

HAWAIIAN TELCOM HOLDCO, INC.

QUARTERLY TRENDED EXTERNAL FORMAT

(UNAUDITED)

(Dollars in thousands)

| | | | | | | | | | | | | | | | For the Year Ended December 31, | | | 3/31/18 |
|--|------------|-----------|------------|-----------|------------|-----------|-----------|-----------|------------|------------|-----------|-----------|------------|------------|------------------------------------|------------|------------|---------|
| | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | 3/31/16 | 6/30/16 | 9/30/16 | 12/31/16 | 3/31/17 | 6/30/17 | 9/30/17 | 12/31/17 | 3/31/18 | 2015 | 2016 | 2017 | LTM | |
| Operating revenues: | | | | | | | | | | | | | | | | | | |
| Business | | | | | | | | | | | | | | | | | | |
| Data services: | | | | | | | | | | | | | | | | | | |
| Ethernet and RNS..... | \$ 3,883 | \$ 3,765 | \$ 3,923 | \$ 3,937 | \$ 4,128 | \$ 4,374 | \$ 4,454 | \$ 4,432 | \$ 4,791 | \$ 4,336 | \$ 4,260 | \$ 4,258 | \$ 4,070 | \$ 15,508 | \$ 17,388 | \$ 17,645 | \$ 16,924 | |
| Dedicated Internet Access..... | 1,693 | 1,657 | 1,856 | 2,675 | 3,519 | 5,424 | 2,634 | 2,674 | 2,603 | 2,086 | 2,088 | 2,092 | 2,079 | 7,881 | 14,252 | 8,869 | 8,345 | |
| Internet..... | 3,363 | 3,321 | 3,397 | 3,359 | 3,562 | 3,399 | 3,401 | 3,347 | 3,354 | 3,313 | 3,187 | 3,115 | 3,119 | 13,440 | 13,709 | 12,969 | 12,734 | |
| BVoIP..... | 2,471 | 2,642 | 2,746 | 2,807 | 2,907 | 3,154 | 3,284 | 3,340 | 3,326 | 3,577 | 3,719 | 3,840 | 4,102 | 10,666 | 12,685 | 14,462 | 15,238 | |
| Legacy data services..... | 1,941 | 1,772 | 1,779 | 1,601 | 2,268 | 1,685 | 1,653 | 1,494 | 1,543 | 1,690 | 1,622 | 1,554 | 1,476 | 7,093 | 7,100 | 6,409 | 6,342 | |
| Total data services..... | 13,351 | 13,157 | 13,701 | 14,379 | 16,384 | 18,036 | 15,426 | 15,287 | 15,617 | 15,002 | 14,876 | 14,859 | 14,846 | 54,589 | 65,134 | 60,354 | 59,583 | |
| Voice services..... | 24,085 | 23,223 | 23,720 | 22,944 | 22,412 | 21,752 | 21,687 | 21,520 | 21,258 | 20,733 | 20,431 | 20,160 | 19,652 | 93,972 | 87,370 | 82,582 | 80,976 | |
| Hosted and managed services..... | 1,241 | 1,403 | 1,385 | 1,553 | 1,581 | 1,706 | 1,523 | 1,620 | 1,532 | 1,642 | 1,503 | 1,691 | 1,599 | 5,582 | 6,430 | 6,368 | 6,435 | |
| Equipment and related services..... | 4,265 | 4,779 | 5,993 | 5,510 | 4,465 | 5,178 | 6,161 | 5,925 | 5,443 | 4,274 | 5,050 | 5,406 | 3,029 | 20,546 | 21,729 | 20,173 | 17,759 | |
| | 42,942 | 42,562 | 44,799 | 44,386 | 44,842 | 46,672 | 44,797 | 44,352 | 43,850 | 41,651 | 41,860 | 42,116 | 39,126 | 174,689 | 180,663 | 169,477 | 164,753 | |
| Consumer | | | | | | | | | | | | | | | | | | |
| Video services..... | 7,522 | 8,280 | 8,677 | 9,187 | 9,426 | 9,997 | 10,483 | 10,652 | 10,594 | 10,806 | 11,103 | 11,092 | 11,225 | 33,666 | 40,558 | 43,595 | 44,226 | |
| Internet services..... | 8,128 | 8,187 | 8,283 | 8,088 | 7,725 | 7,328 | 7,053 | 6,887 | 6,681 | 6,619 | 6,639 | 6,811 | 7,105 | 32,687 | 28,993 | 26,750 | 27,174 | |
| Voice services..... | 20,516 | 20,033 | 19,683 | 19,042 | 19,054 | 18,627 | 18,144 | 17,563 | 16,986 | 16,407 | 15,946 | 15,642 | 15,272 | 79,273 | 73,388 | 64,981 | 63,267 | |
| | 36,166 | 36,500 | 36,643 | 36,317 | 36,205 | 35,952 | 35,680 | 35,102 | 34,261 | 33,832 | 33,688 | 33,545 | 33,602 | 145,626 | 142,939 | 135,326 | 134,667 | |
| Wholesale carrier data..... | 14,333 | 13,789 | 14,245 | 14,063 | 13,762 | 13,172 | 13,440 | 13,290 | 12,828 | 12,602 | 12,567 | 12,744 | 13,932 | 56,430 | 53,664 | 50,741 | 51,845 | |
| Other..... | 3,673 | 3,336 | 5,218 | 4,439 | 3,985 | 3,745 | 3,931 | 4,036 | 3,571 | 3,213 | 2,898 | 3,193 | 2,562 | 16,668 | 15,697 | 12,875 | 11,866 | |
| Total operating revenues..... | \$ 97,114 | \$ 96,187 | \$ 100,905 | \$ 99,205 | \$ 98,794 | \$ 99,541 | \$ 97,848 | \$ 96,780 | \$ 94,510 | \$ 91,298 | \$ 91,013 | \$ 91,598 | \$ 89,222 | \$ 393,413 | \$ 392,963 | \$ 368,419 | \$ 363,131 | |
| Operating expenses: | | | | | | | | | | | | | | | | | | |
| Cost of revenues (exclusive of depreciation and amortization)..... | | | | | | | | | | | | | | | | | | |
| | 40,183 | 39,219 | 41,013 | 42,059 | 42,479 | 40,605 | 41,903 | 40,848 | 41,191 | 40,181 | 40,100 | 41,629 | 42,088 | 162,474 | 165,835 | 163,101 | 163,998 | |
| Selling, general and administrative expenses..... | 29,443 | 28,975 | 29,304 | 29,430 | 29,644 | 29,333 | 28,266 | 28,941 | 29,632 | 26,713 | 29,248 | 26,997 | 27,625 | 117,152 | 116,184 | 112,590 | 110,583 | |
| Depreciation and amortization..... | 21,280 | 21,941 | 22,551 | 22,107 | 21,950 | 22,493 | 23,036 | 22,437 | 21,269 | 21,742 | 22,174 | 23,238 | 23,333 | 87,879 | 89,916 | 88,424 | 90,488 | |
| Total operating expenses..... | \$ 90,906 | \$ 90,135 | \$ 92,868 | \$ 93,596 | \$ 94,073 | \$ 92,431 | \$ 93,205 | \$ 92,226 | \$ 92,092 | \$ 88,636 | \$ 91,522 | \$ 91,865 | \$ 93,046 | \$ 367,505 | \$ 371,935 | \$ 364,115 | \$ 365,069 | |
| Operating income (loss)..... | 6,208 | 6,052 | 8,037 | 5,610 | 4,721 | 7,110 | 4,643 | 4,554 | 2,418 | 2,662 | (509) | (267) | (3,824) | 25,908 | 21,028 | 4,304 | (1,938) | |
| Depreciation and amortization..... | 21,280 | 21,941 | 22,551 | 22,107 | 21,950 | 22,493 | 23,036 | 22,437 | 21,269 | 21,742 | 22,174 | 23,238 | 23,333 | 87,879 | 89,916 | 88,424 | 90,488 | |
| Non-cash stock and other performance-based compensation..... | 375 | 525 | 186 | 497 | 779 | 789 | 737 | 641 | 725 | 731 | 892 | 479 | 572 | 1,584 | 2,946 | 2,827 | 2,674 | |
| SystemMetrics earn-out..... | 272 | 272 | (350) | 64 | 515 | 216 | (71) | 105 | — | 32 | — | — | — | 258 | 765 | 32 | 32 | |
| Retirement plan expenses (1)..... | (289) | (792) | (3,842) | (1,723) | (221) | (221) | (940) | (854) | (1,763) | 105 | (579) | (66) | 710 | (6,646) | (2,236) | (2,303) | 170 | |
| Pension settlement loss..... | 850 | 1,397 | 4,118 | 1,722 | — | — | 486 | 791 | 1,956 | 314 | 1,090 | 640 | — | 8,088 | 1,277 | 4,000 | 2,044 | |
| Early retirement plan severance..... | — | — | — | — | — | — | — | — | 1,743 | — | — | — | — | — | — | 1,743 | — | |
| Merger-related expenses..... | — | — | — | — | — | — | — | — | — | 189 | 1,988 | 234 | 206 | — | — | 2,411 | 2,617 | |
| Other special items..... | 476 | 394 | 550 | 1,045 | 390 | 396 | 675 | 826 | 714 | 650 | 700 | 469 | 820 | 2,464 | 2,287 | 2,533 | 2,639 | |
| Adjusted EBITDA (2)..... | \$ 29,172 | \$ 29,789 | \$ 31,250 | \$ 29,322 | \$ 28,134 | \$ 30,783 | \$ 28,566 | \$ 28,500 | \$ 27,062 | \$ 26,425 | \$ 25,756 | \$ 24,727 | \$ 21,817 | \$ 119,535 | \$ 115,983 | \$ 103,971 | \$ 98,726 | |
| Capital expenditures..... | \$ 29,172 | \$ 23,744 | \$ 23,816 | \$ 22,302 | \$ 28,139 | \$ 24,759 | \$ 25,436 | \$ 19,507 | \$ 27,242 | \$ 25,388 | \$ 23,088 | \$ 19,538 | \$ 24,336 | \$ 99,034 | \$ 97,841 | \$ 95,256 | \$ 92,350 | |
| Levered Free Cash Flow (3)..... | \$ (3,953) | \$ 2,394 | \$ 3,804 | \$ 2,076 | \$ (2,497) | \$ 2,166 | \$ (458) | \$ 5,225 | \$ (3,717) | \$ (3,542) | \$ 267 | \$ 1,040 | \$ (5,910) | \$ 4,323 | \$ 4,436 | \$ (5,951) | \$ (8,144) | |
| Business | | | | | | | | | | | | | | | | | | |
| Data lines..... | 19,624 | 19,759 | 19,835 | 20,081 | 19,954 | 19,851 | 19,754 | 19,596 | 19,341 | 18,917 | 18,530 | 18,289 | 18,112 | | | | | |
| BVoIP lines..... | 13,875 | 15,469 | 16,273 | 16,749 | 17,281 | 18,101 | 18,593 | 19,091 | 20,034 | 20,666 | 21,421 | 22,457 | 23,259 | | | | | |
| Voice access lines..... | 173,425 | 170,506 | 169,120 | 168,058 | 166,073 | 163,860 | 162,587 | 160,829 | 158,621 | 155,743 | 153,273 | 149,959 | 146,752 | | | | | |
| Consumer | | | | | | | | | | | | | | | | | | |
| Video subscribers..... | 29,721 | 31,921 | 34,009 | 35,876 | 37,108 | 38,593 | 39,774 | 41,557 | 42,771 | 43,235 | 44,312 | 45,183 | 45,747 | | | | | |
| Internet lines..... | 93,090 | 93,338 | 93,202 | 93,002 | 92,820 | 91,820 | 91,000 | 91,089 | 90,693 | 90,073 | 90,563 | 91,883 | 93,104 | | | | | |
| Voice access lines..... | 165,074 | 160,819 | 156,311 | 151,996 | 147,375 | 143,441 | 139,167 | 135,363 | 131,142 | 127,134 | 123,738 | 121,169 | 118,496 | | | | | |
| Homes enabled for video..... | 166,000 | 175,000 | 183,000 | 190,000 | 195,000 | 198,000 | 201,000 | 202,000 | 203,000 | 204,000 | 205,000 | 206,000 | 207,000 | | | | | |

(1) Effective January 1, 2018, the Company adopted a new accounting standard that amends the income statement presentation of net periodic benefit cost for defined benefit and other post retirement plans. The presentation requirements were adopted on a retrospective basis resulting in a reclassification of retirement plan expense from selling, general and administrative expense to other income and expense for every quarter from 2015. Operating income for these periods have been revised as a result, while Adjusted EBITDA remain unchanged. More information can be found in the Company's form 10-Q for the quarterly period ended March 31, 2018 filed with the Securities and Exchange Commission.

(2) 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 (loss) plus interest expense (net of interest income and other), income taxes, depreciation and amortization, loss (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.

(3) Levered Free Cash Flow is a non-GAAP financial measure used by management to measure operational performance and liquidity. This non-GAAP measure does not represent the residual cash flow available for discretionary expenditures. 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 (2) (3)

(UNAUDITED)

(Dollars in thousands)

| | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | 3/31/16 | 6/30/16 | 9/30/16 | 12/31/16 | 3/31/17 | 6/30/17 | 9/30/17 | 12/31/17 | 3/31/18 | For the Year Ended | | | |
|---|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|------------|-------------|------------|------------|--------------------|------------|--------------|--------------|
| | | | | | | | | | | | | | | December 31, | | | 3/31/18 |
| | | | | | | | | | | | | | | 2015 | 2016 | 2017 | LTM |
| Net income (loss)..... | \$ 975 | \$ 455 | \$ 105 | \$ (435) | \$ 154 | \$ 1,445 | \$ (279) | \$ (214) | \$ (1,952) | \$ (3,476) | \$ (92,719) | \$ (9,094) | \$ (5,736) | \$ 1,100 | \$ 1,106 | \$ (107,241) | \$ (111,025) |
| Income tax provision (credit)..... | 614 | 643 | (54) | 153 | 106 | 960 | (174) | (302) | (1,386) | (2,402) | 87,481 | 4,309 | (1,514) | 1,357 | 591 | 88,002 | 87,874 |
| Interest expense & other income & expense, net (1)..... | 4,619 | 4,954 | 7,986 | 5,892 | 4,461 | 4,705 | 5,096 | 5,070 | 5,756 | 8,540 | 4,729 | 4,518 | 3,426 | 23,451 | 19,331 | 23,543 | 21,213 |
| Operating income (loss)..... | 6,208 | 6,052 | 8,037 | 5,610 | 4,721 | 7,110 | 4,643 | 4,554 | 2,418 | 2,662 | (509) | (267) | (3,824) | 25,908 | 21,028 | 4,304 | (1,938) |
| Depreciation and amortization..... | 21,280 | 21,941 | 22,551 | 22,107 | 21,950 | 22,493 | 23,036 | 22,437 | 21,269 | 21,742 | 22,174 | 23,238 | 23,333 | 87,879 | 89,916 | 88,424 | 90,488 |
| Non-cash stock and other performance-based compensation | 375 | 525 | 186 | 497 | 779 | 789 | 737 | 641 | 725 | 731 | 892 | 479 | 572 | 1,584 | 2,946 | 2,827 | 2,674 |
| SystemMetrics earn-out..... | 272 | 272 | (350) | 64 | 515 | 216 | (71) | 105 | — | 32 | — | — | — | 258 | 765 | 32 | 32 |
| Retirement plan expenses (1)..... | (289) | (792) | (3,842) | (1,723) | (221) | (221) | (940) | (854) | (1,763) | 105 | (579) | (66) | 710 | (6,646) | (2,236) | (2,303) | 170 |
| Pension settlement loss..... | 850 | 1,397 | 4,118 | 1,722 | — | — | 486 | 791 | 1,956 | 314 | 1,090 | 640 | — | 8,088 | 1,277 | 4,000 | 2,044 |
| Early retirement plan severance..... | — | — | — | — | — | — | — | — | 1,743 | — | — | — | — | — | — | 1,743 | — |
| Merger-related expenses..... | — | — | — | — | — | — | — | — | — | 189 | 1,988 | 234 | 206 | — | — | 2,411 | 2,617 |
| Other special items..... | 476 | 394 | 550 | 1,045 | 390 | 396 | 675 | 826 | 714 | 650 | 700 | 469 | 820 | 2,464 | 2,287 | 2,533 | 2,639 |
| Adjusted EBITDA (2)..... | \$ 29,172 | \$ 29,789 | \$ 31,250 | \$ 29,322 | \$ 28,134 | \$ 30,783 | \$ 28,566 | \$ 28,500 | \$ 27,062 | \$ 26,425 | \$ 25,756 | \$ 24,727 | \$ 21,817 | \$ 119,535 | \$ 115,983 | \$ 103,971 | \$ 98,726 |
| Adjusted EBITDA (2)..... | \$ 29,172 | \$ 29,789 | \$ 31,250 | \$ 29,322 | \$ 28,134 | \$ 30,783 | \$ 28,566 | \$ 28,500 | \$ 27,062 | \$ 26,425 | \$ 25,756 | \$ 24,727 | \$ 21,817 | \$ 119,535 | \$ 115,983 | \$ 103,971 | \$ 98,726 |
| Cash interest expense..... | (3,953) | (3,651) | (3,630) | (4,944) | (2,492) | (3,858) | (3,588) | (3,768) | (3,537) | (4,579) | (2,401) | (4,149) | (3,391) | (16,178) | (13,706) | (14,666) | (14,520) |
| Capital expenditures..... | (29,172) | (23,744) | (23,816) | (22,302) | (28,139) | (24,759) | (25,436) | (19,507) | (27,242) | (25,388) | (23,088) | (19,538) | (24,336) | (99,034) | (97,841) | (95,256) | (92,350) |
| Levered Free Cash Flow (3)..... | \$ (3,953) | \$ 2,394 | \$ 3,804 | \$ 2,076 | \$ (2,497) | \$ 2,166 | \$ (458) | \$ 5,225 | \$ (3,717) | \$ (3,542) | \$ 267 | \$ 1,040 | \$ (5,910) | \$ 4,323 | \$ 4,436 | \$ (5,951) | \$ (8,144) |

(1) Effective January 1, 2018, the Company adopted a new accounting standard that amends the income statement presentation of net periodic benefit cost for defined benefit and other post retirement plans. The presentation requirements were adopted on a retrospective basis resulting in a reclassification of retirement plan expense from selling, general and administrative expense to other income and expense for every quarter since 2015. Operating income for these periods have been revised as a result, while Adjusted EBITDA remain unchanged. More information can be found in the Company's form 10-Q for the quarterly period ended March 31, 2018 filed with the Securities and Exchange Commission.

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