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HAWAIIAN ELECTRIC INDUSTRIES INC

Form 8-K

April 23, 2002

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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: April 22, 2002

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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

News release

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On April 22, 2002, HEI issued the following news release:

HAWAIIAN ELECTRIC INDUSTRIES, INC. REPORTS FIRST QUARTER 2002 EARNINGS

HONOLULU -- Hawaiian Electric Industries, Inc. (NYSE - HE) today reported net income for the three months ended March 31, 2002 of \$26.9 million, or 75 cents per share, compared with \$27.7 million, or 84 cents per share, in the same quarter of 2001. Net income was down 3% for the quarter due to lower utility net income and holding company losses that were partially offset by a 12% increase in bank net income. Earnings per share were down 11% primarily due to an increase in the number of shares outstanding resulting from HEI's November 2001 common stock offering.

Electric utility net income for the first quarter was \$20.4 million compared to \$21.4 million for the same quarter last year due to higher depreciation expense and lower kilowatthour sales, partially offset by lower other operation, maintenance and interest expenses.

"We had anticipated that the Hawaii economic downturn post-September 11 would have a negative impact on kilowatthour sales. However, first quarter sales were down mainly because of cooler weather," said Robert F. Clarke, HEI chairman, president and chief executive officer. Cooling degree days were 10% lower in the first quarter of 2002 compared with the same quarter last year.

Other operation and maintenance expenses were down quarter over quarter due to post-September 11 cost containment efforts. "Our utilities made an extra effort to lower expenses to offset the lower sales," said Clarke.

Savings bank net income in the first quarter was \$13.4 million compared to \$11.9 million in the same quarter last year. The increase in net income was partly due to increases in both net interest and other noninterest income. Also, the adoption of new accounting rules calling for the discontinuation of goodwill amortization resulted in \$1 million of net income. These increases were partially offset by increases in operating, administrative and general expenses.

Net interest income increased due to an increase in the interest rate spread -the difference between the yield on earning assets and cost of funds. The interest rate spread was 3.27% in the recent quarter versus 3.01% for the same period in 2001.

HEI will hold its annual meeting tomorrow at 9:30 a.m. in Honolulu, Hawaii to elect four directors and to ratify an independent auditor.

HEI is the largest Hawaii-based company, providing electric utility services to 95% of Hawaii's residents and a wide array of banking services to consumers and businesses through the state's third largest bank.

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Forward-looking Statements

This release may contain "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 future financial performance (including future revenues, expenses, 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 current expectations and projections about future events and are subject to risks,

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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 forward-looking statements are not guarantees of future performance.

Forward-looking statements in this release should be read in conjunction with "Forward-looking statements" (which is incorporated by reference herein) set forth on page vi of HEI's Annual Report on Form 10-K for the year ended December 31, 2001 and in HEI's future periodic reports that discuss 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 March 31,	
	2002	2001
Revenues		
Electric utility	\$ 278,331	\$ 318,423
Bank	98,842	115,754
Other	263	(840)
	377,436	433,337
Expenses		
Electric utility	232,727	270,413
Bank	76,671	95,605
Other	4,169	2,385
	313,567	368,403
Operating income (loss)		
Electric utility	45,604	48,010
Bank	22,171	20,149
Other	(3,906)	(3,225)
	63,869	64,934
Interest expense--other than bank	(18,527)	(19,585)
Allowance for borrowed funds used during construction	355	676
Preferred stock dividends of subsidiaries	(501)	(502)
Preferred securities distributions of trust subsidiaries	(4,009)	(4,009)
Allowance for equity funds used during construction	773	1,265
	41,960	42,779
Income from continuing operations before income taxes		
Income taxes	15,041	15,015
	26,919	27,764
Income from continuing operations		

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Discontinued operations, net of income taxes				
Loss from operations	-		(19)	
Net loss on disposals	-		-	
	-----		-----	
Loss from discontinued operations	-		(19)	
	-----		-----	
Net income	\$ 26,919	\$	27,745	\$
	=====		=====	
Per common share				
Basic earnings (loss)				
Continuing operations	\$ 0.75	\$	0.84	\$
Discontinued operations	-		-	
	-----		-----	
	\$ 0.75	\$	0.84	\$
	=====		=====	
Diluted earnings (loss)				
Continuing operations	\$ 0.75	\$	0.83	\$
Discontinued operations	-		-	
	-----		-----	
	\$ 0.75	\$	0.83	\$
	=====		=====	
Dividends	\$ 0.62	\$	0.62	\$
	=====		=====	
Weighted average number of common shares outstanding	35,818		33,159	
	=====		=====	
Adjusted weighted average shares	36,014		33,312	
	=====		=====	
Income (loss) from continuing operations by segment				
Electric utility	\$ 20,359	\$	21,425	\$
Bank	13,351		11,875	
Other	(6,791)		(5,536)	
	-----		-----	
Income from continuing operations	\$ 26,919	\$	27,764	\$
	=====		=====	

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, 2001 and the consolidated financial statements and the notes thereto in HEI's Quarterly Report on SEC Form 10-Q for the quarter ended March 31, 2002 (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. and Subsidiaries
GOODWILL
(Unaudited)

The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" on January 1, 2002. The Company's goodwill is in the bank segment and was tested for impairment as of January 1, 2002 and will be tested for impairment annually in the third quarter. As of January 1, 2002, there was no impairment of goodwill.

Application of the nonamortization provisions of SFAS No. 142 has affected the comparability of current period results of operations with prior periods. Thus, the following "transitional" disclosures present "adjusted" net income and earnings per common share:

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(in thousands, except per share amounts)	Three months ended March 31,		Tw
	2002	2001	

Consolidated			
Reported net income	\$ 26,919	\$ 27,745	\$ 8
Add back: goodwill amortization	-	954	
Adjusted net income	\$ 26,919	\$ 28,699	\$ 8
=====			
Basic earnings per common share			
Reported net income	\$ 0.75	\$ 0.84	\$
Goodwill amortization	-	0.03	
Adjusted net income	\$ 0.75	\$ 0.87	\$
=====			
Diluted earnings per common share			
Reported net income	\$ 0.75	\$ 0.83	\$
Goodwill amortization	-	0.03	
Adjusted net income	\$ 0.75	\$ 0.86	\$
=====			
Weighted average number of common shares outstanding	35,818	33,159	3
=====			
Adjusted weighted average shares	36,014	33,312	3
=====			
Bank			
Reported net income	\$ 13,351	\$ 11,875	\$ 5
Add back: goodwill amortization	-	954	
Adjusted net income	\$ 13,351	\$ 12,829	\$ 5
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Hawaiian Electric Company, Inc. (HECO) and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(in thousands)	Three months en March 31,	
	2002	

Operating revenues	\$ 277,333	\$

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Operating expenses		
Fuel oil	59,235	
Purchased power	77,101	
Other operation	29,223	
Maintenance	14,012	
Depreciation	26,360	
Taxes, other than income taxes	26,690	
Income taxes	12,791	
	-----	-----
	245,412	
	-----	-----
Operating income	31,921	
	-----	-----
Other income		
Allowance for equity funds used during construction	773	
Other, net	815	
	-----	-----
	1,588	
	-----	-----
Income before interest and other charges	33,509	
	-----	-----
Interest and other charges		
Interest on long-term debt	10,136	
Amortization of net bond premium and expense	500	
Other interest charges	451	
Allowance for borrowed funds used during construction	(355)	
Preferred stock dividends of subsidiaries	229	
Preferred securities distributions of trust subsidiaries	1,919	
	-----	-----
	12,880	
	-----	-----
Income before preferred stock dividends of HECO	20,629	
Preferred stock dividends of HECO	270	
	-----	-----
Net income for common stock	\$ 20,359	\$
	=====	=====
OTHER ELECTRIC UTILITY INFORMATION		
Kilowatthour sales (millions)	2,223	
Cooling degree days (Oahu)	819	

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American Savings Bank, F.S.B. and Subsidiaries
CONSOLIDATED INCOME STATEMENT DATA
(Unaudited)

Three months en
March 31,

(in thousands)

2002

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Interest income	\$ 85,654	\$
Interest expense	38,116	
	-----	-----
Net interest income	47,538	
Provision for loan losses	(3,500)	
Other income	13,188	
Operating, administrative and general expenses	(35,055)	
	-----	-----
Operating income	22,171	
Minority interest	45	
Income taxes	7,422	
	-----	-----
Income before preferred stock dividends	14,704	
Preferred stock dividends	1,353	
	-----	-----
Net income	\$ 13,351	\$
	=====	=====

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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/ Robert F. Mougeot

/s/ Richard A. von Gnechten

Robert F. Mougeot
Financial Vice President, Treasurer and
Chief Financial Officer
(Principal Financial Officer of HEI)

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

Date: April 22, 2002

Date: April 22, 2002

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