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HAWAIIAN ELECTRIC INDUSTRIES INC

Form 8-K

July 24, 2001

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: July 23, 2001

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Exact Name of Registrant as Specified in Its Charter -----	Commission File Number -----	I.R.S. Employer Identification No. -----
Hawaiian Electric Industries, Inc.	1-8503	99-0208097
Hawaiian Electric Company, Inc.	1-4955	99-0040500

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State of Hawaii

(State or other jurisdiction of incorporation)

900 Richards Street, Honolulu, Hawaii 96813

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:

(808) 543-5662 - Hawaiian Electric Industries, Inc. (HEI)
(808) 543-7771 - Hawaiian Electric Company, Inc. (HECO)

None

(Former name or former address, if changed since last report.)

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Item 5. Other Events

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News release

On July 23, 2001, HEI issued the following news release:

HAWAIIAN ELECTRIC INDUSTRIES, INC. REPORTS FIRST QUARTER 2001 EARNINGS

HONOLULU -- Hawaiian Electric Industries, Inc. (NYSE - HE) today reported net income for the three months ended June 30, 2001 of \$25.6 million, or 76 cents per share, compared with \$19.1 million, or 59 cents per share in the same quarter of 2000. For the six months ended June 30, 2001, net income was \$53.3 million, or \$1.60 per share, compared with \$48.1 million, or \$1.49 per share in the same period last year.

"We had a good second quarter. Earnings were up compared with the same quarter last year due to an 8.6% increase in savings bank net income and contraction of our international operations," said Robert F. Clarke, HEI chairman, president and chief executive officer.

Electric utility net income during the quarter was \$22.7 million versus \$24.0 million in the same quarter last year. Net income for the six months was \$44.1 million versus \$47.7 million in the same period of 2000.

"Warmer weather boosted kilowatthour sales by 1.4% for the quarter despite visitor arrivals in April and May declining slightly from 2000's record highs. However, purchase power expenses were higher for the quarter due to greater availability of purchased power in the supply mix as a result of shorter overhaul schedules and maintenance downtime by independent power producers (IPPs)," said Clarke.

Savings bank net income in the second quarter was \$10.2 million compared to \$9.4 million in the same quarter last year. Net income for the six months was \$22.1 million versus \$20.6 million in the same period of 2000.

"Our savings bank turned in a strong performance this quarter. Although personnel and technology costs were higher compared with the same quarter last year, the bank was able to increase its second quarter earnings by 8.6% due to higher net interest income and fee income," said Clarke.

The increase in the bank's net interest income was due in part to slightly higher average interest earning assets, partially offset by a decline in the bank's interest rate spread - the difference between the yield on earning assets and the cost of funds. Increased mortgage banking activity and credit card interchange fees lifted fee income in the second quarter, as well as fewer losses from investing activities.

The net loss for the international power operations during the quarter was \$0.9 million compared to \$8.9 million in the same quarter last year. The net loss for the six months was \$0.8 million versus \$9.9 million in the same period of 2000.

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The net loss from international power for the quarter and six months ended June 30, 2000 included \$6.4 million of net losses from its investment in East Asia Power Resources Corporation, which was written off in December 2000.

HEI is a diversified holding company. Its core businesses are electric utilities, a savings bank and an international power subsidiary.

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Forward-looking statements

This release may contain "forward-looking statements," that are subject to risks and uncertainties. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, and/or include words such as expects, anticipates, intends, plans, believes, predicts, estimates or similar expressions. Forward-looking statements in this release should be read in conjunction with "Forward-looking statements" set forth on page v of HEI's Form 10-Q for the quarter ended March 31, 2001 (incorporated by reference herein) that discusses important factors that could cause HEI's results to differ materially from those anticipated in such statements. Forward-looking statements speak only as of the date of this release.

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Hawaiian Electric Industries, Inc. and subsidiaries
 CONSOLIDATED STATEMENTS OF INCOME
 (unaudited)

(in thousands, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
<hr/>				
Revenues				
Electric utility	\$ 313,651	\$ 307,845	\$ 632,074	\$ 597,845
Savings bank	112,250	108,699	228,004	218,699
International power	1,455	(4,163)	2,985	(2,163)
Other	1,438	755	598	1,438
	-----	-----	-----	-----
	428,794	413,136	863,661	815,819
	-----	-----	-----	-----
Expenses				
Electric utility	263,623	256,230	534,036	494,036
Savings bank	94,678	92,384	190,283	183,678
International power	1,832	4,423	2,579	6,423
Other	4,338	2,973	6,723	5,973
	-----	-----	-----	-----
	364,471	356,010	733,621	689,110
	-----	-----	-----	-----
Operating income (loss)				
Electric utility	50,028	51,615	98,038	103,615
Savings bank	17,572	16,315	37,721	35,615
International power	(377)	(8,586)	406	(9,163)
Other	(2,900)	(2,218)	(6,125)	(4,163)
	-----	-----	-----	-----
	64,323	57,126	130,040	125,904
	-----	-----	-----	-----
Interest expense-				
other than savings bank	(20,297)	(20,156)	(40,302)	(39,678)
Allowance for borrowed funds used during construction	511	722	1,187	1,187

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Preferred stock dividends of subsidiaries	(501)	(506)	(1,003)	(1)
Preferred securities distributions of trust subsidiaries	(4,009)	(4,009)	(8,018)	(8)
Allowance for equity funds used during construction	955	1,328	2,220	2
	-----	-----	-----	-----
Income from continuing operations before income taxes	40,982	34,505	84,124	81
Income taxes	15,394	15,409	30,791	33
	-----	-----	-----	-----
Income from continuing operations	25,588	19,096	53,333	48
Discontinued operations- net gain on disposal	--	--	--	--
	-----	-----	-----	-----
Net income	\$ 25,588	\$ 19,096	\$ 53,333	\$ 48
	=====	=====	=====	=====
Per common share				
Basic earnings				
Continuing operations	\$ 0.76	\$ 0.59	\$ 1.60	\$
Discontinued operations	--	--	--	--
	-----	-----	-----	-----
	\$ 0.76	\$ 0.59	\$ 1.60	\$
	=====	=====	=====	=====
Diluted earnings				
Continuing operations	\$ 0.76	\$ 0.59	\$ 1.59	\$
Discontinued operations	--	--	--	--
	-----	-----	-----	-----
	\$ 0.76	\$ 0.59	\$ 1.59	\$
	=====	=====	=====	=====
Dividends	\$ 0.62	\$ 0.62	\$ 1.24	\$
	=====	=====	=====	=====
Weighted-average number of common shares outstanding	33,481	32,403	33,321	32
	=====	=====	=====	=====
Adjusted weighted-average shares	33,646	32,542	33,477	32
	=====	=====	=====	=====
Income (loss) from continuing operations by segment				
Electric utility	\$ 22,716	\$ 24,014	\$ 44,141	\$ 47
Savings bank	10,207	9,396	22,082	20
International power	(907)	(8,863)	(782)	(9)
Other	(6,428)	(5,451)	(12,108)	(10)
	-----	-----	-----	-----
Income from continuing operations	\$ 25,588	\$ 19,096	\$ 53,333	\$ 48
	=====	=====	=====	=====

This information should be read in conjunction with the consolidated financial statements and the notes thereto incorporated by reference in HEI's Annual Report on SEC Form 10-K for the year ended December 31, 2000 and the consolidated financial statements and the notes thereto in HEI's Quarterly Report on SEC Form 10-Q for the quarters ended March 31, 2001 and June 30, 2001 (when filed).

Results of operations for interim periods are not necessarily indicative of results to be expected for future interim periods or the full year.

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HAWAIIAN ELECTRIC INDUSTRIES, INC.
 SUPPLEMENTAL DATA TO 2ND QUARTER 2001 EARNINGS RELEASE
 (Unaudited)

Hawaiian Electric Company, Inc. (HECO) and subsidiaries Consolidated Statements of Income ----- (in thousands)	Three months ended June 30,	
	2001 -----	2000 -----
Operating revenues	\$ 312,455	\$ 306,483
Operating expenses		
Fuel oil	82,085	91,092
Purchased power	83,481	70,444
Other operation	30,096	27,464
Maintenance	13,015	13,622
Depreciation	25,363	24,330
Taxes, other than income taxes	29,426	29,005
Income taxes	14,362	15,201
	277,828	271,158
Operating income	34,627	35,325
Other income		
Allowance for equity funds used during construction	955	1,328
Other net	960	1,138
	1,915	2,466
Income before interest and other charges	36,542	37,791
Interest and other charges		
Interest on long-term debt	10,072	9,920
Amortization of net bond premium and expense	507	525
Other interest charges	1,340	1,635
Allowance for borrowed funds used during construction	(511)	(722)
Preferred stock dividends of subsidiaries	229	230
Preferred securities distributions of trust subsidiaries	1,919	1,919
	13,556	13,507
Income before preferred stock dividends of HECO	22,986	24,284
Preferred stock dividends of HECO	270	270
Net income for common stock	\$ 22,716	\$ 24,014

Other electric utility information

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Kilowatthour sales (millions)	2,298	2,266
Cooling degree days (Oahu)	1,223	1,207

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Hawaiian Electric Industries, Inc.
 Supplemental Data to 2nd Quarter Earnings Release
 Page 2

American Savings Bank, F.S.B. and subsidiaries	Three months ended June 30,	
Consolidated Income statement data	2001	2000

(in thousands)		
Interest income	\$ 102,591	\$ 102,591
Interest expense	56,812	56,812
	-----	-----
Net interest income	45,779	45,779
Provision for loan losses	(3,000)	(3,000)
Other income	9,659	9,659
Operating, administrative and general expenses	(34,866)	(34,866)
	-----	-----
Operating income	17,572	17,572
Minority interest	55	55
Income taxes	5,958	5,958
	-----	-----
Income before preferred stock dividends	11,559	11,559
Preferred stock dividends	1,352	1,352
	-----	-----
Net income	\$ 10,207	\$ 10,207
	=====	=====
Interest rate spread (%)	3.07	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized. The signature of the undersigned companies shall be deemed to relate only to matters having reference to such companies and any subsidiaries thereof.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
 (Registrant)

HAWAIIAN ELECTRIC COMPANY, INC.
 (Registrant)

/s/ Curtis Y. Harada

 Curtis Y. Harada
 Controller
 (Principal Accounting Officer of HEI)

/s/ Richard A. von Gnechten

 Richard A. von Gnechten
 Financial Vice President of HECO
 (Principal Financial Officer of HECO)

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Date: July 24, 2001

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