

HAWAIIAN ELECTRIC INDUSTRIES INC

Form 8-K

October 25, 2004

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 (Date of earliest event reported)

October 25, 2004

Hawaiian Electric Industries, Inc.
Hawaiian Electric Company, Inc.

(Exact name of registrant as specified in its charter)

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| | | |
|--|--|---|
| (State or Other Jurisdiction of Incorporation) | 1-4955 (Commission File Number) | 99-0040500 (IRS Employer Identification No.) |
| 900 Richards Street, Honolulu, Hawaii (Address of principal executive offices) | | 96813 (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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

The news release dated October 25, 2004 filed under Item 8.01 Other Events herein is also furnished pursuant to Item 2.02, Results of Operations and Financial Condition.

Items 8.01 Other Events.

On October 25, 2004, HEI issued the following news release:

HAWAIIAN ELECTRIC INDUSTRIES, INC. REPORTS THIRD QUARTER 2004 EARNINGS

HONOLULU Hawaiian Electric Industries, Inc. (NYSE - HE) today reported net income from continuing operations for the three months ended September 30, 2004, of \$40.8 million, or 51 cents per share, compared with \$30.5 million, or 41 cents per share, in the same quarter of 2003. For the nine months ended September 30, 2004, income from continuing operations was \$82.9 million or \$1.05 per share, compared with \$80.6 million or 1.08 cents per share in the same period last year. Income from continuing operations for the nine months ended September 30, 2004, includes a cumulative \$24 million charge recognized in June 2004 for bank franchise taxes and interest through March 31, 2004, related to the previously reported unfavorable tax court ruling involving the bank's REIT subsidiary. Excluding the charge, income from continuing operations for the nine months ended September 30, 2004, would have been \$106.9 million or \$1.35 per share.

Net income from continuing operations was up 34% in the third quarter compared with the same quarter of 2003, said Robert F. Clarke, HEI chairman, president and chief executive officer. The Hawaii economy is doing well visitor arrivals are approaching record levels, real estate sales and construction activity are at high levels and the military is making long-term infrastructure investments in Hawaii, Clarke added. The strengthening of our economy is showing up in our results.

Hawaiian Electric Company's net income for the third quarter was \$26.2 million compared with \$20.4 million for the same quarter last year. Electric utility net income for the nine months ended September 30, 2004, was \$67.9 million compared with \$56.6 million for the same period of 2003.

Kilowatt-hour sales were higher by 3.6% quarter-over-quarter. Although there was no relative difference in cooling degree days quarter-over-quarter, increased humidity during the quarter compared with the same quarter of 2003 caused residential customers to substantially increase their usage, said Clarke. Commercial sales were also up by 2.8% quarter-over-quarter.

Further contributing to the increase in electric utility net income were a \$1.9 million decrease in retirement benefits expense compared with the third quarter of 2003 and a \$1.3 million reduction in interest expenses and preferred securities distributions of trust subsidiaries primarily related to the refinancing of higher-costing securities in the first half of 2004. Partially offsetting these cost reductions were higher operating costs.

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Bank net income in the third quarter was \$15.4 million compared to net income of \$15.3 million in the same quarter last year. Bank net income for the nine months ended September 30, 2004, was \$24.4 million compared with \$42.3 million in the same period last year. Bank results for the nine months ended September 30, 2004, include a cumulative \$24 million charge recognized in June 2004 related to an unfavorable tax court ruling involving the bank's REIT subsidiary. Excluding the \$24 million charge, bank net income for the nine months ended September 30, 2004, would have been \$48.3 million.

Bank earnings continue to benefit from strong asset quality, said Clarke. Delinquent and nonaccrual loans and charge-offs remain well below historical norms due to considerable strength in Hawaii's residential real estate market and business conditions resulting in extremely low state unemployment of 2.9% and continued job growth. These factors resulted in the bank requiring \$3.8 million less in its allowance for loan losses in the third quarter.

Net interest income increased \$2.5 million quarter-over-quarter. The interest rate spread increased to 3.09% for the third quarter compared with 3.01% for the third quarter of 2003. The increases in net interest income quarter-over-quarter were primarily due to higher average earning assets funded by strong core deposit growth. Although net interest income was up quarter-over-quarter, a continued flattening of the yield curve will continue to pressure the bank's interest rate spread and net interest income.

Other income was lower quarter-over-quarter due to a \$1.9 million reversal of an allowance for mortgage servicing rights and a gain on sale of securities of \$1.7 million occurring in the third quarter of 2003.

The holding and other companies' net expenses from continuing operations were \$0.8 million in the third quarter of 2004 versus \$5.1 million in same quarter of 2003. The holding and other companies' net expenses from continuing operations for the nine months ended September 30, 2004, were \$9.4 million compared with \$18.2 million for the same period of 2003. In the third quarter, the holding company realized a \$5.6 million gain on the sale of all of the remaining CDO investments it had acquired from the bank in 2001. In addition, the holding and other companies' results from continuing operations are benefiting from the redemption of \$100 million of 8.36% trust preferred securities in April 2004.

Net income for the three months ended September 30, 2004, was \$42.7 million or 53 cents per share, due to \$1.9 million of net gain from discontinued operations recognized during the quarter.

HEI and its subsidiaries are a critical part of Hawaii's economy. HEI supplies power to over 400,000 customers or 93% of the Hawaii electric public utility market through its electric utilities, Hawaiian Electric Company, Maui Electric Company and Hawaii Electric Light Company, and provides a wide array of banking and other financial services to consumers and businesses through American Savings Bank, the state's third largest financial institution based on asset size.

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, 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 the Forward-Looking Statements and Risk Factors discussion (which is incorporated by reference herein) set forth on page v of HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, 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.

Hawaiian Electric Industries, Inc. (HEI) and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | | Twelve months ended September 30, | | |
|--|--|------------------|------------------------------------|------------------|--------------------------------------|-------------------|----------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | |
| (in thousands, except per share amounts) | | | | | | | |
| Revenues | | | | | | | |
| Electric utility | \$ 410,077 | \$ 359,250 | \$ 1,127,295 | \$ 1,042,691 | \$ 1,481,289 | \$ 1,380,224 | |
| Bank | 90,296 | 93,770 | 269,536 | 281,575 | 359,281 | 380,197 | |
| Other | 6,386 | 683 | 8,836 | 2,829 | 19,318 | 2,377 | |
| | <u>506,759</u> | <u>453,703</u> | <u>1,405,667</u> | <u>1,327,095</u> | <u>1,859,888</u> | <u>1,762,798</u> | |
| Expenses | | | | | | | |
| Electric utility | 357,364 | 312,614 | 984,528 | 912,495 | 1,292,153 | 1,205,218 | |
| Bank | 63,765 | 68,654 | 193,886 | 211,672 | 260,779 | 288,517 | |
| Other | 3,944 | 4,200 | 10,784 | 14,152 | 15,696 | 20,822 | |
| | <u>425,073</u> | <u>385,468</u> | <u>1,189,198</u> | <u>1,138,319</u> | <u>1,568,628</u> | <u>1,514,557</u> | |
| Operating income (loss) | | | | | | | |
| Electric utility | 52,713 | 46,636 | 142,767 | 130,196 | 189,136 | 175,006 | |
| Bank | 26,531 | 25,116 | 75,650 | 69,903 | 98,502 | 91,680 | |
| Other | 2,442 | (3,517) | (1,948) | (11,323) | 3,622 | (18,445) | |
| | <u>81,686</u> | <u>68,235</u> | <u>216,469</u> | <u>188,776</u> | <u>291,260</u> | <u>248,241</u> | |
| Interest expense other than bank | (18,376) | (17,315) | (58,929) | (53,174) | (75,047) | (70,848) | |
| Allowance for borrowed funds used during construction | 859 | 496 | 2,236 | 1,385 | 2,765 | 1,848 | |
| Preferred stock dividends of subsidiaries | (475) | (501) | (1,425) | (1,504) | (1,927) | (2,006) | |
| Preferred securities distributions of trust subsidiaries | | (4,008) | | (12,026) | (4,009) | (16,035) | |
| Allowance for equity funds used during construction | 1,934 | 1,098 | 5,056 | 3,075 | 6,248 | 4,052 | |
| | <u>Income from continuing operations before income taxes</u> | <u>65,628</u> | <u>48,005</u> | <u>163,407</u> | <u>126,532</u> | <u>219,290</u> | <u>165,252</u> |
| Income taxes | 24,869 | 17,483 | 80,478 | 45,923 | 98,922 | 58,268 | |
| | <u>Income from continuing operations</u> | <u>40,759</u> | <u>30,522</u> | <u>82,929</u> | <u>80,609</u> | <u>120,368</u> | <u>106,984</u> |
| Income (loss) from discontinued operations, net of income taxes | <u>1,913</u> | | <u>1,913</u> | <u>(3,870)</u> | <u>1,913</u> | <u>(3,870)</u> | |
| Net income | <u>\$ 42,672</u> | <u>\$ 30,522</u> | <u>\$ 84,842</u> | <u>\$ 76,739</u> | <u>\$ 122,281</u> | <u>\$ 103,114</u> | |
| Per common share | | | | | | | |
| Basic earnings (loss) | | | | | | | |
| - Continuing operations | \$ 0.51 | \$ 0.41 | \$ 1.05 | \$ 1.08 | \$ 1.54 | \$ 1.44 | |
| - Discontinued operations | 0.02 | | 0.02 | (0.05) | 0.02 | (0.05) | |
| | <u>\$ 0.53</u> | <u>\$ 0.41</u> | <u>\$ 1.07</u> | <u>\$ 1.03</u> | <u>\$ 1.56</u> | <u>\$ 1.39</u> | |

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| | | | | | | |
|--|-----------|-----------|-----------|-----------|------------|------------|
| Diluted earnings (loss) | | | | | | |
| - Continuing operations | \$ 0.51 | \$ 0.41 | \$ 1.05 | \$ 1.08 | \$ 1.54 | \$ 1.43 |
| - Discontinued operations | 0.02 | | 0.02 | (0.05) | 0.02 | (0.05) |
| | \$ 0.53 | \$ 0.41 | \$ 1.07 | \$ 1.03 | \$ 1.56 | \$ 1.38 |
| Dividends | \$ 0.31 | \$ 0.31 | \$ 0.93 | \$ 0.93 | \$ 1.24 | \$ 1.24 |
| Weighted-average number of common shares outstanding | 80,509 | 75,032 | 79,204 | 74,410 | 78,283 | 74,134 |
| Adjusted weighted-average shares | 80,828 | 75,352 | 79,449 | 74,728 | 78,480 | 74,464 |
| Income (loss) from continuing operations by segment | | | | | | |
| Electric utility | \$ 26,175 | \$ 20,360 | \$ 67,933 | \$ 56,572 | \$ 90,272 | \$ 76,958 |
| Bank | 15,378 | 15,275 | 24,356 | 42,277 | 38,340 | 55,687 |
| Other | (794) | (5,113) | (9,360) | (18,240) | (8,244) | (25,661) |
| Income from continuing operations | \$ 40,759 | \$ 30,522 | \$ 82,929 | \$ 80,609 | \$ 120,368 | \$ 106,984 |

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, 2003 and the consolidated financial statements and the notes thereto in HEI's Quarterly Reports on SEC Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 (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. In April 2004, the HEI Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend with a distribution date of June 10, 2004. All share and per share information above reflects the stock split.

In the first quarter of 2004, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities, and deconsolidated Hawaiian Electric Industries Capital Trust I, HEI Preferred Funding, LP, HECO Capital Trust I and HECO Capital Trust II. The Company did not elect to restate previously issued financial statements. Due to the deconsolidation, for the nine months ended September 30, 2004, the Company's consolidated statement of income reflected equity in earnings of Hawaiian Electric Industries Capital Trust I, HEI Preferred Funding, LP, HECO Capital Trust I and HECO Capital Trust II of \$0.6 million, interest expense from borrowings related to these entities of \$5.4 million, and no preferred securities distributions of trust subsidiaries. The trust preferred securities of Hawaiian Electric Industries Capital Trust I and HECO Capital Trusts I and II were redeemed in April 2004. In March 2004, HECO Capital Trust III issued \$50 million of trust preferred securities, which were never consolidated.

In 1998, ASB formed a subsidiary, which elects to be taxed as a real estate investment trust (REIT). The State of Hawaii Department of Taxation (DOT) challenged ASB's position on the dividends received deduction and issued notices of tax assessment. In 2002, ASB filed an appeal with the State Board of Review, First Taxation District, which issued its decision in favor of the DOT in 2003. ASB filed a notice of appeal with the Hawaii Tax Appeal Court. In May 2004, the DOT and ASB each filed a motion for summary judgment, and in June 2004, the Hawaii Tax Appeal Court ruled in favor of the DOT and against ASB for tax assessed years 1999 through 2001. ASB continues to believe that its tax position is proper and has appealed the decision. However, as a result of the Court's decision, ASB recorded a charge to net income (i.e., net of federal tax benefits) in the second quarter of 2004 of approximately \$24 million for the potential cumulative bank franchise tax liability (\$21 million) and interest (\$3 million) since the REIT was formed through March 31, 2004.

Hawaiian Electric Company, Inc. (HECO) and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

| (in thousands) | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| Operating revenues | \$ 408,766 | \$ 358,435 | \$ 1,124,103 | \$ 1,039,781 |
| Operating expenses | | | | |
| Fuel oil | 128,584 | 101,296 | 340,166 | 294,303 |
| Purchased power | 105,985 | 92,543 | 292,491 | 273,161 |
| Other operation | 39,151 | 37,760 | 110,297 | 114,604 |
| Maintenance | 17,219 | 18,025 | 50,125 | 47,783 |
| Depreciation | 28,586 | 27,625 | 86,074 | 82,870 |
| Taxes, other than income taxes | 37,588 | 33,636 | 104,670 | 97,523 |
| Income taxes | 16,788 | 13,974 | 43,454 | 36,865 |
| | 373,901 | 324,859 | 1,027,277 | 947,109 |
| Operating income | 34,865 | 33,576 | 96,826 | 92,672 |
| Other income | | | | |
| Allowance for equity funds used during construction | 1,934 | 1,098 | 5,056 | 3,075 |
| Other, net | 1,157 | (889) | 2,886 | 747 |
| | 3,091 | 209 | 7,942 | 3,822 |
| Income before interest and other charges | 37,956 | 33,785 | 104,768 | 96,494 |
| Interest and other charges | | | | |
| Interest on long-term debt | 10,821 | 9,973 | 31,716 | 30,733 |
| Amortization of net bond premium and expense | 578 | 579 | 1,724 | 1,620 |
| Preferred securities distributions of trust subsidiaries | | 1,918 | | 5,756 |
| Other interest charges | 743 | 953 | 4,135 | 1,702 |
| Allowance for borrowed funds used during construction | (859) | (496) | (2,236) | (1,385) |
| Preferred stock dividends of subsidiaries | 228 | 228 | 686 | 686 |
| | 11,511 | 13,155 | 36,025 | 39,112 |
| Income before preferred stock dividends of HECO | 26,445 | 20,630 | 68,743 | 57,382 |
| Preferred stock dividends of HECO | 270 | 270 | 810 | 810 |
| Net income for common stock | \$ 26,175 | \$ 20,360 | \$ 67,933 | \$ 56,572 |
| OTHER ELECTRIC UTILITY INFORMATION | | | | |
| Kilowatthour sales (millions) | 2,675 | 2,583 | 7,516 | 7,269 |
| Cooling degree days (Oahu) | 1,651 | 1,639 | 3,883 | 3,750 |
| Average fuel cost per barrel | \$ 42.72 | \$ 35.62 | \$ 40.38 | \$ 36.75 |

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This information should be read in conjunction with the consolidated financial statements and the notes thereto incorporated by reference in HECO's Annual Report on SEC Form 10-K for the year ended December 31, 2003 and the consolidated financial statements and the notes thereto in HECO's Quarterly Reports on SEC Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 (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.

In the first quarter of 2004, HECO and its subsidiaries adopted the provisions of Financial Accounting Standards Board Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities, and deconsolidated HECO Capital Trust I and HECO Capital Trust II. HECO and its subsidiaries did not elect to restate previously issued financial statements. Due to the deconsolidation, for the nine months ended September 30, 2004, HECO's consolidated statement of income reflected equity in earnings of HECO Capital Trust I and HECO Capital Trust II of \$0.1 million, interest expense from borrowings related to these trusts of \$2.4 million, and no preferred securities distributions of trust subsidiaries. The trust preferred securities of HECO Capital Trusts I and II were redeemed in April 2004. In March 2004, HECO Capital Trust III issued \$50 million of trust preferred securities, which were never consolidated.

American Savings Bank, F.S.B. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

| (in thousands) | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|---------------|------------------------------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Interest and dividend income | | | | |
| Interest and fees on loans | \$ 45,504 | \$ 49,657 | \$ 137,745 | \$ 150,555 |
| Interest on mortgage-related securities | 29,608 | 24,876 | 84,244 | 80,176 |
| Interest and dividends on investment securities | 1,619 | 1,428 | 5,032 | 4,736 |
| | <u>76,731</u> | <u>75,961</u> | <u>227,021</u> | <u>235,467</u> |
| Interest expense | | | | |
| Interest on deposit liabilities | 11,660 | 13,099 | 35,334 | 41,182 |
| Interest on Federal Home Loan Bank advances | 11,143 | 11,449 | 31,987 | 37,067 |
| Interest on securities sold under repurchase agreements | 5,345 | 5,287 | 15,822 | 16,059 |
| | <u>28,148</u> | <u>29,835</u> | <u>83,143</u> | <u>94,308</u> |
| Net interest income | 48,583 | 46,126 | 143,878 | 141,159 |
| Provision for loan losses | (3,800) | 600 | (8,400) | 2,775 |
| Net interest income after provision for loan losses | <u>52,383</u> | <u>45,526</u> | <u>152,278</u> | <u>138,384</u> |
| Other income | | | | |
| Fees from other financial services | 5,980 | 6,015 | 17,722 | 17,964 |
| Fee income on deposit liabilities | 4,619 | 4,423 | 13,276 | 12,257 |
| Fee income on other financial products | 2,328 | 2,426 | 7,950 | 7,660 |
| Fee income on loans serviced for others, net | (207) | 1,952 | 370 | 508 |
| Gain (loss) on sale of securities | (86) | 1,719 | (70) | 4,085 |
| Other income | 931 | 1,274 | 3,267 | 3,634 |
| | <u>13,565</u> | <u>17,809</u> | <u>42,515</u> | <u>46,108</u> |
| General and administrative expenses | | | | |
| Compensation and employee benefits | 16,044 | 16,917 | 47,503 | 49,711 |
| Occupancy | 4,201 | 4,256 | 12,730 | 12,172 |
| Equipment | 3,319 | 3,763 | 10,364 | 10,515 |
| Data processing | 2,949 | 2,549 | 8,549 | 7,956 |
| Consulting and other services | 3,292 | 2,732 | 9,013 | 10,114 |
| Interest on income taxes | 461 | | 5,785 | 195 |
| Other | 9,151 | 8,002 | 25,199 | 23,926 |
| | <u>39,417</u> | <u>38,219</u> | <u>119,143</u> | <u>114,589</u> |
| Income before minority interests and income taxes | 26,531 | 25,116 | 75,650 | 69,903 |
| Minority interests | 24 | 48 | 73 | 114 |
| Income taxes | 9,776 | 8,440 | 47,163 | 23,454 |

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|--|------------------|------------------|------------------|------------------|
| Income before preferred stock dividends | 16,731 | 16,628 | 28,414 | 46,335 |
| Preferred stock dividends | 1,353 | 1,353 | 4,058 | 4,058 |
| Net income for common stock | \$ 15,378 | \$ 15,275 | \$ 24,356 | \$ 42,277 |
| Interest rate spread (%) | 3.09 | 3.01 | 3.07 | 3.06 |

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, 2003 and the consolidated financial statements and the notes thereto in HEI's Quarterly Reports on SEC Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 (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.

In 1998, ASB formed a subsidiary, which elects to be taxed as a real estate investment trust (REIT). The State of Hawaii Department of Taxation (DOT) challenged ASB's position on the dividends received deduction and issued notices of tax assessment. In 2002, ASB filed an appeal with the State Board of Review, First Taxation District, which issued its decision in favor of the DOT in 2003. ASB filed a notice of appeal with the Hawaii Tax Appeal Court. In May 2004, the DOT and ASB each filed a motion for summary judgment, and in June 2004, the Hawaii Tax Appeal Court ruled in favor of the DOT and against ASB for tax assessed years 1999 through 2001. ASB continues to believe that its tax position is proper and has appealed the decision. However, as a result of the Court's decision, ASB recorded a charge to net income (i.e., net of federal tax benefits) in the second quarter of 2004 of approximately \$24 million for the potential cumulative bank franchise tax liability (\$21 million) and interest (\$3 million) since the REIT was formed through March 31, 2004.

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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)

/s/ Curtis Y. Harada

Curtis Y. Harada
Controller
(Chief Accounting Officer of HEI)
Date: October 25, 2004

HAWAIIAN ELECTRIC COMPANY, INC.
(Registrant)

/s/ Tayne S. Y. Sekimura

Tayne S. Y. Sekimura
Financial Vice President
(Principal Financial Officer of HECO)
Date: October 25, 2004