HAWAIIAN ELECTRIC NYSE-HE

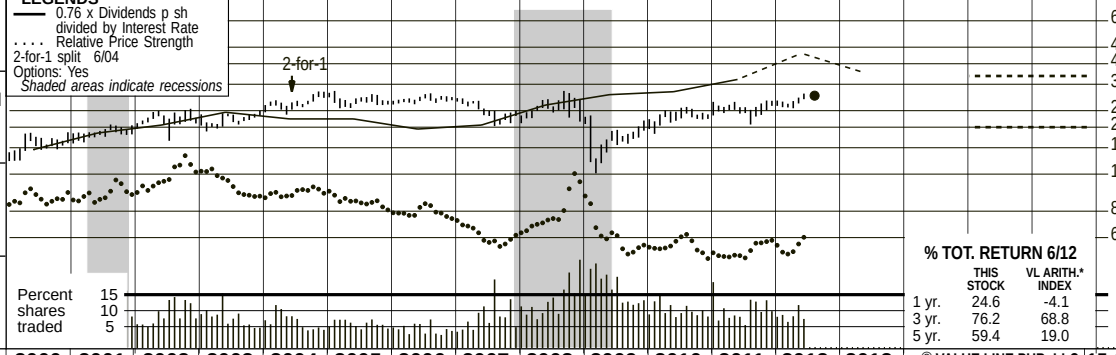
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
28.20	17.6	(Trailing: 18.3 Median: 19.0)	1.24	4.4%	VALUE LINE

TIMELINESS 2 Raised 11/18/11
SAFETY 3 Lowered 5/8/09
TECHNICAL 3 Raised 8/3/12
BETA .70 (1.00 = Market)

High:	20.6	24.5	24.0	29.5	29.8	28.9	27.5	29.8	22.7	25.0	26.8	29.2
Low:	16.8	17.3	19.1	23.0	24.6	25.7	20.3	21.0	12.1	18.6	20.6	24.7

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 0.76 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 6/04
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+25%)	10%
Low	20	(-30%)	-2%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	1	0	0	1	0	0	1	0	0
Options	0	0	0	1	0	0	0	0	0
to Sell	1	0	0	1	0	0	1	2	0

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	72	102	93
to Sell	86	73	77
Hld's(000)	36149	34567	35033

% TOT. RETURN 6/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	24.6	-4.1
3 yr.	76.2	68.8
5 yr.	59.4	19.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
22.86	22.95	23.12	23.64	26.05	24.26	22.46	23.49	23.85	27.36	30.21	30.40	35.56	24.96	28.14	33.76	**34.70**	**33.15**	Revenues per sh	**32.00**
2.81	3.01	3.23	3.35	3.08	3.33	3.52	3.54	3.09	3.22	3.19	3.01	2.72	2.59	2.88	3.18	**3.40**	**3.40**	"Cash Flow" per sh	**3.75**
1.30	1.38	1.48	1.45	1.27	1.60	1.62	1.58	1.36	1.46	1.33	1.11	1.07	.91	1.21	1.44	**1.60**	**1.70**	Earnings per sh A	**2.00**
1.21	1.22	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	**1.24**	**1.24**	Div'd Decl'd per sh B ■ †	**1.40**
3.33	2.31	2.60	2.09	2.04	1.77	1.74	2.15	2.66	2.76	2.58	2.62	3.12	3.29	1.92	2.45	**3.55**	**4.15**	Cap'l Spending per sh	**7.50**
12.52	12.77	12.87	13.16	12.72	13.06	14.21	14.36	15.01	15.02	13.44	15.29	15.35	15.58	15.67	15.95	**16.45**	**17.45**	Book Value per sh C	**20.25**
61.71	63.79	64.23	64.43	65.98	71.20	73.62	75.84	80.69	80.98	81.46	83.43	90.52	92.52	94.69	96.04	**98.00**	**104.00**	Common Shs Outst'g D	**122.00**
13.7	13.2	13.4	12.1	12.9	11.8	13.5	13.8	19.2	18.3	20.3	21.6	23.2	19.8	18.6	17.1	*Bold figures are*		Avg Ann'l P/E Ratio	**13.5**
.86	.76	.70	.69	.84	.60	.74	.79	1.01	.97	1.10	1.15	1.40	1.32	1.18	1.08	*Value Line*		Relative P/E Ratio	**.90**
6.8%	6.7%	6.2%	7.1%	7.5%	6.6%	5.7%	5.7%	4.8%	4.6%	4.6%	5.2%	5.0%	6.9%	5.5%	5.0%	*estimates*		Avg Ann'l Div'd Yield	**5.1%**

CAPITAL STRUCTURE as of 3/31/12
Total Debt $1438.9 mill. **Due in 5 Yrs** $369.8 mill.
LT Debt $1282.6 mill. **LT Interest** $66.7 mill.
Incl. $50 mill. 6.5% oblig. pfd. sec. of trust subsid.
(LT interest earned: 3.9x)
Pension Assets-12/11 $839.6 mill.
Oblig. $1.32 bill.
Pfd Stock $34.3 mill. **Pfd Div'd** $2.0 mill.
1,114,657 shs. 4¼% to 5¼%, $20 par. call. $20 to $21; 120,000 shs. 7⅝%, $100 par. call. $100.
Sinking fund ends 2018.
Common Stock 96,602,192 shs.
as of 4/29/12
MARKET CAP: $2.7 billion (Mid Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
1653.7	1781.3	1924.1	2215.6	2460.9	2536.4	3218.9	2309.6	2665.0	3242.3	**3400**	**3450**	Revenues ($mill)	**3900**
120.2	120.1	109.6	120.3	109.9	93.6	92.2	84.9	115.4	140.1	**160**	**175**	Net Profit ($mill)	**250**
34.6%	34.9%	45.8%	36.4%	36.5%	35.4%	34.7%	34.1%	37.0%	35.1%	**35.0%**	**34.0%**	Income Tax Rate	**29.0%**
4.8%	5.1%	7.6%	5.9%	8.4%	8.3%	14.2%	20.6%	7.4%	6.0%	**5.0%**	**7.0%**	AFUDC % to Net Profit	**43.0%**
52.0%	48.6%	47.6%	45.2%	49.9%	47.6%	46.0%	48.0%	44.5%	44.9%	**45.5%**	**40.5%**	Long-Term Debt Ratio	**45.0%**
46.5%	49.8%	51.0%	53.3%	48.6%	51.0%	52.7%	50.7%	54.3%	53.9%	**53.5%**	**58.5%**	Common Equity Ratio	**54.0%**
2251.0	2186.9	2375.1	2283.9	2252.7	2501.8	2635.2	2840.8	2732.9	2841.3	**3020**	**3105**	Total Capital ($mill)	**4575**
2079.3	2311.9	2422.3	2542.8	2647.5	2743.4	2907.4	3088.6	3165.9	3334.5	**3505**	**3750**	Net Plant ($mill)	**5525**
7.3%	7.3%	6.0%	6.8%	6.4%	5.2%	4.7%	4.3%	5.6%	6.2%	**6.5%**	**6.5%**	Return on Total Cap'l	**6.5%**
11.1%	10.7%	8.8%	9.6%	9.7%	7.1%	6.5%	5.8%	7.6%	8.9%	**9.5%**	**9.5%**	Return on Shr. Equity	**10.0%**
11.3%	10.8%	8.9%	9.7%	9.9%	7.2%	6.5%	5.8%	7.7%	9.0%	**10.0%**	**9.5%**	Return on Com Equity E	**10.0%**
4.3%	3.9%	1.1%	1.5%	.7%	.8%	.5%	NMF	1.4%	2.1%	**2.5%**	**2.5%**	Retained to Com Eq	**3.5%**
63%	64%	87%	85%	93%	89%	93%	116%	82%	78%	**77%**	**73%**	All Div'ds to Net Prof F	**67%**

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-2.5	-1.1	-.5
Avg. Indust. Use (MWH)	6403	6352	6284
Avg. Indust. Revs. per KWH (¢)	17.68	21.41	27.89
Capacity at Yearend (Mw)	2347	2325	2327
Peak Load, Winter (Mw)	1618	1562	1530
Annual Load Factor (%)	72.2	73.9	74.8
% Change Customers (yr-end)	+.5	+.5	+.3
Fixed Charge Cov. (%)	234	300	337

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	1.5%	1.5%	*1.5%*
"Cash Flow"	-1.0%	-2.0%	*4.5%*
Earnings	-2.0%	-3.0%	*9.0%*
Dividends	- -	- -	*2.0%*
Book Value	2.0%	1.5%	*4.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	543.8	525.9	620.3	619.6	2309.6
2010	619.0	655.7	694.6	695.7	2665.0
2011	710.6	794.3	886.4	851.0	3242.3
2012	814.9	**850**	**885.1**	**850**	**3400**
2013	**850**	**850**	**900**	**850**	**3450**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.22	.17	.37	.15	.91
2010	.29	.31	.35	.26	1.21
2011	.30	.28	.50	.36	1.44
2012	.40	**.34**	**.49**	**.37**	**1.60**
2013	**.43**	**.36**	**.52**	**.39**	**1.70**

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.31	.31	.31	.31	1.24
2009	.31	.31	.31	.31	1.24
2010	.31	.31	.31	.31	1.24
2011	.31	.31	.31	.31	1.24
2012	.31	.31			

BUSINESS: Hawaiian Electric Industries, Inc. is the parent company of Hawaiian Electric Company (HECO) & American Savings Bank (ASB). HECO & its subs., Maui Electric Co. (MECO) & Hawaii Electric Light Co. (HELCO), supply electricity to 446,000 customers on Oahu, Maui, Molokai, Lanai, & Hawaii. Operating companies' systems are not interconnected. Disc. int'l power sub. in '01. Elec. rev. breakdown: res'l, 33%; comm'l, 34%; large light & power, 32%; other, 1%. Generating sources: oil, 60%; purchased, 40%. Fuel costs: 60% of revs. '11 reported depr. rate (util.): 3.2%. Has 3,700 empls. Chairman: Jeffrey N. Watanabe. Pres. & CEO: Constance H. Lau. Inc.: HI. Address: 900 Richards St., P.O. Box 730, Honolulu, HI 96808-0730. Tel.: 808-543-5662. Web: www.hei.com.

Each of Hawaiian Electric Industries' utilities is now operating under a new regulatory mechanism. The company's largest utility, Hawaiian Electric Company (HECO), has been benefiting from the mechanism since 2011, and Hawaii Electric Light Company (HELCO) and Maui Electric Company (MECO) began using it this year. (MECO was granted an interim rate hike of $13.1 million, or 3.2%, based on a return of 10% on a common-equity ratio of 56.86%.) An advantage of the new mechanism is the decoupling of electric volume and revenues, so that declines in usage (stemming from the effects of the sluggish economy and conservation efforts) will no longer hurt the utilities. In addition, the utilities now benefit from annual rate adjustments for capital spending and increases in operating expenses. The new mechanism reduces, but does not eliminate, the effects of regulatory lag. HECO has a goal of earning an 8.5% return on equity in 2012. This would be an improvement over its performance in recent years, but would still fall short of its allowed ROE of 10%.

The effects of the new mechanism are the main reason why we expect earnings to improve in 2012 and climb in 2013. We estimate that share net will reach $1.60 this year—the highest tally in a decade — despite a probable decline in profits at the American Savings Bank subsidiary. ASB is likely to have lower fee income and a narrower interest-rate spread this year. We estimate a 6% earnings increase next year. However, because the payout ratio is still high, we expect no dividend increase until mid-decade.

New regulation has not eliminated the need for general rate cases. As this report went to press, HELCO was planning to file an application. An interim rate order is due 12 months after the filing date. There is no statutory time limit for the final decision.

This timely equity's dividend yield is only slightly above the utility average. However, with the stock trading within our 3- to 5-year Target Price Range, the modest dividend growth we project over that time frame probably won't be enough to produce an attractive total return.

Paul E. Debbas, CFA *August 3, 2012*

(A) Dil. EPS. Excl. gains (losses) from disc. ops.: '00, (56¢); '01, (36¢); '03, (5¢); '04, 2¢; '05, (1¢); nonrec. gain (loss): '05, 11¢; '07, (9¢). Next egs. due early Nov. (B) Div'ds histor. paid in early Mar., June, Sept., & Dec. ■ Div'd reinv. plan avail. † Sharehldr. invest. plan avail. (C) Incl. intang. In '11: $7.83/sh. (D) In mill., adj. for split. (E) Rate base: Orig. cost. Rate all'd on com. eq. in '11: HECO, 10%; in '12: HELCO, 10%; in '12: MECO, 10%; earned on avg. com. eq., '11: 9.2%. Regul. Climate: Avg. (F) Excl. div'ds paid through reinvest. plan.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	30
Earnings Predictability	70

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