

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A This return/report is for:	☐ a multiemployer plan	☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report	☐ the final return/report	
	☒ an amended return/report	☐ a short plan year return/report (less than 12 months)	
C If the plan is a collectively-bargained plan, check here.	☒		
D Check box if filing under:	☒ Form 5558	☐ automatic extension	☐ the DFVC program
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan	<u>HAWAIIAN TELCOM 401(K) PLAN FOR HOURLY EMPLOYEES</u>	1b Three-digit plan number (PN) ▶	<u>003</u>
		1c Effective date of plan	<u>05/02/2005</u>
2a Plan sponsor's name (employer, if for a single-employer plan)			
Mailing address (include room, apt., suite no. and street, or P.O. Box)			
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)			
<u>HAWAIIAN TELCOM COMMUNICATIONS INC.</u>			
 <u>1177 BISHOP ST</u> <u>HONOLULU, HI 96813</u>			
	2b Employer Identification Number (EIN)	<u>16-1710376</u>	
	2c Plan Sponsor's telephone number	<u>808-546-4450</u>	
	2d Business code (see instructions)	<u>517000</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	<u>10/12/2017</u>	<u>JOHN KOMEIJI</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 846
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 751 6a(2) 720 6b 5 6c 80 6d 805 6e 1 6f 806 6g 737 6h 17
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2R 2T b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan HAWAIIAN TELCOM 401(K) PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 HAWAIIAN TELCOM COMMUNICATIONS INC.	D Employer Identification Number (EIN) 16-1710376

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a

Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....

☒ Yes ☐ No
- b

If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
60 64 65 71	RECORDKEEPER	-21665	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
THORNBURG INV INCOME BUILDER FUND C 2300 NORTH RIDGETOP RD SANTA FE, NM 87506	0.40%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
SUNAMERICA FOCUSED DIVIDEND STRAT C 3200 PLAZA 5 HARBORSIDE FINANCIAL C JERSEY CITY, NJ 07311-4007	0.40%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
HCM DIVIDEND SECTOR PLUS FUND INVES 1145 HEMBREE ROAD ROSWELL, GA 30076	0.40%	

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
LOOMIS SAYLES GROWTH CL A	399 BOYLSTON STREET 8TH FLOOR BOSTON, MA 02116	0.40%
(a) Enter service provider name as it appears on line 2		(b) Service Codes (see instructions)
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
WILLISTON BASIN/MID NORTH AMERICA S	1 MAINSTREET NORTH MINOT, ND 58703	0.10%
(a) Enter service provider name as it appears on line 2		(b) Service Codes (see instructions)
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AB HIGH INCOME CLASS A	8000 IH 10 WEST SUITE 1400 SAN ANTONIO, TX 78230	0.10%

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AMG MANAGERS FAIR POINTE MID CAP CL 600 STEAMBOAT ROAD SUITE 300 GREENWICH, CT 06830		0.40%
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ABF LG CAP VAL INST - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266		0.04%
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BARON SMALL CAP INST - DST SYSTEMS		0.15%
43-1581814		

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
ROYCE PREMIER INST - BOSTON FINANC P.O. BOX 8480 BOSTON, MA 02266	0.05%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TCW SELECT EQUITY I - U.S. BANCORP P.O. BOX 701 MILWAUKEE, WI 53201	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP SMALL-CAP VALUE - T. ROWE PRIC	0.15%	
52-2269240		

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
VICTORY S SM CO OP I - SUNGARD INV 377 E BUTTERFIELD RD SUITE 800 LOMBARD, IL 60148	0.10%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A Name of plan <u>HAWAIIAN TELCOM 401(K) PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HAWAIIAN TELCOM COMMUNICATIONS INC.</u>	D Employer Identification Number (EIN) <u>16-1710376</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	2615	6540
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	7839469	8542421
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other.....	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	555360	384178
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property).....	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans.....	1c(8)	3029504	3114238
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities.....	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	62398719	67334565
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	-420	-221

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	73825247	79381721

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	73825247	79381721
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Part II Income and Expense Statement

- 2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

a Contributions:			
(1) Received or receivable in cash from: (A) Employers.....	2a(1)(A)	3432537	
(B) Participants.....	2a(1)(B)	4180239	
(C) Others (including rollovers)	2a(1)(C)	205667	
(2) Noncash contributions	2a(2)	0	7818443
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	4335	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments.....	2b(1)(C)	0	
(D) Loans (other than to participants).....	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	95588	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		99923
(2) Dividends: (A) Preferred stock.....	2b(2)(A)	0	
(B) Common stock.....	2b(2)(B)	43400	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	2085118	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		2128518
(3) Rents.....	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds.....	2b(4)(A)	1472395	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	1548043	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-75648
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	19010	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		19010

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		2455435
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		12445681

Expenses**e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	6792702	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		6792702
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		34928
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees.....	2i(3)	81	
(4) Other	2i(4)	-17060	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		-16979
j Total expenses. Add all expense amounts in column (b) and enter total	2j		6810651

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		5635030
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		78556

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **KMH LLP**

(2) EIN: **42-1539623**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
HAWAIIAN TELCOM 401K PLAN FOR HOURLY EMPLOYEES	16-1710376	004

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>HAWAIIAN TELCOM 401(K) PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HAWAIIAN TELCOM COMMUNICATIONS INC.</u>	D Employer Identification Number (EIN) <u>16-1710376</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment	☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)	
	a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%	
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more	
	c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____	

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

**Hawaiian Telcom 401(k) Plan for Hourly Employees
Index to Financial Statements**

Independent Auditor's Report	2
Statements of Assets Available for Benefits as of December 31, 2016 and 2015	4
Statements of Changes in Assets Available for Benefits for the Years Ended December 31, 2016 and 2015	5
Notes to Financial Statements	6
Form 5500, Schedule H, Part IV, Line 4i -- Schedule of Assets (Held at End of Year) as of December 31, 2016	11



A Hawaii Limited Liability Partnership

Independent Auditor's Report

To the Administrative Committee of the
Hawaiian Telcom 401(k) Plan for Hourly Employees:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Hawaiian Telcom 401(k) Plan for Hourly Employees (the Plan), which comprise the statements of assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified or provided by Fidelity Management Trust Company, the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's assets and executes transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2016 and 2015, and for the years then ended, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2016 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KMH LLP

KMH LLP

Honolulu, Hawaii
October 9, 2017

Hawaiian Telcom 401(k) Plan for Hourly Employees
Statements of Assets Available for Benefits
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Participant-directed investments, at fair value	\$ 76,260,943	\$ 70,793,128
Non-interest bearing cash	6,540	2,615
Notes receivable from participants	<u>3,114,238</u>	<u>3,029,504</u>
Assets available for benefits	<u><u>\$ 79,381,721</u></u>	<u><u>\$ 73,825,247</u></u>

The accompanying notes are an integral part of the financial statements.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Statements of Changes in Assets Available for Benefits
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Additions		
Contributions:		
Participant	\$ 4,180,239	\$ 4,272,976
Employer	3,432,537	3,494,098
Rollover	205,667	507,656
	<u>7,818,443</u>	<u>8,274,730</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	2,398,797	(3,623,819)
Interest and dividends	2,132,853	3,789,013
	<u>4,531,650</u>	<u>165,194</u>
Interest on notes receivable from participants	<u>95,588</u>	<u>103,019</u>
Total	<u>12,445,681</u>	<u>8,542,943</u>
Deductions		
Benefits paid to participants	6,827,630	11,702,032
Administrative expenses, net of refunds	<u>(16,979)</u>	<u>2,513</u>
Total	<u>6,810,651</u>	<u>11,704,545</u>
Net increase (decrease) in assets available for benefits	5,635,030	(3,161,602)
Net transfers to Hawaiian Telcom 401(k) Plan for Management Employees	(78,556)	(920,545)
Assets available for benefits		
Beginning of year	<u>73,825,247</u>	<u>77,907,394</u>
End of year	<u>\$ 79,381,721</u>	<u>\$ 73,825,247</u>

The accompanying notes are an integral part of the financial statements.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

1. Description of Plan

The Hawaiian Telcom 401(k) Plan for Hourly Employees (the "Plan") is a defined contribution plan covering union employees of Hawaiian Telcom Holdco, Inc. and subsidiaries (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

Contributions

Contributions to the Plan include elective contributions authorized by participants, matching contributions made by the Company, discretionary contributions made by the Company ("profit-sharing contributions") and rollover contributions from another plan for new participants.

Each participant may authorize the Company to contribute into the Plan from 1% to 16% of their eligible compensation. The Company makes matching contributions each pay period at the rate of 100% of the contribution made by the participant up to a maximum of 10% of the participant's compensation. The contribution is subject to Internal Revenue Code limitations.

No discretionary contributions have been made by the Company to the Plan.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company contributions and plan earnings. Allocations of account earnings are performed daily based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully vested at all times in elective contributions, matching contributions, rollover contributions and the income thereon. Participants are 50% vested in profit sharing contributions and any income thereon upon completion of one year of service and fully vested upon the completion of two years of service.

Effective March 1, 2012, the following five year vesting schedule on the Company matching contribution shall be applied to all new participants in the Plan: year of completed service is 20% vesting; two years is 40% vesting; three years is 60% vesting; four years is 80% vesting; and five years is 100% vesting.

Forfeitures

Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions.

Notes Receivable from Participants

Participants may borrow from their fund accounts up to a maximum amount equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loans are generally granted for a minimum term of six months up to a maximum term of five years. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate as published in *The Wall Street Journal* on the day the loan is made. Loans are payable with no less than quarterly level amortization over the term of the loan.

Investment Choices

Each participant may direct their contribution into various investment options offered under the Plan. The participant may also change the investment elections at any time.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

Payment of Benefits

Upon termination of employment, through retirement or otherwise, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account or a benefit paid in annual, semiannual, quarterly or monthly installments for a period of two to 20 years. A participant who is an employee may apply to make a hardship withdrawal. Upon proof, to the satisfaction of the Plan administrator, of immediate and heavy financial need, amounts contributed may be withdrawn for a hardship purpose.

Administrative Expenses

Administrative expenses of the Plan are paid by the Company as provided in the Plan document. Certain courier and transaction fees incurred by participants are charged directly to their individual account.

Transfers

Along with the Plan, the Company also sponsors a 401(k) plan for management employees. If employees change their status as an hourly or management employee, their account balances are transferred into the corresponding plan. Net transfers paid to the Hawaiian Telcom 401(k) Plan for Management Employees amounted to \$78,556 and \$920,545 for the years ended December 31, 2016 and 2015, respectively.

2. Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for investments in a diversified group of mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, which has been determined based on the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants on the measurement date. The Plan holds investments in equity and fixed income mutual funds for which fair value is based on quoted market prices. Fidelity BrokerageLink self-directed brokerage funds consist primarily of interest-bearing cash accounts and individual common stocks and are valued based on quoted prices. Money market funds for which no reliable quoted market prices are available are stated at net asset value per unit or share. The net asset value per unit or share is based on the fair values of each investment's underlying instruments.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Subsequent Events

The Plan evaluated and gave recognition, if appropriate, to subsequent events which occurred after the financial statement date of December 31, 2016 through October 9, 2017, the date on which the financial statements were available to be issued.

3. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their share of total employer contributions.

4. Investments Fair Value Measurements

In accordance with accounting standards for fair value measurements, the Plan classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2016				
Mutual funds	\$ 65,881,639	\$ -	\$ -	\$ 65,881,639
Self-directed brokerage fund	1,836,883	-	-	1,836,883
	<u>\$ 67,718,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>67,718,522</u>
Money market funds measured at net asset value				
Self-directed brokerage fund				198,435
Other				8,343,986
				<u>8,542,421</u>
Total investments				<u>\$ 76,260,943</u>
December 31, 2015				
Mutual funds	\$ 61,083,456	\$ -	\$ -	\$ 61,083,456
Self-directed brokerage fund	1,870,203	-	-	1,870,203
	<u>\$ 62,953,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>62,953,659</u>
Money market funds measured at net asset value				
Self-directed brokerage fund				131,806
Other				7,707,663
				<u>7,839,469</u>
Total investments				<u>\$ 70,793,128</u>

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

The Plan measures money market funds at net asset value per share as a practical expedient. Funds are currently available for immediate withdrawal at stated value. We are not aware of any proposed restrictions on withdrawal.

5. Information Certified by the Plan's Trustee (Unaudited)

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting under ERISA. Accordingly, as permitted under such election, the Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information as of December 31, 2016 and 2015 and for the years ended December 31, 2016 and 2015, certified by Fidelity Management Trust Company ("Fidelity") as complete and accurate.

	<u>2016</u>	<u>2015</u>
Total investments	\$ 76,260,943	\$ 70,793,128
Non-interest bearing cash	6,540	2,615
Notes receivable from participants	3,114,238	3,029,504
Net appreciation (depreciation) in fair value of investments	2,398,797	(3,623,819)
Interest and dividends	2,132,853	3,789,013
Interest on notes receivable from participants	95,588	103,019
Note 4 -- all investment balances excluding the classification of investments by level		
Note 6 -- all loan information		
Supplemental schedule -- all information in the Schedule of Assets (Held at End of Year)		

6. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued unpaid interest, and amounted to \$3,114,238 and \$3,029,504 as of December 31, 2016 and 2015, respectively. The loan balances are collateralized by participants' account balances and bear interest at rates from 3.25% to 8.50%. The loans currently provide for aggregate monthly principal installments of approximately \$51,000 and mature on various dates through November 2031. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

7. Federal Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated June 22, 2012 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Management is required to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Exempt Party-In-Interest Transactions

Certain plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Form 5500, Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2016

	Shares	Cost	Current Value
Investment in mutual funds:			
* Fidelity Contrafund K	84,925	**	\$ 8,354,899
* Fidelity Retirement Money Market	8,343,986	**	8,343,986
* Fidelity 500 Index Fund	91,914	**	7,201,474
* Fidelity Freedom K 2020 Fund	369,914	**	5,164,000
* Fidelity Freedom K 2030 Fund	333,475	**	4,962,101
* Fidelity Small Cap Growth Fund	213,460	**	4,395,147
Vanguard Dividend Growth Fund	134,617	**	3,154,072
* Fidelity Diversified International K Fund	92,178	**	3,063,089
* Fidelity Freedom K Income Fund	256,729	**	2,980,629
* Fidelity Freedom K 2025 Fund	196,922	**	2,873,085
American Beacon Large Cap Value Equity Fund	88,351	**	2,434,965
* Fidelity Freedom K 2010 Fund	188,700	**	2,381,390
PIMCO Total Return Institutional Class	228,606	**	2,292,920
* Fidelity Freedom K 2035 Fund	147,755	**	2,278,381
Vanguard REIT Index Fund Signal	19,374	**	2,264,190
* Fidelity Freedom K 2040 Fund	102,757	**	1,586,563
PIMCO Real Return Institutional Class	140,073	**	1,529,595
* Fidelity Freedom K 2050 Fund	90,781	**	1,455,214
* Fidelity Freedom K 2045 Fund	83,837	**	1,333,843
* Fidelity Extended Market Index Fund	23,938	**	1,329,540
Vanguard Total Bond Market Index Fund	115,103	**	1,225,850
* Fidelity Freedom K 2015 Fund	84,942	**	1,118,689
TRP Small-cap Value	22,902	**	1,033,573
Vanguard Total International	29,964	**	738,015
* Fidelity Freedom K 2055 Fund	36,400	**	433,530
* Fidelity Freedom K 2005 Fund	15,821	**	200,448
Victory Sycamore Small Company Opportunity	1,282	**	56,976
* Fidelity Freedom K 2060 Fund	3,787	**	39,461
		**	74,225,625
* Fidelity BrokerageLink self-directed brokerage fund		**	2,035,318
		**	76,260,943
Non-interest bearing cash		**	6,540
* Notes receivable from participants (notes secured by vested interest, various terms, interest rates of 3.25% to 8.50%; maturity through November 2031)		**	3,114,238
		**	\$ 79,381,721
* Party-in-interest			
** Participant-directed			

The above information has been certified by Fidelity Management Trust
Company, the Plan's Trustee, as complete and accurate.

**Hawaiian Telcom 401(k) Plan for Hourly Employees
Index to Financial Statements**

Independent Auditor's Report	2
Statements of Assets Available for Benefits as of December 31, 2016 and 2015	4
Statements of Changes in Assets Available for Benefits for the Years Ended December 31, 2016 and 2015	5
Notes to Financial Statements	6
Form 5500, Schedule H, Part IV, Line 4i -- Schedule of Assets (Held at End of Year) as of December 31, 2016	11



A Hawaii Limited Liability Partnership

Independent Auditor's Report

To the Administrative Committee of the
Hawaiian Telcom 401(k) Plan for Hourly Employees:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Hawaiian Telcom 401(k) Plan for Hourly Employees (the Plan), which comprise the statements of assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified or provided by Fidelity Management Trust Company, the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's assets and executes transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2016 and 2015, and for the years then ended, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

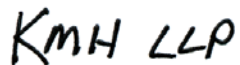
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2016 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Handwritten signature of KMH LLP in black ink.

KMH LLP

Honolulu, Hawaii
October 9, 2017

Hawaiian Telcom 401(k) Plan for Hourly Employees
Statements of Assets Available for Benefits
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Participant-directed investments, at fair value	\$ 76,260,943	\$ 70,793,128
Non-interest bearing cash	6,540	2,615
Notes receivable from participants	<u>3,114,238</u>	<u>3,029,504</u>
Assets available for benefits	<u><u>\$ 79,381,721</u></u>	<u><u>\$ 73,825,247</u></u>

The accompanying notes are an integral part of the financial statements.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Statements of Changes in Assets Available for Benefits
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Additions		
Contributions:		
Participant	\$ 4,180,239	\$ 4,272,976
Employer	3,432,537	3,494,098
Rollover	205,667	507,656
	<u>7,818,443</u>	<u>8,274,730</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	2,398,797	(3,623,819)
Interest and dividends	2,132,853	3,789,013
	<u>4,531,650</u>	<u>165,194</u>
Interest on notes receivable from participants	<u>95,588</u>	<u>103,019</u>
Total	<u>12,445,681</u>	<u>8,542,943</u>
Deductions		
Benefits paid to participants	6,827,630	11,702,032
Administrative expenses, net of refunds	<u>(16,979)</u>	<u>2,513</u>
Total	<u>6,810,651</u>	<u>11,704,545</u>
Net increase (decrease) in assets available for benefits	5,635,030	(3,161,602)
Net transfers to Hawaiian Telcom 401(k) Plan for Management Employees	(78,556)	(920,545)
Assets available for benefits		
Beginning of year	<u>73,825,247</u>	<u>77,907,394</u>
End of year	<u>\$ 79,381,721</u>	<u>\$ 73,825,247</u>

The accompanying notes are an integral part of the financial statements.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

1. Description of Plan

The Hawaiian Telcom 401(k) Plan for Hourly Employees (the "Plan") is a defined contribution plan covering union employees of Hawaiian Telcom Holdco, Inc. and subsidiaries (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

Contributions

Contributions to the Plan include elective contributions authorized by participants, matching contributions made by the Company, discretionary contributions made by the Company ("profit-sharing contributions") and rollover contributions from another plan for new participants.

Each participant may authorize the Company to contribute into the Plan from 1% to 16% of their eligible compensation. The Company makes matching contributions each pay period at the rate of 100% of the contribution made by the participant up to a maximum of 10% of the participant's compensation. The contribution is subject to Internal Revenue Code limitations.

No discretionary contributions have been made by the Company to the Plan.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company contributions and plan earnings. Allocations of account earnings are performed daily based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully vested at all times in elective contributions, matching contributions, rollover contributions and the income thereon. Participants are 50% vested in profit sharing contributions and any income thereon upon completion of one year of service and fully vested upon the completion of two years of service.

Effective March 1, 2012, the following five year vesting schedule on the Company matching contribution shall be applied to all new participants in the Plan: year of completed service is 20% vesting; two years is 40% vesting; three years is 60% vesting; four years is 80% vesting; and five years is 100% vesting.

Forfeitures

Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions.

Notes Receivable from Participants

Participants may borrow from their fund accounts up to a maximum amount equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loans are generally granted for a minimum term of six months up to a maximum term of five years. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate as published in *The Wall Street Journal* on the day the loan is made. Loans are payable with no less than quarterly level amortization over the term of the loan.

Investment Choices

Each participant may direct their contribution into various investment options offered under the Plan. The participant may also change the investment elections at any time.

**Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015**

Payment of Benefits

Upon termination of employment, through retirement or otherwise, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account or a benefit paid in annual, semiannual, quarterly or monthly installments for a period of two to 20 years. A participant who is an employee may apply to make a hardship withdrawal. Upon proof, to the satisfaction of the Plan administrator, of immediate and heavy financial need, amounts contributed may be withdrawn for a hardship purpose.

Administrative Expenses

Administrative expenses of the Plan are paid by the Company as provided in the Plan document. Certain courier and transaction fees incurred by participants are charged directly to their individual account.

Transfers

Along with the Plan, the Company also sponsors a 401(k) plan for management employees. If employees change their status as an hourly or management employee, their account balances are transferred into the corresponding plan. Net transfers paid to the Hawaiian Telcom 401(k) Plan for Management Employees amounted to \$78,556 and \$920,545 for the years ended December 31, 2016 and 2015, respectively.

2. Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for investments in a diversified group of mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, which has been determined based on the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants on the measurement date. The Plan holds investments in equity and fixed income mutual funds for which fair value is based on quoted market prices. Fidelity BrokerageLink self-directed brokerage funds consist primarily of interest-bearing cash accounts and individual common stocks and are valued based on quoted prices. Money market funds for which no reliable quoted market prices are available are stated at net asset value per unit or share. The net asset value per unit or share is based on the fair values of each investment's underlying instruments.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Subsequent Events

The Plan evaluated and gave recognition, if appropriate, to subsequent events which occurred after the financial statement date of December 31, 2016 through October 9, 2017, the date on which the financial statements were available to be issued.

3. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their share of total employer contributions.

4. Investments Fair Value Measurements

In accordance with accounting standards for fair value measurements, the Plan classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2016				
Mutual funds	\$ 65,881,639	\$ -	\$ -	\$ 65,881,639
Self-directed brokerage fund	1,836,883	-	-	1,836,883
	<u>\$ 67,718,522</u>	<u>\$ -</u>	<u>\$ -</u>	67,718,522
Money market funds measured at net asset value				
Self-directed brokerage fund				198,435
Other				8,343,986
				<u>8,542,421</u>
Total investments				<u>\$ 76,260,943</u>
December 31, 2015				
Mutual funds	\$ 61,083,456	\$ -	\$ -	\$ 61,083,456
Self-directed brokerage fund	1,870,203	-	-	1,870,203
	<u>\$ 62,953,659</u>	<u>\$ -</u>	<u>\$ -</u>	62,953,659
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Self-directed brokerage fund				131,806
Other				7,707,663
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Total investments				<u>\$ 70,793,128</u>

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

The Plan measures money market funds at net asset value per share as a practical expedient. Funds are currently available for immediate withdrawal at stated value. We are not aware of any proposed restrictions on withdrawal.

5. Information Certified by the Plan's Trustee (Unaudited)

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting under ERISA. Accordingly, as permitted under such election, the Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information as of December 31, 2016 and 2015 and for the years ended December 31, 2016 and 2015, certified by Fidelity Management Trust Company ("Fidelity") as complete and accurate.

	2016	2015
Total investments	\$ 76,260,943	\$ 70,793,128
Non-interest bearing cash	6,540	2,615
Notes receivable from participants	3,114,238	3,029,504
Net appreciation (depreciation) in fair value of investments	2,398,797	(3,623,819)
Interest and dividends	2,132,853	3,789,013
Interest on notes receivable from participants	95,588	103,019
Note 4 -- all investment balances excluding the classification of investments by level		
Note 6 -- all loan information		
Supplemental schedule -- all information in the Schedule of Assets (Held at End of Year)		

6. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued unpaid interest, and amounted to \$3,114,238 and \$3,029,504 as of December 31, 2016 and 2015, respectively. The loan balances are collateralized by participants' account balances and bear interest at rates from 3.25% to 8.50%. The loans currently provide for aggregate monthly principal installments of approximately \$51,000 and mature on various dates through November 2031. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

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The Plan has received a determination letter from the Internal Revenue Service dated June 22, 2012 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Management is required to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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Certain plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

Hawaiian Telcom 401(k) Plan for Hourly Employees
Form 5500, Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2016

	Shares	Cost	Current Value
Investment in mutual funds:			
* Fidelity Contrafund K	84,925	**	\$ 8,354,899
* Fidelity Retirement Money Market	8,343,986	**	8,343,986
* Fidelity 500 Index Fund	91,914	**	7,201,474
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* Fidelity Small Cap Growth Fund	213,460	**	4,395,147
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* Fidelity Freedom K Income Fund	256,729	**	2,980,629
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American Beacon Large Cap Value Equity Fund	88,351	**	2,434,965
* Fidelity Freedom K 2010 Fund	188,700	**	2,381,390
PIMCO Total Return Institutional Class	228,606	**	2,292,920
* Fidelity Freedom K 2035 Fund	147,755	**	2,278,381
Vanguard REIT Index Fund Signal	19,374	**	2,264,190
* Fidelity Freedom K 2040 Fund	102,757	**	1,586,563
PIMCO Real Return Institutional Class	140,073	**	1,529,595
* Fidelity Freedom K 2050 Fund	90,781	**	1,455,214
* Fidelity Freedom K 2045 Fund	83,837	**	1,333,843
* Fidelity Extended Market Index Fund	23,938	**	1,329,540
Vanguard Total Bond Market Index Fund	115,103	**	1,225,850
* Fidelity Freedom K 2015 Fund	84,942	**	1,118,689
TRP Small-cap Value	22,902	**	1,033,573
Vanguard Total International	29,964	**	738,015
* Fidelity Freedom K 2055 Fund	36,400	**	433,530
* Fidelity Freedom K 2005 Fund	15,821	**	200,448
Victory Sycamore Small Company Opportunity	1,282	**	56,976
* Fidelity Freedom K 2060 Fund	3,787	**	39,461
		**	74,225,625
* Fidelity BrokerageLink self-directed brokerage fund		**	2,035,318
		**	76,260,943
Non-interest bearing cash		**	6,540
* Notes receivable from participants (notes secured by vested interest, various terms, interest rates of 3.25% to 8.50%; maturity through November 2031)		**	3,114,238
		**	\$ 79,381,721
* Party-in-interest			
** Participant-directed			

The above information has been certified by Fidelity Management Trust
Company, the Plan's Trustee, as complete and accurate.