

Hawaiian Telcom Holdco, Inc.
Form PRE 14A
March 12, 2015

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

HAWAIIAN TELCOM HOLDCO, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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(3) Filing Party:

(4) Date Filed:

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Hawaiian Telcom Holdco, Inc.

**P.O. Box 2200
Honolulu, HI 96841**

March 23, 2015

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Hawaiian Telcom Holdco, Inc. to be held on Friday, May 1, 2015 at 8:00 a.m. at our headquarters at 1177 Bishop Street, Honolulu, Hawaii 96813.

The Secretary's formal notice of the meeting and the Proxy Statement appear on the following pages and describe the matters to be acted upon at the Annual Meeting. You also will have the opportunity to hear an update on certain aspects of our business that have occurred in the past year.

Whether or not you plan to attend the Annual Meeting, please vote your shares as soon as possible so that your vote will be counted.

Sincerely,

/s/ ERIC K. YEAMAN

Eric K. Yeaman
President and Chief Executive Officer

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Hawaiian Telcom Holdco, Inc.

**P.O. Box 2200
Honolulu, HI 96841**

March 23, 2015

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Hawaiian Telcom Holdco, Inc. will hold its Annual Meeting of Stockholders on Friday, May 1, 2015 at 8:00 a.m. H.S.T. at our headquarters at 1177 Bishop Street, Honolulu, Hawaii 96813.

The Annual Meeting is being held for the following purposes:

1. To elect seven directors to serve until the next Annual Meeting of Stockholders or until their successors have been duly elected and qualified;
2. To approve Amended and Restated Bylaws to increase the maximum number of directors that may constitute our Board of Directors from seven to nine and to clarify that the number of directors within the specified range that constitute the Board is determined by resolution of the Board of Directors;
3. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and
4. To transact any other business that properly comes before the meeting and any adjournment or postponement thereof.

The Board of Directors has selected March 13, 2015 as the record date for determining stockholders entitled to vote at the Annual Meeting. A list of stockholders as of that date will be available for inspection during ordinary business hours at our headquarters at 1177 Bishop Street, Honolulu, Hawaii 96813 for ten days before the Annual Meeting.

Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This Proxy Statement and our 2015 Annual Report to Stockholders are available at <http://ir.hawaiiantel.com>.

Whether or not you plan to attend the Annual Meeting, please vote your shares as soon as possible in accordance with the instructions provided to you, to ensure that your vote is counted at the Annual Meeting.

By Order of the Board of Directors,

/s/ SEAN K. CLARK

Sean K. Clark
Secretary

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**HAWAIIAN TELCOM HOLDCO, INC.
2015 ANNUAL MEETING OF STOCKHOLDERS
NOTICE OF ANNUAL MEETING AND PROXY STATEMENT**

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PROXY STATEMENT

GENERAL INFORMATION

Q: Who is soliciting my proxy?

A: The Board of Directors (the "Board") of Hawaiian Telcom Holdco, Inc. ("we," "us" or the "Company") is sending you this Proxy Statement in connection with the Board's solicitation of proxies for use at the 2015 Annual Meeting of Stockholders or any adjournment or postponement thereof (the "Annual Meeting"). Certain of our directors, officers and employees may also solicit proxies on the Board's behalf by mail, telephone, email, facsimile transmission, or in person.

Q: Who is paying for this solicitation and what are the means of solicitation?

A: We will pay for this solicitation of proxies. Solicitation of proxies may be made by means of personal calls upon, or telephonic, facsimile or electronic communications with, stockholders or their personal representatives by our directors, officers and employees. Our directors, officers and employees will not receive additional remuneration. We will reimburse banks, brokers, custodians, nominees and fiduciaries for their reasonable charges and expenses to forward our proxy materials to the beneficial owners of our common stock.

Q: What am I voting on?

A: You will be voting on three proposals:

Proposal No. 1 is for the election of seven directors.

Proposal No. 2 is to approve Amended and Restated Bylaws to increase the maximum number of directors that may constitute our Board of Directors from seven to nine and to clarify that the number of directors within the specified range that constitute the Board is determined by resolution of the Board of Directors, as described in this Proxy Statement.

Proposal No. 3 is for the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year ending December 31, 2015.

Q: Who can vote?

A: Only our stockholders of record at the close of business on March 13, 2015 may vote. Each share of common stock outstanding on that date is entitled to one vote on all matters to come before the meeting.

Q: How do I vote and how do I revoke my proxy?

A: If you hold your shares in your own name as a stockholder of record (i.e., your shares are registered directly in your name with American Stock Transfer & Trust Company, LLC, our stock transfer agent), you may vote your shares either by proxy or in person at the meeting. To vote in person, please bring a form of identification, such as a valid driver's license or passport, and proof that you are a stockholder of record as of March 13, 2015, and we will give you a ballot when you arrive. To vote by proxy, please vote in one of the following ways:

Via the Internet. You may vote through the Internet by following the instructions on the proxy card.

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By Telephone. You may vote by touchtone telephone by following the instructions on the proxy card.

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By Mail. You may vote by mail by marking, dating, signing and mailing the proxy card in the envelope provided.

Voting by proxy will not affect your right to vote your shares in person by voting in person you automatically revoke your proxy. You also may revoke your proxy at any time before the applicable voting deadline by giving our Secretary written notice of your revocation, by submitting a later-dated proxy card or by voting again using the telephone or Internet (your latest telephone or Internet proxy is the one that will be counted). If your shares are registered in "street name" (i.e., held in a brokerage account or by a bank or other nominee), you will receive a voting instruction card or other information from your broker or other holder of record seeking instruction regarding how to vote your shares. If you do not provide such instruction, your broker or nominee may vote your shares at its discretion on your behalf on the ratification of the selection of the Company's independent registered public accounting firm for fiscal year 2015, but not on the other proposals.

Q:
What is the deadline for submitting a proxy?

A:
Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day. In order to be counted, proxies submitted by telephone or the Internet must be received at the Company's headquarters by 11:59 p.m. Eastern Time on April 30, 2015. Proxies submitted by mail must be received prior to the start of the Annual Meeting.

Q:
What constitutes a quorum?

A:
On the record date, we had [10,685,592] shares of common stock, \$0.01 par value, outstanding. Voting can take place at the Annual Meeting only if stockholders owning a majority of the issued and outstanding stock entitled to vote at the Annual Meeting are present in person or represented by proxy.

Q:
What are abstentions and broker non-votes and how do they affect voting?

A:
Abstentions If you specify that you wish to "abstain" from voting on an item, your shares will not be voted on that particular item. Abstentions are counted toward establishing a quorum and included in the shares entitled to vote on Proposal Nos. 2 and 3. On Proposal Nos. 2 and 3, abstentions have the effect of a vote against the proposal.

Broker Non-Votes If your broker holds your shares in its name and does not receive voting instructions from you, your broker may only vote these shares on certain "routine" matters, such as the ratification of the selection of the Company's independent registered public accounting firm. However, on non-routine matters, such as the election of directors and the approval of the Amended and Restated Bylaws, your broker cannot vote your shares unless it has received voting instructions from you, as it does not have discretionary voting power for those particular items. So long as the broker has discretion to vote on at least one proposal, which your broker will have by virtue of the routine matter on this year's ballot, these "broker non-votes" are counted toward establishing a quorum. Because directors are elected by a plurality of the votes cast, broker non-votes will not affect the outcome of the election of directors. However, on Proposal No. 2, the approval of the Amended and Restated Bylaws, which requires the approval of a majority of the total issued and outstanding stock entitled to vote, a broker non-vote will have the effect of a "no" vote.

Q:
What dissenter's rights of appraisal do I have?

A:
There are no dissenters' rights of appraisal with respect to the matters to be acted upon at the Annual Meeting.

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Q: What vote is needed?

A: For Proposal No. 1, the directors will be elected by a plurality of the votes cast.

For Proposal No. 2, an affirmative vote of the majority of all issued and outstanding shares entitled to vote is required to approve the Amended and Restated Bylaws.

For Proposal No. 3, an affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal No. 3 is required to approve the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

Q: How do I contact the Board?

A: You can send written communications to our Board or any individual director addressed to:

Board of Directors
c/o Secretary
Hawaiian Telcom Holdco, Inc.
P.O. Box 2200
Honolulu, HI 96841

Our Secretary will then direct such communications to the appropriate director(s), except for solicitations or other matters unrelated to us.

Q: How can I nominate director candidates?

A: Please refer to the Section captioned "Election of Directors" and the Section captioned "Stockholder Proposals for the 2016 Annual Meeting" in this Proxy Statement.

Q: What is householding?

A: Householding is a procedure approved by the SEC that provides for the delivery of only one copy of our proxy materials to stockholders residing at the same address, unless the stockholders have notified us of their desire to receive multiple copies. This procedure is known as "householding" and is intended to reduce our printing costs and postage fees. Stockholders who participate in householding will continue to receive separate proxy cards. We will promptly deliver, upon request, a separate copy of the Proxy Statement to any stockholder residing at an address at which only one copy was mailed. Requests should be addressed to Investor Relations at our principal executive offices. If you are a beneficial stockholder and own your shares through a bank or broker, please contact your bank or broker to request additional copies.

Q: Can I access the proxy materials on the Internet?

A: The proxy materials are available online at <http://ir.hawaiiantel.com>. At this website, you will find directions as to how you may access and review all of the important information you need. These proxy materials are free of charge.

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At the Annual Meeting, directors will be elected to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified. The individuals named as proxy holders will vote your proxy for the election of the seven nominees unless you direct them to withhold your vote. If any nominee becomes unable to serve as a director before the Annual Meeting (or decides not to serve), the individuals named as proxy holders may vote for a substitute. There is no cumulative voting in the election of directors.

Our Nominating and Governance Committee is charged with identifying, evaluating, and recommending to the Board candidates for election to the Board or for appointment by the Board to fill a vacancy. The Nominating and Governance Committee seeks individuals with, among other things, knowledge of our industry and technologies, business management and financial oversight experience, and reputation in the industry and community. While we do not have a formal diversity policy for Board membership, we look for potential candidates that help ensure that the Board has the benefit of a wide range of knowledge and experience. We believe that our directors should represent the interests of our stockholders, be committed to enhancing stockholder value, and have sufficient available time to diligently perform their duties. The Nominating and Governance Committee will consider director candidates recommended by security holders, applying the same evaluation criteria described above. Any recommendation must be received by the Nominating and Governance Committee, c/o Secretary, Hawaiian Telcom Holdco, Inc., P.O. Box 2200, Honolulu, HI 96841, no earlier than January 7, 2016, and no later than February 6, 2016, for consideration for the 2016 Annual Meeting, and must include a resume and other written information supporting the nominee's qualifications to serve on the Board, a statement signed by the nominee confirming the nominee's willingness to serve as a director, and evidence of the security holder's ownership of our common stock. Stockholders who wish to nominate directors for election must also comply with the advance notice provisions of our current Amended and Restated Bylaws (the "Bylaws") as described in "Stockholder Proposals for the 2016 Annual Meeting" below.

Nominees for Directors

Each of the current directors has been nominated for election by the Board upon recommendation by the Nominating and Governance Committee and has decided to stand for election. Set forth below are the names and ages of these nominees, the years they became directors, their principal occupations or employment for at least the past five years, and the names of other public companies for which they serve as a director or have served as a director during at least the past five years. Also set forth are the specific experience, qualifications, attributes, and skills that led our Nominating and Governance Committee and Board to conclude that they should serve as directors.

The following table provides information regarding directors as of March 1, 2015:

Name	Age	Position(s)	Director Since
Kurt M. Cellar(1)(2)	45	Director	2010
Walter A. Dods, Jr.(2)(3)(4)	73	Director	2005
Warren H. Haruki(3)(5)	62	Director	2010
Richard A. Jalkut(2)(5)	70	Director	2010
Steven C. Oldham(1)(5)	64	Director	2010
Bernard R. Phillips III(1)(3)	62	Director	2010
Eric K. Yeaman(5)	47	Director	2008

(1) Member of the Audit Committee.

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- (2) Member of the Nominating and Governance Committee.
- (3) Member of the Compensation Committee.
- (4) Served as a Director from May 2, 2005 until October 28, 2010, and since December 9, 2010.
- (5) Member of the Executive Committee.

Kurt M. Cellar is President of Corner Pocket Investors, Inc. and has been a consultant to companies in the telecommunications, retail and insurance industries since January 2008. He previously had been a Partner and Portfolio Manager of Bay Harbour Management L.C., a hedge fund, from 1999 until January 2008. He currently serves on the Boards of Directors of Angiotech Pharmaceuticals, Inc., Horizon Lines, Inc., Six Flags Entertainment Corporation, and U.S. Concrete, Inc. Mr. Cellar is a Chartered Financial Analyst. Mr. Cellar has extensive experience in telecommunications, both as an investor and a board member, as well as significant financial analysis experience. He has chaired audit and compensation committees of other companies and has been designated by the Board as an "audit committee financial expert."

Walter A. Dods, Jr. became a Director on December 9, 2010, having previously served as a Director from May 2, 2005 until October 28, 2010 (Chairman of the Board from May 8, 2008 until October 28, 2010). Mr. Dods was the non-executive Chairman of the Board of BancWest Corporation, a \$74 billion bank holding company wholly-owned by BNP Paribas based in Honolulu, Hawaii, from January 2005 through December 2007, and a director since 1983. He also has been the non-executive Chairman of the Board of First Hawaiian Bank from January 2005 until December 2008 and a director since 1979, as well as Vice Chairman of Bank of the West since 1998. First Hawaiian Bank and Bank of the West are subsidiaries of BancWest, Corporation. From 1996 to 1997, Mr. Dods served as the National President of the American Bankers Association and was a member of the Federal Advisory Council of the Federal Reserve System, representing the 12th district of the Federal Reserve from 1999 to 2000. Mr. Dods also has served as the Chairman of the Board of Matson, Inc. since June 2012, served on the Board of Directors of Alexander & Baldwin, Inc. from 1989 to 2014, and served on the Board of Maui Land & Pineapple Company, Inc. from October 2004 through May 2010. Mr. Dods also serves on the Board of Directors of several privately-held companies. Mr. Dods brings to the Board extensive experience managing complex business organizations as well as extensive knowledge of the Hawaii markets in which the Company operates.

Warren H. Haruki has been President and Chief Executive Officer of Grove Farm Company, Inc., a privately-held land development company located on Kauai, Hawaii, since February 2005. He also is the Chairman and Chief Executive Officer, since 2009, of Maui Land & Pineapple Company, Inc. He also serves on the Board of Directors of several privately-held companies located in Hawaii. From 1991 until his retirement in 2003, Mr. Haruki served as President of the predecessors of Hawaiian Telcom, Inc., and as a result is knowledgeable about the strategic issues facing the Company and the Hawaii markets and communities in which the Company operates. During his 26-year career with GTE and Verizon, he gained in-depth experience in all aspects of the operations of a telecommunications company.

Richard A. Jalkut has been President and Chief Executive Officer of U.S. TelePacific Corp. (dba TelePacific Communications), the third largest wireline telecom provider in California and second largest in Nevada, since 2002. Mr. Jalkut has more than 35 years' experience in the telecommunications industry, including previously serving as President and Chief Executive Officer of Pathnet Telecommunications, Inc., a wholesale provider of services to more than one hundred second- and third-tier markets located across the U.S., and President, Chief Executive Officer and Chairman of NYNEX Telephone Companies. Mr. Jalkut has served on the Board of Directors of other telecom companies, including Covad Communications Group, Inc. from 2005 to 2008 and Birch Telecom from 2000 to 2005. He brings to the Board extensive board experience with both telecom and non-telecom

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companies and experience managing telecommunication companies, including serving on the Board of Directors of Univar Inc. from 2002 to the present and HSBC Holdings plc from 1991-2014, and has an in-depth understanding of the challenges and opportunities facing the telecommunications industry.

Steven C. Oldham served as President and Chief Executive Officer of SureWest Communications, a publicly-held integrated communications provider headquartered in Northern California, from January 2006 until his retirement in June 2012. Prior to joining SureWest, Mr. Oldham served as a Senior Advisor to The Brattle Group, which provides consulting services and expert testimony on economic, finance, regulatory and strategic issues, from May 2002 to May 2005. Mr. Oldham was a member of SureWest's Board of Directors from January 2004 to June 2012 and was chairman of its audit committee from June 2004 to December 2005. He served as Chairman of the United States Telecom Association, the leading trade association representing broadband service providers, manufacturers and suppliers, from October 2009 to November 2011. He brings to the Board extensive experience managing a telecommunication company and an in-depth understanding of the challenges and opportunities facing the telecommunications industry. He has been designated by the Board as an "audit committee financial expert."

Bernard R. Phillips III served as President and Chief Executive Officer of the National Rural Telecommunications Cooperative (NRTC) from 1987 until his retirement at the end of May 2010. NRTC is a cooperative that represents the advanced telecommunications and information technology interests of more than 1,500 rural utilities and affiliates, including an affiliate of the Company. Mr. Phillips served on the Board of Directors of Digital Bridge Communications Corp., a private operator of WiMAX 4G broadband networks in underserved and rural America, and served on the Board of Director of privately-held Avail-TVN, a digital media services company, until May 12, 2010. Mr. Phillips brings to the Board extensive legislative and regulatory telecom experience and broad experience generally in the telecommunications industry.

Eric K. Yeaman became our President, Chief Executive Officer and a Director in June 2008, and led the Company through its filing for bankruptcy protection under chapter 11 of the United States Bankruptcy Code in December 2008 and its emergence from chapter 11 in October 2010. Prior to joining us, Mr. Yeaman served as Senior Executive Vice President and Chief Operating Officer of Hawaiian Electric Company, Inc. (HECO) from January 2008 to June 2008, where he was responsible for its Oahu operations, energy solutions, public affairs and the financial and administrative process areas. From January 2003 to January 2008, Mr. Yeaman served as Financial Vice President, Treasurer and Chief Financial Officer of Hawaiian Electric Industries, Inc. (HEI), HECO's parent company. At HEI, he oversaw the controller, treasury, investor relations, corporate tax, information technology and enterprise risk management functions. Mr. Yeaman began his career at Arthur Andersen LLP in September 1989. Mr. Yeaman has been a director of Alexander & Baldwin, Inc. since June 2012 and a director of Alaska Air Group, Inc. since November 2012. He also is a director of the United States Telecom Association. Mr. Yeaman brings to the Board extensive experience managing complex business organizations as well as knowledge of the Hawaii markets in which the Company operates.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE NOMINEES LISTED ABOVE.

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Governance of the Corporation

Corporate Governance

We have adopted policies and practices that we believe result in strong and effective corporate governance. These policies and practices include:

All of the directors constituting the Board, other than Mr. Yeaman, are "independent" under the NASDAQ rules.

All members of our Audit Committee, Compensation Committee, and Nominating and Governance Committee are independent under the NASDAQ rules.

The Board has adopted a Code of Business Conduct applicable to all of our employees, including our executive officers, as well as a Code of Conduct for the directors of the Company. The Code of Business Conduct and Code of Conduct for the Board of Directors can be found at <http://ir.hawaiiantel.com>.

We have a hotline for employees to report, on an anonymous basis, violations of our Code of Business Conduct, including without limitation, any accounting, internal control, or audit concerns.

We have a policy regarding conflicts of interest under which all potential conflicts of interest must be reported to the Company on an annual basis and as they arise.

Director Independence

The Board has determined that Messrs. Cellar, Dods, Haruki, Jalkut, Oldham, and Phillips (all directors other than Mr. Yeaman) are "independent" under the NASDAQ rules. In making its independence determination, the Board considered among other things the Company's purchase of bulk fuel on a competitive bid basis from Mid Pacific Petroleum, LLC, of which Mr. Dods was Chairman of the Board and which is wholly-owned by a company of which Mr. Dods is a minority owner and was Vice Chairman of the Board.

Board Meetings

The Board met eight times in 2014. Seven of these Board meetings included executive sessions of the non-management directors. Each current director attended at least 75% of the total Board meetings and meetings of the committees on which they serve that were held in 2014. Directors are allowed to attend meetings of committees on which they do not serve as members. However, the Audit Committee and Compensation Committee regularly hold executive sessions of only the committee members or non-management Directors.

Board Leadership Structure

We currently separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles as they presently are defined. The Chief Executive Officer is responsible for setting our strategic direction and for our day-to-day leadership, operation and performance, while the Chairman leads the Board and provides guidance to our Chief Executive Officer.

Committees of the Board of Directors

Our Board has an Audit Committee, Compensation Committee, Nominating and Governance Committee, and Executive Committee. Each of our committees has a written charter approved by the Board that clearly establishes the committee's roles and responsibilities. Copies of the charters for the

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Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Executive Committee can be found through the "Investor Relations" link on our website at www.hawaiiantel.com. Please note that information on, or that can be accessed through, our website is not part of the proxy soliciting materials, is not deemed "filed" with the SEC and is not to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

Audit Committee. The duties and responsibilities of the Audit Committee include recommending the appointment or termination of the engagement of our independent registered public accounting firm, overseeing the relationship with our independent registered public accounting firm, and reviewing significant accounting policies and controls. The members of the Audit Committee are Messrs. Oldham (Chairman), Cellar, and Phillips, each of whom is an independent director under the NASDAQ rules. The Audit Committee met four times in 2014. Each member of the Audit Committee meets the additional requirements regarding independence for Audit Committee members under the NASDAQ rules.

The Board has determined that the Audit Committee includes two "audit committee financial experts", Steven C. Oldham and Kurt M. Cellar, as that term is defined in SEC regulations. Mr. Oldham has financial expertise through his experience as Chief Executive Officer and past audit committee chairman of a publicly-held telecommunications company. Mr. Cellar currently is the chairman of two audit committees of public companies and has financial expertise as a Chartered Financial Analyst and former manager of a hedge fund. Messrs. Oldham and Cellar also are "independent" under the NASDAQ independence standards. In addition, the Board believes that all of the members of the Audit Committee are qualified to address any issues that are likely to come before the Audit Committee, including the evaluation of our financial statements and supervision of our independent registered public accounting firm.

Compensation Committee. The duties and responsibilities of the Compensation Committee include reviewing and approving the compensation of executive officers and reviewing and making recommendations to the Board concerning the compensation of the independent directors. The members of the Compensation Committee are Messrs. Haruki (Chairman), Dods, and Phillips. The Compensation Committee met twice in 2014. In addition to being independent under the NASDAQ rules, each member of the Compensation Committee is a "non-employee director" for purposes of the Exchange Act.

The Compensation Committee determines all compensation for our executive officers. Before making decisions on compensation for each of the executive officers other than the Chief Executive Officer, the Compensation Committee reviews with our Chief Executive Officer each executive's performance and accomplishments over the prior year. Mr. Yeaman makes recommendations to the Compensation Committee regarding base salary increases and other compensation matters for each executive other than himself.

To independently assist and advise the Compensation Committee, the Compensation Committee has retained Pay Governance LLC ("Pay Governance"), a national compensation consulting firm. The engagement of Pay Governance is exclusively with the Compensation Committee, which has sole authority to retain and terminate any compensation consultant or other advisor that it uses. In March 2015, Pay Governance provided a letter to the Compensation Committee confirming its independence. As needed, the Compensation Committee consults with Pay Governance on our executive compensation programs, compensation program design changes, compensation strategy, and effectiveness of pay delivery, and asks Pay Governance to review and analyze market information on compensation trends and practices and to make recommendations to the Compensation Committee based on competitive compensation data.

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Nominating and Governance Committee. The duties and responsibilities of the Nominating and Governance Committee include making recommendations regarding individuals qualified to become directors, the structure and composition of the Board and committees of the Board, and corporate governance policies and practices. The members of the Nominating and Governance Committee are Messrs. Dods (Chairman), Cellar, and Jalkut, each of whom is an independent director under the NASDAQ rules. The Nominating and Governance Committee met three times in 2014.

Executive Committee. The purpose of the Executive Committee is to act for the Board between Board meetings. The Executive Committee has all the powers of the Board except as otherwise provided in the Company's Bylaws or the corporation laws of the State of Delaware. The members of the Executive Committee are Messrs. Jalkut (Chairman), Haruki, Oldham, and Yeaman. The Executive Committee met five times in 2014.

Director Stock Ownership Guidelines

To align the Board's interests with the interests of our stockholders, the Board has adopted stock ownership guidelines for its members. The guidelines state that each Board member, not later than five years after the later of the date of adoption of the guidelines and the date the individual becomes a member of the Board, should own shares of our common stock with a value at least equal to three times the applicable annual cash retainer. Such shares may be owned directly or by the individual's revocable living trust. All of our Board members have met the ownership guidelines or have time remaining under the guidelines.

The Board's Role in Risk Oversight

Our Company faces a number of risks, including operational, competitive, regulatory, financial, economic, and legal risks. Our management is responsible for the day-to-day management of the risks we face. While our Board, as a whole, has ultimate responsibility for the oversight of risk management, it administers its risk oversight role in part through the Board committee structure, with the Audit Committee and Compensation Committee responsible for monitoring and reporting on the material risks associated with their respective subject matter areas.

The Board's role in our risk oversight process includes receiving regular reports from members of senior management, as well as from external advisors such as Deloitte & Touche LLP, on areas of material risk to us, including operational, competitive, regulatory, financial, economic, and legal risks. The full Board (or the appropriate Board committee in the case of risks that are reviewed by a particular committee) reviews these reports in order to understand our risk exposures and the steps that management has taken to monitor and control these exposures. Reports received by a Board committee, or summaries thereof, are provided to the full Board, thereby enabling the Board and its committees to coordinate the risk oversight role. The Audit Committee assists the Board in oversight and monitoring of principal risk exposures related to financial statements, legal, regulatory and other matters, as well as related mitigation efforts. The Compensation Committee assesses the risks associated with the Company's compensation policies. See also "Compensation of the Named Executive Officers and Directors Relationship Between Compensation Plans and Risk."

Annual Meeting Attendance

We encourage, but do not require, our directors to attend our annual meetings of stockholders. All but one of our directors attended our 2014 Annual Meeting of Stockholders.

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PROPOSAL NO. 2

APPROVAL OF AMENDED AND RESTATED BYLAWS

Our current Bylaws provide that the number of directors that constitute the whole Board may not be less than five and not more than seven. Additionally, the Bylaws do not currently specifically articulate how the actual number within that range is fixed, although in practice the number is fixed by the Board of Directors. The Board believes that an increase in the maximum number of directors that constitute the Board of Directors from seven to nine could permit two additional directors to be added who could build upon and diversify the Board's existing experience and expertise. An increase in the maximum number of directors could also provide for greater flexibility in staffing of the Board's committees. Additionally, specifying that the Board of Directors fixes the actual number of directors that constitute the Board at a given time provides greater clarity and removes potential ambiguity.

Proposed Amendment

We are asking stockholders to approve Amended and Restated Bylaws to provide that the number of directors that constitute the whole Board may not be less than five and not more than nine and to clarify that the number of directors that constitute the Board within the specified range is determined by resolution of the Board. The Board, at its meeting on March 10, 2015, approved the Amended and Restated Bylaws subject to stockholder approval. In the proposed Amended and Restated Bylaws, Section 3.2 is amended in its entirety to read as follows, with added language underscored and deleted language struck through:

"Section 3.2. Number of Directors. The Board of Directors of the Corporation shall consist of no fewer than five members and no more than ~~seven~~ nine members. The number of members that constitute the Board of Directors shall be determined from time to time by resolution of the Board of Directors. One of the Directors shall be the Chief Executive Officer of the Corporation."

There were no other changes.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE AMENDED AND RESTATED BYLAWS.

PROPOSAL NO. 3

RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

Selection of Auditor

The Audit Committee has selected Deloitte & Touche LLP ("Deloitte") as our independent registered public accounting firm to perform the audit of our financial statements for the fiscal year ending December 31, 2015, and we are asking you to ratify this selection. Deloitte has been our independent accounting firm since 2005.

The Audit Committee annually reviews the independent registered public accounting firm's independence, including reviewing all relationships between the independent registered public accounting firm and us and any disclosed relationships or services that may impact the objectivity, independence, and performance of the independent registered public accounting firm. Additionally, our Deloitte engagement audit partner is subject to regular rotation, the most recent rotation having occurred in 2013. As a matter of good corporate governance, the Board, upon recommendation of the

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Audit Committee, has determined to submit to stockholders for ratification the selection of Deloitte. In the event that a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal No. 3 does not ratify the selection of Deloitte, the Audit Committee will review its future appointment of Deloitte.

Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders.

We expect that a representative of Deloitte will be present at the Annual Meeting and that the representative will have an opportunity to make a statement if he or she desires and will be available to respond to appropriate questions.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non- Audit Services of Independent Registered Public Accounting Firm

The Audit Committee must pre-approve all audit and permissible non-audit services to be provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services, and other services. Pre-approval is generally requested annually and any pre-approval is detailed as to the particular service, which must be classified in one of the four categories of services. The Audit Committee also may, on a case-by-case basis, pre-approve particular services that are not contained in the annual pre-approval request. In connection with this pre-approval policy, the Audit Committee also considers whether the categories of pre-approved services are consistent with the rules on accountant independence of the SEC.

Principal Accountant Fees and Services

The following is a summary of the fees billed or to be billed to us by Deloitte for professional services rendered for the years ended December 31, 2014 and December 31, 2013:

Fee Category	Fiscal Year 2014	Fiscal Year 2013
Audit Fees	\$ 972,000	\$ 904,712
Audit-Related Fees		
Tax Fees		
All Other Fees		
Total Fees	\$ 972,000	\$ 904,712

Audit Fees. Consist of fees billed for professional services rendered for the annual audit of our consolidated financial statements and services that Deloitte normally provides in connection with statutory and regulatory filings or engagements.

Non-Audit Fees. None.

The Audit Committee determined that Deloitte's provision of these services, and the fees that we paid for these services (and no non-audit fees), are compatible with maintaining the independence of the independent registered public accounting firm. The Audit Committee pre-approved the services that Deloitte provided in 2014 and 2013 in accordance with the pre-approval policy discussed above.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board (the "Audit Committee") consists of Steven C. Oldham (Chairman), Kurt M. Cellar and Bernard R. Phillips III. Each member of the Audit Committee meets the definition of "independent director" and otherwise qualifies to be a member of the Audit Committee under the NASDAQ rules.

The Audit Committee's general role is to assist the Board in monitoring the Company's financial reporting process and related matters. Its specific responsibilities are set forth in its charter. The Audit Committee reviews its charter annually. The charter was last reviewed in March 2015 and is available through the "Investor Relations" link on our website at www.hawaiiantel.com.

As required by the charter, the Audit Committee reviewed the Company's audited financial statements for the fiscal year ended December 31, 2014, and met with management, as well as with representatives of Deloitte, the Company's independent registered public accounting firm, to discuss the financial statements. The Audit Committee also discussed with members of Deloitte the matters required to be discussed by applicable Public Company Accounting Oversight Board and Securities and Exchange Commission rules.

In addition, the Audit Committee received the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte's communications with the Audit Committee concerning independence and discussed with members of Deloitte its independence from management and the Company.

Based on these discussions, the financial statement review and other matters it deemed relevant, the Audit Committee recommended to the Board that the Company's audited financial statements for 2014 be included in the Company's proxy statement and Annual Report on Form 10-K for the year ended December 31, 2014.

Furthermore, in connection with the standards for independence promulgated by the Securities and Exchange Commission, the Audit Committee reviewed the services provided by Deloitte, the fees the Company paid for these services, and whether the provision of the services is compatible with maintaining the independence of the independent registered public accounting firm. The Audit Committee deemed that the provision of the services is compatible with maintaining that independence.

The Audit Committee has selected Deloitte to be the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015. In doing so, the Audit Committee considered the results from its review of Deloitte's independence, including (a) all relationships between Deloitte and the Company and any disclosed relationships or services that may impact Deloitte's objectivity and independence, (b) Deloitte's performance and qualification as an independent registered public accounting firm, and (c) the regular rotation of Deloitte's engagement audit partner, as required by applicable laws and regulations. As a matter of good corporate governance, the Audit Committee has determined to submit its selection of Deloitte to the stockholders for ratification. In the event that a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the matter do not ratify this selection, the Audit Committee will review its future appointment of Deloitte.

Steven C. Oldham, Chairman

Kurt M. Cellar

Bernard R. Phillips III

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STOCK OWNERSHIP