523</u>	<u>43,157</u>	<u>43,092</u>	<u>44,056</u>	<u>42,942</u>	<u>42,562</u>	<u>44,799</u>	<u>44,386</u>	<u>44,842</u>	<u>46,672</u>	<u>44,797</u>	<u>44,352</u>	<u>173,829</u>	<u>174,689</u>	<u>180,663</u>
Consumer															
Video services.....	4,754	5,474	6,531	7,051	7,522	8,280	8,677	9,187	9,426	9,997	10,483	10,652	23,810	33,666	40,558
Internet services.....	7,483	7,687	7,815	8,039	8,128	8,187	8,283	8,088	7,725	7,328	7,053	6,887	31,024	32,687	28,993
Voice services.....	22,642	22,134	21,463	21,024	20,516	20,033	19,683	19,042	19,054	18,627	18,144	17,563	87,263	79,273	73,388
	<u>34,879</u>	<u>35,295</u>	<u>35,809</u>	<u>36,114</u>	<u>36,166</u>	<u>36,500</u>	<u>36,643</u>	<u>36,317</u>	<u>36,205</u>	<u>35,952</u>	<u>35,680</u>	<u>35,102</u>	<u>142,097</u>	<u>145,626</u>	<u>142,939</u>
Wholesale carrier data.....	14,386	14,280	14,416	14,689	14,333	13,789	14,245	14,063	13,762	13,172	13,440	13,290	57,771	56,430	53,664
Other.....	4,284	4,052	3,935	4,771	3,673	3,336	5,218	4,439	3,985	3,745	3,931	4,036	17,042	16,668	15,697
Total operating revenues.....	\$ 97,072	\$ 96,784	\$ 97,252	\$ 99,630	\$ 97,114	\$ 96,187	\$ 100,905	\$ 99,205	\$ 98,794	\$ 99,541	\$ 97,848	\$ 96,780	\$ 390,739	\$ 393,413	\$ 392,963
Operating expenses:															
Cost of revenues (exclusive of depreciation and amortization).....															
	40,948	41,288	42,621	41,423	40,183	39,219	41,013	42,059	42,479	40,605	41,903	40,848	166,280	162,474	165,835
Selling, general and administrative expenses.....	29,266	28,720	28,294	29,694	29,732	29,767	33,146	31,153	29,865	29,554	29,206	29,795	115,974	123,798	118,420
Depreciation and amortization.....	18,720	18,884	19,717	20,693	21,280	21,941	22,551	22,107	21,950	22,493	23,036	22,437	78,014	87,879	89,916
Total operating expenses.....	\$ 88,934	\$ 88,892	\$ 90,632	\$ 91,810	\$ 91,195	\$ 90,927	\$ 96,710	\$ 95,319	\$ 94,294	\$ 92,652	\$ 94,145	\$ 93,080	\$ 360,268	\$ 374,151	\$ 374,171
Operating income.....	8,138	7,892	6,620	7,819	5,919	5,260	4,195	3,887	4,500	6,889	3,703	3,700	30,471	19,262	18,792
Depreciation and amortization.....	18,720	18,884	19,717	20,693	21,280	21,941	22,551	22,107	21,950	22,493	23,036	22,437	78,014	87,879	89,916
Non-cash stock and other performance-based compensation.....	1,074	1,025	967	1,108	375	525	186	497	779	789	737	641	4,174	1,584	2,946
SystemMetrics earn-out.....	272	272	271	272	272	272	(350)	64	515	216	(71)	105	1,087	258	765
Pension settlement loss.....	—	—	—	—	850	1,397	4,118	1,722	—	—	486	791	—	8,088	1,277
Other special items.....	853	969	1,419	820	476	394	550	1,045	390	396	675	826	4,061	2,464	2,287
Adjusted EBITDA (1).....	\$ 29,057	\$ 29,042	\$ 28,994	\$ 30,712	\$ 29,172	\$ 29,789	\$ 31,250	\$ 29,322	\$ 28,134	\$ 30,783	\$ 28,566	\$ 28,500	\$ 117,807	\$ 119,535	\$ 115,983
Capital expenditures.....	\$ 23,939	\$ 27,376	\$ 25,159	\$ 20,232	\$ 29,172	\$ 23,744	\$ 23,816	\$ 22,302	\$ 28,139	\$ 24,759	\$ 25,436	\$ 19,507	\$ 96,706	\$ 99,034	97,841
Levered Free Cash Flow (2).....	\$ 1,294	\$ (1,943)	\$ 235	\$ 6,846	\$ (3,953)	\$ 2,394	\$ 3,804	\$ 2,076	\$ (2,497)	\$ 2,166	\$ (458)	\$ 5,225	\$ 6,434	\$ 4,323	\$ 4,436
	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16			
Business															
Data lines.....	19,404	19,465	19,552	19,589	19,624	19,759	19,835	20,081	19,954	19,851	19,754	19,596			
BVoIP lines.....	11,008	11,600	12,143	12,898	13,875	15,469	16,273	16,749	17,281	18,101	18,593	19,091			
Voice access lines.....	181,194	179,154	177,064	175,636	173,425	170,506	169,120	168,058	166,073	163,860	162,587	160,829			
Consumer															
Video subscribers.....	20,279	23,101	25,766	28,124	29,721	31,921	34,009	35,876	37,108	38,593	39,774	41,557			
Internet lines.....	91,429	91,405	92,265	92,875	93,090	93,338	93,202	93,002	92,820	91,820	91,000	91,089			
Voice access lines.....	182,375	177,953	173,656	169,488	165,074	160,819	156,311	151,996	147,375	143,441	139,167	135,363			
Homes enabled for video.....	130,000	142,000	152,000	160,000	166,000	175,000	183,000	190,000	195,000	198,000	201,000	202,000			

(1) Adjusted EBITDA is a non-GAAP financial measure used by management to evaluate the effectiveness of the Company's operating performance. Adjusted EBITDA is defined 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.

(2) Levered Free Cash Flow is a non-GAAP financial measure used by management to measure operational performance and liquidity. The Company defines Levered Free Cash Flow as Adjusted EBITDA less cash interest expense and capital expenditures.

HAWAIIAN TELCOM HOLDCO, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES--ADJUSTED EBITDA & Levered Free Cash Flow (1) (2)

(UNAUDITED)

(Dollars in thousands)

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Net income (loss).....	\$ 2,368	\$ 2,239	\$ 1,516	\$ 1,976	\$ 975	\$ 455	\$ 105	\$ (435)	\$ 154	\$ 1,445	\$ (279)	\$ (214)	\$ 8,099	\$ 1,100	\$ 1,106
Income tax provision (benefit).....	1,592	1,549	1,014	1,755	614	643	(54)	153	106	960	(174)	(302)	5,910	1,357	591
Interest expense & other income & expense, net.....	4,178	4,104	4,090	4,088	4,330	4,162	4,144	4,169	4,240	4,484	4,156	4,216	16,462	16,805	17,095
Operating income	8,138	7,892	6,620	7,819	5,919	5,260	4,195	3,887	4,500	6,889	3,703	3,700	30,471	19,262	18,792
Depreciation and amortization.....	18,720	18,884	19,717	20,693	21,280	21,941	22,551	22,107	21,950	22,493	23,036	22,437	78,014	87,879	89,916
Non-cash stock and other performance-based compensation..	1,074	1,025	967	1,108	375	525	186	497	779	789	737	641	4,174	1,584	2,946
SystemMetrics earn-out.....	272	272	271	272	272	272	(350)	64	515	216	(71)	105	1,087	258	765
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Adjusted EBITDA (1).....	\$ 29,057	\$ 29,042	\$ 28,994	\$ 30,712	\$ 29,172	\$ 29,789	\$ 31,250	\$ 29,322	\$ 28,134	\$ 30,783	\$ 28,566	\$ 28,500	\$ 117,807	\$ 119,535	\$ 115,983
Cash interest expense.....	(3,824)	(3,609)	(3,600)	(3,634)	(3,953)	(3,651)	(3,630)	(4,944)	(2,492)	(3,858)	(3,588)	(3,768)	(14,667)	(16,178)	(13,706)
Capital expenditures.....	(23,939)	(27,376)	(25,159)	(20,232)	(29,172)	(23,744)	(23,816)	(22,302)	(28,139)	(24,759)	(25,436)	(19,507)	(96,706)	(99,034)	(97,841)
Levered Free Cash Flow (2).....	\$ 1,294	\$ (1,943)	\$ 235	\$ 6,846	\$ (3,953)	\$ 2,394	\$ 3,804	\$ 2,076	\$ (2,497)	\$ 2,166	\$ (458)	\$ 5,225	\$ 6,434	\$ 4,323	\$ 4,436

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