HAWAIIAN ELECTRIC INDUSTRIES INC
Form S-3/A
November 09, 2001

As filed with the Securities and Exchange Commission on November 8, 2001.

Registration No. 333-72674

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
To
Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Hawaiian Electric Industries, Inc.

(Exact name of registrant as specified in its charter)

Hawaii	**99-0208097**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

900 Richards Street, Honolulu, Hawaii 96813, (808) 543-5662

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Robert F. Mougeot
Financial Vice President, Treasurer & Chief Financial Officer
Hawaiian Electric Industries, Inc.
900 Richards Street, Honolulu, Hawaii 96813, (808) 543-5641
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

David J. Reber, Esq. **Goodsill Anderson Quinn & Stifel LLP** **1099 Alakea Street** **Honolulu, HI 96813** **(808) 547-5600**	**David P. Falck, Esq.** **Pillsbury Winthrop LLP** **One Battery Park Plaza** **New York, NY 10004** **(212) 858-1000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

(Calculation of Registration Fee on following page)

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(4)
Common Stock (without par value)(3)	1,725,000 shares	$37.27	$64,290,750	$16,073

(1) Includes 225,000 shares issuable in connection with the exercise of the underwriters overallotment option.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. The average of the high and the low prices for the Registrant s Common Stock reported on the New York Stock Exchange on October 31, 2001 was $37.27 per share.

(3) Includes a Common Stock right attached to each share of Common Stock, which, prior to the occurrence of certain events, is initially evidenced by and traded together with the Common Stock of the Registrant. Value attributable to such right, if any, is reflected in the market price of the Common Stock.

(4) Previously paid.

The information in this prospectus is not complete and may be changed. HEI may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated November 8, 2001

PROSPECTUS

1,500,000 Shares

Hawaiian Electric Industries, Inc.

Common Stock

Hawaiian Electric Industries, Inc. is selling 1,500,000 shares.

The shares trade on the New York Stock Exchange under the symbol HE. On November 7, 2001, the last sale price of the shares as reported on the New York Stock Exchange was $38.90 per share.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to HEI	$	$

The underwriters may also purchase up to an additional 225,000 shares from Hawaiian Electric Industries, Inc. at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2001.

Merrill Lynch & Co.

Goldman, Sachs & Co.

Robert W. Baird & Co.

Janney Montgomery Scott LLC

The date of this prospectus is , 2001.

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You should rely only on the information contained or incorporated by reference in this prospectus. HEI has not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. HEI is not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or incorporated by reference in this prospectus is accurate only as of the date of those documents. HEI s business, financial condition, results of operations and prospects may have changed since those dates.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The safe harbor provisions of the Exchange Act and the Securities Act apply to forward-looking statements made by HEI. Forward-looking statements, which include statements that are predictive in nature, depend upon or refer to future events or conditions, and usually include words such as expects , anticipates , intends , plans , believes , predicts , estimates or similar expressions. In addition, any statements concerning financial performance (including future revenues, earnings or losses or growth rates), ongoing business strategies or prospects and possible future actions, which may be provided by management, are also forward-looking statements.

Forward-looking statements are based on expectations and projections about future events and are subject to risks, uncertainties and assumptions about HEI and its subsidiaries, the performance of the industries in which they do business and economic and market factors, among other things. These factors include the risks and uncertainties identified in this prospectus and in the incorporated documents. Forward-looking statements are not guarantees of future performance and the actual results that HEI achieves may differ materially. In addition, forward-looking statements speak only as of the date of the document in which they are made and, except for its ongoing obligations to disclose material information under the federal securities laws, HEI assumes no obligation to update these statements.

SUMMARY

This summary highlights information contained elsewhere in this prospectus and in the incorporated documents. This summary is not complete and may not contain all of the information that may be important to you. Before making an investment decision, you should read this entire prospectus as well as the documents incorporated by reference. Unless indicated otherwise, the information in this prospectus assumes that the underwriters overallotment option is not exercised.

Hawaiian Electric Industries, Inc.

HEI is a holding company whose principal subsidiaries engage in the electric public utility and bank businesses in the State of Hawaii. HEI s regulated electric public utility subsidiaries serve the islands of Oahu, Hawaii, Maui, Lanai and Molokai, and serve approximately 400,000 customers in a service area of approximately 5,766 square miles. HEI s other principal subsidiary is a bank with branches throughout the State of Hawaii. On October 31, 2001, HEI announced that it is discontinuing its international power business. After restatement of results of operations for discontinuance of the international power operations, the electric public utility subsidiaries contributed approximately 74% of HEI s consolidated revenues and 77% of its operating income from continuing operations for the nine-months ended September 30, 2001, with the bank contributing approximately 26% and 29%, respectively (and the other segment making negative contributions). HEI s executive offices are located at 900 Richards Street, Honolulu, Hawaii 96813 and its telephone number is (808) 543-5662.

The following chart depicts the organization of HEI by segment:

Strategy

HEI s strategy is to focus its resources on its electric public utility and bank businesses. The electric utility business has implemented active customer satisfaction programs to increase revenues in line with economic growth in the State of Hawaii, along with cost containment measures to control costs in the current economic environment. The bank is expanding its traditional consumer focus to be a full-service community bank serving both individual and business customers.

The Offering

Common stock offered	1,500,000 shares
Common stock outstanding prior to the offering	33,895,193 shares
Common stock outstanding after the offering	35,395,193 shares
Use of proceeds	Repayment of debt and other general corporate purposes. See Use of Proceeds.
NYSE symbol	HE
Common stock price range from January 1, 2001 to November 7, 2001	$33.56-$41.25
NYSE closing price on November 7, 2001	$38.90
Current indicated annual dividend rate per share	$ 2.48
Indicated annual dividend yield on November 7, 2001	6.4%

The shares outstanding prior to and after this offering are based on the number of shares of common stock outstanding as of October 30, 2001. This number assumes that the underwriters overallotment option is not exercised. If the overallotment option is exercised in full, HEI will issue and sell an additional 225,000 shares.

On October 23, 2001, the HEI Board of Directors declared a dividend of $0.62 per share payable on December 10, 2001 to stockholders of record on November 13, 2001. Purchasers of the shares offered by this prospectus will not be entitled to receive this dividend.

Selected Consolidated Financial Information

(In thousands, except per share amounts)

The following selected consolidated financial information of HEI for the years ended December 31, 2000, 1999 and 1998 has been derived from the consolidated financial statements of HEI and the notes thereto, which consolidated financial statements have been audited by KPMG LLP, independent certified public accountants, and are incorporated by reference in this prospectus. The following selected consolidated financial information of HEI as of and for the nine months ended September 30, 2001 and 2000 has been derived from the unaudited consolidated financial statements of HEI and the notes thereto incorporated by reference in this prospectus. This financial information for all periods presented has been adjusted and restated to reflect the operations and assets of the international power segment as a discontinued operation. In the opinion of HEI s management, the unaudited financial statements of HEI include all adjustments necessary for a fair presentation of the results for such periods and as of such date. The results of operations for any interim period are not necessarily indicative of the results for the entire year, and the results for an entire year are not necessarily indicative of results for future years. The following selected consolidated financial information of HEI, and the other financial information of HEI in this prospectus, are qualified in their entirety by, and should be read in conjunction with, such financial statements and the other information about HEI included elsewhere in this prospectus and in the incorporated documents.

	Nine Months Ended September 30,		Years Ended December 31,		
	2001	**2000**	**2000**	**1999**	**1998**
Income statement data					
Revenues	$1,307,968	$1,269,718	$1,732,311	$1,518,826	$1,480,392
Operating income	198,685	204,190	257,533	238,602	227,810
Net income (loss):					
Continuing operations	82,542	87,922	109,336	96,426	97,262
Discontinued operations(1)	(22,075)	(17,801)	(63,592)	421	(12,451)
	$ 60,467	$ 70,121	$ 45,744	$ 96,847	$ 84,811
Basic earnings (loss) per common share					
Continuing operations	$ 2.47	$ 2.71	$ 3.36	$ 3.00	$ 3.04
Discontinued operations	(0.66)	(0.55)	(1.95)	0.01	(0.39)
	$ 1.81	$ 2.16	$ 1.41	$ 3.01	$ 2.65
Diluted earnings (loss) per common share					
Continuing operations	$ 2.46	$ 2.70	$ 3.35	$ 2.99	$ 3.03
Discontinued operations	(0.66)	(0.55)	(1.95)	0.01	(0.39)
	$ 1.80	$ 2.15	$ 1.40	$ 3.00	$ 2.64
Dividends per common share	$ 1.86	$ 1.86	$ 2.48	$ 2.48	$ 2.48
Weighted-average number of common shares outstanding	33,454	32,438	32,545	32,188	32,014
Adjusted weighted-average shares	33,634	32,570	32,687	32,291	32,129

	As of September 30, 2001			
	Actual		As Adjusted(4)	
Capitalization(2)				
Short-term borrowings	$ 38,684	1.7%	$ 38,684	1.7%

Long-term debt(3)	1,166,704	50.3	1,110,804	47.8
HEI- and HECO-obligated preferred securities of trust subsidiaries	200,000	8.6	200,000	8.6
Preferred stock of subsidiaries-not subject to mandatory redemption	34,406	1.5	34,406	1.5
Stockholders equity:				
Common stock	723,636	31.1	779,536	33.6
Retained earnings	145,620	6.3	145,620	6.3
Accumulated other comprehensive income	12,829	0.5	12,829	0.5
	$2,321,879	100.0%	$2,321,879	100.0%

(1) In the fourth quarter of 2000, HEI incurred losses and write-offs totaling $75.7 million pretax ($36.8 million after tax) relating to the international power group s investment in the electric generation business in the Philippines. In the third quarter of 2001, HEI adopted a formal plan to discontinue the remaining international power operations and incurred losses and write-offs totaling $36 million pretax ($23 million after tax).

(2) Excludes ASB s deposit liabilities, securities sold under agreements to repurchase and advances from the Federal Home Loan Bank of Seattle.

(3) Includes $93.1 million of long-term debt due within one year.

(4) Adjusted to reflect the issuance and sale of the common stock offered by this prospectus and use of the proceeds to repay a portion of HEI s long-term debt. The adjustment reflects estimated net proceeds of $55.9 million from this offering (assuming that the underwriters overallotment option is not exercised) based on the last sale price of the shares on November 7, 2001. See Use of Proceeds.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

General

HEI was incorporated in 1981 under the laws of the State of Hawaii and is a holding company whose principal subsidiaries engage in the electric public utility and bank businesses in the State of Hawaii. HEI s predecessor, Hawaiian Electric Company, Inc., or HECO, was incorporated in 1891 under the laws of the Kingdom of Hawaii (now the State of Hawaii). As a result of a 1983 corporate reorganization, HECO became an HEI subsidiary and the common shareholders of HECO became common shareholders of HEI. By virtue of its ownership of utility subsidiaries, HEI is a holding company under the Public Utility Holding Company Act of 1935, but claims exemption from all provisions thereof except Section 9(a)(2). On October 31, 2001, HEI announced that it is discontinuing its international power operations.

Operating Segments

HEI s subsidiaries are engaged in the following business segments:

Electric Utilities. HECO is a regulated electric public utility company engaged in the production, purchase, transmission, distribution and sale of electric energy on the island of Oahu, in the State of Hawaii. HECO s subsidiaries, Hawaii Electric Light Company, Inc., or HELCO, incorporated on December 5, 1894, and Maui Electric Company, Limited, or MECO, incorporated on April 28, 1921, are also regulated electric public utilities, and provide electric service on the islands of Hawaii, Maui, Lanai and Molokai in the State of Hawaii. HECO and its subsidiaries serve approximately 400,000 customers in a service area of approximately 5,766 square miles. HECO and its subsidiaries own 1,673 megawatts of generating capacity and have long-term purchase power agreements for another 532 megawatts of firm capacity with various independent power producers in the State of Hawaii. Due to the isolated nature of the service territories of the electric public utilities, the electric utilities must own or be able to contract for all the electric power generation required to meet their power supply needs. Management believes that capacity reserve margins maintained by HECO and its subsidiaries, which averaged over 40% in 2000, are adequate to service the customers in their respective service territories.

Bank. HEI Diversified, Inc., or HEIDI, is a wholly owned subsidiary of HEI and the direct parent of American Savings Bank, F.S.B., or ASB. ASB, acquired on May 26, 1988, is a federally chartered savings bank with 70 branches primarily providing bank services such as federally-insured savings accounts and real estate mortgage loans within the State of Hawaii. As of September 30, 2001, ASB was the third largest financial institution in the State based on consolidated total assets of $6.1 billion. As of September 30, 2001, ASB was in full compliance with Office of Thrift Supervision, or OTS, minimum capital requirements and was well-capitalized (ratio requirements noted in parentheses) within the meaning of FDIC regulations with a leverage ratio of 6.4% (5.0%), a Tier-1 risk-based ratio of 11.7% (6.0%) and a total risk-based ratio of 12.8% (10.0%). ASB s largest subsidiary is ASB Realty Corporation, or ASB Realty, which elects to be taxed as a real estate investment trust and had total assets of $1.9 billion as of September 30, 2001.

Other. HEI s other business segment includes the results of operations of HEI corporate and several direct and indirect subsidiaries. These subsidiaries are engaged in various businesses, including passive investments in leveraged leases and other investments, providing services to the electric utilities and supplying on-site generation and other energy-related products and services to customers. HEI also holds directly three series of income notes acquired in May and July 2001 through transactions involving ASB.

Strategy

HEI s strategy is to focus its resources on its two core operating businesses that provide electric public utility and banking services in the State of Hawaii. In line with this domestic strategy, HEI has recently discontinued its international operations.

Keys to achieving returns from the electric utility business are to ensure customer satisfaction and contain costs. The electric utilities have established programs which offer customers specialized services and energy efficiency audits to aid them in saving on energy costs. With large power users in the electric utilities service territories, such as the U.S. military, hotels and state and local government, management believes that maintaining customer satisfaction is a critical component in insuring kilowatt-hour sales and revenue growth in Hawaii over time. The utilities have also undertaken cost containment measures to control costs in the current economic environment. For example, the electric utilities have implemented an integrated computer system that has allowed the consolidation of certain accounting and purchasing functions, thereby streamlining business processes, cutting labor costs and lowering inventory. The consolidation of the purchasing function also allows the utilities to realize savings from volume discounts.

ASB is expanding its traditional consumer focus to be a full-service community bank serving both individual and business customers. ASB is gradually enhancing its loan portfolio through diversification from single-family home mortgages to higher-yielding business and commercial real estate loans. Towards this end, ASB has hired experienced business lending personnel and has established an appropriate risk management infrastructure to manage this shift in assets.

RECENT DEVELOPMENTS

Discontinued Operations

In October 2001, the HEI Board of Directors adopted a formal plan to exit the international power business (engaged in by HEI Power Corp. and its subsidiaries, the HEIPC Group) over the next year. The HEIPC Group has been reported as a discontinued operation in the third quarter of 2001. The HEIPC Group wrote off its remaining investment of approximately $24 million in its China joint venture and recognized an impairment loss of $2.7 million on its investment in approximately 22% of the outstanding common stock of Cagayan Electric Power & Light Co., Inc., an electric distribution company in the Philippines. As a result, HEI reported a loss from discontinued operations of $21.5 million for the third quarter of 2001, compared with a loss of $9.2 million for the same quarter in 2000.

At September 30, 2001, the HEIPC Group s remaining investment in and advances to a Guam power project and the remaining investment in Cagayan Electric Power & Light Co., Inc. common stock totaled approximately $19 million. The HEIPC Group has undertaken efforts to sell these remaining investments and is evaluating possible remedies to pursue to recover the costs it has incurred in connection with the China joint venture. Management cannot predict the outcome of these efforts at this time.

Third Quarter 2001 Results of Continuing Operations

HEI had consolidated revenues of $447.3 million and income from continuing operations of $28.7 million for the third quarter of 2001, compared with $452.0 million and $31.2 million, respectively, for the same quarter in 2000. The decrease in revenues was due to decreases for the bank and other segments, partly offset by an increase at the electric utility segment. The decrease in income from continuing operations was due to the increase in net losses at the other segment, partially offset by the increase in net income for the bank and electric utility segments.

The electric utilities had a 1% increase in revenues in the third quarter of 2001 in comparison with the same period in 2000 primarily due to 1.6% higher kilowatt-hour sales and a rate increase for HELCO. The electric utilities 3% increase in net income (from $25.0 million in the third quarter of 2000 to $25.7 million in the third quarter of 2001) was primarily due to the higher kilowatt-hour sales and lower maintenance expenses, partly offset by higher purchased power capacity payments and depreciation.

ASB had 5% lower revenues in the third quarter of 2001 in comparison with the same period in 2000 primarily due to lower interest income as a result of lower weighted-average yields on assets, partly offset by higher other income resulting principally from lower writedowns of investments, higher fee income and the revenues from Bishop Insurance Agency of Hawaii, Inc., or BIA, an insurance brokerage business acquired by a subsidiary of ASB in March 2001. ASB s 13% increase in net income (from $9.8 million in the third quarter of 2000 to $11.1 million in the third quarter of 2001) was primarily due to higher other income, partly offset by higher expenses, including higher service bureau expense and compensation expense resulting from the acquisition of BIA, and lower net interest income. ASB s interest rate spread declined to 3.08% in the third quarter of 2001 from 3.11% in the same quarter of 2000.

The revenues for the other segment for the third quarter of 2001 decreased $2.5 million, compared to the same quarter in 2000, primarily due to the writedown of income notes purchased by HEI in connection with the termination of ASB s investments in trust certificates in May and July of 2001. The net loss for the other segment in the third quarter of 2001 increased $4.5 million compared to the same quarter in 2000 primarily due to the decrease in revenue and higher general, administrative and interest expenses at corporate.

Potential Adverse Effect of Terrorist Attacks on Hawaii s Economy and the Company

The September 11, 2001 terrorist attacks on the U.S. and subsequent events have weakened Hawaii s economy. Tourism accounts for about a quarter of the state s economic output. In the five weeks of air travel following the attacks, visitor arrivals to Hawaii fell by 32% compared with the same period a year ago. The downturn in tourism-related businesses has also resulted in job layoffs throughout the state, further contributing to the weakening economy in Hawaii.

HECO and its subsidiaries are preparing for an impact on kilowatt-hour sales that is at least as significant as that which occurred due to the Persian Gulf War in 1991. HECO s kilowatt-hour sales in the first half of 1991 decreased 1.1% compared to the same period a year earlier. During October 2001, kilowatt-hour sales for HECO and its subsidiaries decreased by approximately 1.6% from October 2000. In addition, HECO and its subsidiaries expect increased bad debt expense due to resulting business closures and layoffs and significantly reduced 2002 pension plan income as a result of the continuing stock market decline. HECO and its subsidiaries estimate that each one percentage point drop in annual kilowatt-hour sales would result in a decline in net income of approximately $4 million. Each negative one percentage point change in asset return is expected to result in approximately $0.8 million less 2002 pension income, net of amounts capitalized and income taxes, for HECO and its subsidiaries. In response to these actual and anticipated negative financial effects, HECO and its subsidiaries are currently evaluating additional cost-cutting steps.

The downturn in the Hawaii economy could lead to higher delinquencies in ASB s loan portfolio and the slowdown in the U.S. economy may affect the performance of ASB s holdings of mortgage/asset-backed securities. ASB is contacting larger customers to determine the effect that the slowdown in tourism is having on their businesses and ASB is monitoring the delinquencies in residential and consumer loan portfolios to identify any delinquency trends that may arise. At September 30, 2001, ASB had outstanding loans to businesses with significant exposure to the tourism industry, including an airline and hotels, of less than 1% of total loans outstanding. Substantially all of these loans are secured by commercial real estate and/ or corporate assets and were performing as of September 30, 2001. ASB continues to monitor the performance of its investment portfolio, primarily its home equity asset-backed securities. Federal government monetary policies and falling interest rates have resulted in increased mortgage refinancing volume as well as accelerated prepayments of loans and securities. ASB s interest rate spread, the difference between the yield on interest-earning assets and the cost of funds, may be compressed if yields on assets decline more rapidly than the cost of funds.

Volatility in U.S. capital markets or higher delinquencies in the assets underlying the income notes held directly by HEI may also negatively impact the fair value of the income notes in future periods.

Federal and state governmental actions in response to the attacks and the subsequent economic downturn could partially offset some of these negative factors. Because of the heightened concern over national security, Hawaii s defense industry could benefit if Congress approves additional federal spending for defense. The Governor called the Hawaii legislature into a special session in October 2001 to consider an economic stimulus package to help mitigate the negative effects of the terrorist attacks. Appropriations authorized in the session include funds for capital improvement and construction projects; $10 million for tourism marketing; $2 million for emergency food and housing assistance; funds to strengthen security and make improvements at airports; and funds for the Emergency Budget and Reserve Fund to meet increased public health, safety and welfare needs during the economic emergency caused by the terrorist attacks. The legislature also passed tax credits for construction and remodeling of hotels and residential homes and granted the Governor certain emergency powers through April 30, 2001.

In light of these uncertainties, management is unable to accurately forecast the net effect of the terrorist attacks and related events on Hawaii s economic growth and HEI and its subsidiaries. Until Hawaii s tourism industry and general economic conditions rebound, management believes that consequences in Hawaii of the September 11, 2001 terrorist attacks will, on balance, have a negative financial effect on HEI and its subsidiaries and, therefore, could adversely affect HEI s consolidated results of operations and financial condition.

FINANCING REQUIREMENTS AND MAJOR CAPITAL EXPENDITURE PROGRAMS

HEI Financing Requirements

Total HEI consolidated financing requirements for 2001 through 2005, including net capital expenditures (which exclude allowance for funds used during construction and capital expenditures funded by third-party contributions in aid of construction) and long-term debt retirements (excluding repayments of advances from the Federal Home Loan Bank of Seattle and securities sold under agreements to repurchase) are estimated to total $1.1 billion. Of this amount, approximately $0.6 billion is for net capital expenditures (mostly relating to the electric utilities net capital expenditures described below). HEI s consolidated internal sources, after the payment of HEI dividends, are expected to provide approximately 64% of the consolidated financing requirements, with debt and equity financing (including the sale of common stock offered by this prospectus) providing the remaining requirements. Additional debt and equity financing may be required to fund activities not included in the 2001 through 2005 forecast, such as increases in the amount of or an acceleration of capital expenditures of the electric utilities.

Capital Expenditure Program of Utilities

Capital expenditures by the electric utilities include the costs of projects which are required to meet expected load growth, to improve reliability and to replace and upgrade existing equipment. Net capital expenditures for the five-year period 2001 through 2005 are currently estimated to total $0.6 billion. Approximately 65% of forecast gross capital expenditures, including allowance for funds used during construction and capital expenditures funded by third-party contributions in aid of construction, are for transmission and distribution projects, with the remaining 35% primarily for generation projects.

For 2001, electric utility net capital expenditures are estimated to be $123 million. Gross capital expenditures are estimated to be $138 million, including approximately $98 million for transmission and distribution projects, approximately $24 million for generation projects and approximately $16 million for general plant and other projects.

Management periodically reviews capital expenditure estimates and the timing of construction projects. These estimates may change significantly as a result of many considerations, including changes in economic conditions, changes in forecasts of kilowatt-hour sales and peak load, the availability of purchased power and changes in expectations concerning the construction and ownership of future generating units, the availability of generating sites and transmission and distribution corridors, the ability to obtain adequate and timely rate increases, escalation in construction costs, demand-side management programs, the effects of opposition to proposed construction projects and requirements of environmental and other regulatory and permitting authorities.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement on Form S-3 filed with the SEC under the Securities Act of 1933. The registration statement contains additional information and exhibits not included in this prospectus and refers to documents that are filed as exhibits to other SEC filings. HEI is subject to the informational requirements of the Securities Exchange Act of 1934 and, therefore, files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy the registration statement and any document that HEI files at the SEC s public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can call the SEC s toll-free telephone number at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains a web site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies (such as HEI) that file documents with the SEC electronically. The documents can be found by searching the EDGAR Archives at the SEC s web site. HEI s SEC filings, and other information with respect to HEI, may also be obtained on the Internet at HEI s web site at http://www.hei.com. This information on HEI s website is not incorporated by reference in this prospectus.

The SEC allows HEI to incorporate by reference the information that it files with the SEC, which means that HEI can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. Later information that HEI files with the SEC will automatically update and supersede information in this prospectus or an earlier filed document. HEI has filed with the SEC (File No. 1-8503) and incorporates by reference the following documents: (1) HEI s Annual Report on Form 10-K for the year ended December 31, 2000; (2) HEI s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001; (3) HEI s Current Reports on Form 8-K dated January 18, 2001, January 23, 2001, February 23, 2001, April 23, 2001, April 24, 2001, May 23, 2001, June 1, 2001, June 19, 2001, July 23, 2001, October 22, 2001, October 31, 2001 and November 5, 2001; (4) the description of the rights to purchase shares of HEI s Series A Junior Participating Preferred Stock contained in HEI s registration statement on Form 8-A filed with the SEC on November 5, 1997; and (5) all reports and other documents subsequently filed by HEI pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering.

You may request a free copy of any of these incorporated documents by writing or telephoning HEI at the following address or telephone number: Treasurer, Hawaiian Electric Industries, Inc., P.O. Box 730, Honolulu, Hawaii 96808-0730, telephone: (808) 543-5641.

USE OF PROCEEDS

The net proceeds to HEI from the sale of the shares of common stock, after deduction of the underwriting discount and estimated expenses payable by HEI and based on the last sale price of the shares on November 7, 2001, are estimated to be approximately $55.9 million (or $64.3 million if the underwriters overallotment option is exercised in full).

HEI intends to use the net proceeds from this offering, together with other funds that become available, for the following purposes:

- to pay at stated maturity amounts necessary to retire private placement notes with an aggregate remaining principal balance of $22.0 million, which notes bear interest at 8.52% per annum and mature on December 14, 2001,

- to pay at stated maturity amounts necessary to retire medium-term notes with a remaining principal balance of $7.5 million, which notes bear interest at 6.31% per annum and mature on February 19, 2002,

- to pay at stated maturity amounts necessary to retire medium-term notes with an aggregate remaining principal balance of $52.0 million, which notes bear interest at various rates ranging from 6.49% to 7.02% per annum and mature on June 12 and June 24, 2002, and

- for other general corporate purposes.

Pending these uses, HEI will either invest the proceeds in short-term money market accounts or use the proceeds to make short-term loans to HECO. HECO will use the proceeds of any short-term loans it may receive from HEI to repay HECO s outstanding commercial paper and for HECO s general corporate purposes. As of November 7, 2001, HECO s commercial paper outstanding totaled approximately $28.4 million. The commercial paper bore interest at prevailing market rates and had maturities of not more than 6 days.

COMMON STOCK PRICE RANGE AND DIVIDENDS

The principal market on which HEI s common stock is traded is the New York Stock Exchange. The common stock trades under the symbol HE. The following table sets forth the intraday high and low sales prices of the common stock, as reported on the New York Stock Exchange Composite Transactions Tape, and dividends per share of common stock paid (or declared) by HEI for the calendar quarters indicated.

	Price Range		
Period	**High**	**Low**	**Dividend**
1999			
First quarter	$40.50	$34.50	$0.62
Second quarter	36.88	34.56	0.62
Third quarter	36.38	34.38	0.62
Fourth quarter	36.13	28.06	0.62
2000			
First quarter	31.81	27.69	0.62
Second quarter	37.69	30.88	0.62
Third quarter	35.69	31.19	0.62
Fourth quarter	37.94	31.50	0.62
2001			
First quarter	37.75	33.56	0.62
Second quarter	38.40	35.75	0.62
Third quarter	41.25	36.12	0.62
Fourth quarter (through November 7, 2001)	40.01	36.80	0.62

The last reported sale price of the common stock on November 7, 2001 on the New York Stock Exchange was $38.90 per share. As of October 30, 2001, HEI had 16,525 common stockholders of record. On October 23, 2001, the HEI Board of Directors declared a dividend of $0.62 per share payable on December 10, 2001 to stockholders of record on November 13, 2001. Purchasers of the shares offered by this prospectus will not be entitled to receive this dividend.

HEI (and prior to July 1, 1983, HEI s predecessor, HECO) has paid dividends continuously since 1901. While HEI currently intends to continue the practice of paying dividends quarterly, the amount and timing of future dividends are necessarily dependent upon future earnings, financial requirements and other factors considered by HEI s Board of Directors, including legal requirements and contractual restrictions. See Description of Capital Stock Common Stock Dividend Rights and Limitations.

DESCRIPTION OF CAPITAL STOCK

Under HEI s Restated Articles of Incorporation, HEI is authorized to issue 100,000,000 shares of common stock without par value and 10,000,000 shares of preferred stock without par value. The HEI Board of Directors has authorized and designated only one series of preferred stock, being 500,000 shares of Series A Junior Participating Preferred Stock, none of which has been issued. The following description of the terms of HEI s capital stock sets forth general terms and provisions of HEI s capital stock and does not purport to be complete and is subject to and qualified in its entirety by reference to HEI s Restated Articles of Incorporation, the resolution creating the Series A Junior Participating Preferred Stock and the Stockholder Rights Plan described below.

General

The outstanding shares of HEI s common stock, other than shares of restricted stock issued from time to time under HEI s Stock Option and Incentive Plan of 1987 (as amended) until such restrictions are satisfied, are fully paid and nonassessable. Additional shares of common stock, when issued, will be fully paid and nonassessable when the consideration for which HEI s Board of Directors authorizes their issuance has been received. The holders of common stock have no preemptive rights and there are no applicable conversion, redemption or sinking fund provisions.

HEI s common stock is transferable at the Shareholder Services Office of HEI, Pacific Tower, 8th Floor, 1001 Bishop Street, Honolulu, Hawaii 96813, and at the office of Continental Stock Transfer & Trust Company, Co-Transfer Agent and Registrar, 2 Broadway, New York, New York 10004. After December 2001, Continental Stock Transfer & Trust Company will be relocating their offices to 17 Battery Place, New York, New York 10004.

Common Stock

Dividend Rights and Limitations

Stock and cash dividends may be paid to the holders of common stock as and when declared by the HEI Board of Directors, provided that, after giving effect thereto, HEI is able to pay its debts as they become due in the usual course of its business and HEI s total assets are not less than the sum of its total liabilities plus the maximum amount that would be payable in any liquidation in respect of all outstanding shares having preferential rights in liquidation. All shares of common stock are entitled to participate equally with respect to dividends.

HEI is a legal entity separate and distinct from its various subsidiaries. As a holding company with no significant operations of its own, the principal sources of its funds are dividends or other distributions from its operating subsidiaries, borrowings and sales of equity. The ability of certain of HEI s direct and indirect subsidiaries to pay dividends or make other distributions to HEI, or to make loans or extend credit to or purchase assets from HEI, is subject to contractual, statutory and regulatory restrictions, including without limitation the provisions of an agreement with the Hawaii Public Utilities Commission (pertaining to HEI s electric public utility subsidiaries) and the minimum capital requirements imposed by law on HEI s federal bank subsidiary, as well as restrictions and limitations set forth in debt instruments, preferred stock resolutions and guarantees. HEI does not expect that the regulatory and contractual restrictions applicable to HEI or its direct or indirect subsidiaries will significantly affect its ability to pay dividends on its common stock. Please see Business Regulation and other matters Restrictions on dividends and other distributions in HEI s Annual Report on Form 10-K for the year ended December 31, 2000 for a more complete description of the ability of certain of HEI s subsidiaries to pay dividends or make other distributions to HEI.

Liquidation Rights

In the event of any liquidation, dissolution, receivership, bankruptcy, disincorporation or winding up of the affairs of HEI, voluntarily or involuntarily, holders of HEI s common stock are entitled to any assets of HEI available for distribution to HEI s stockholders after the payment in full of any prefe