HAWAIIAN ELECTRIC INDUSTRIES INC
Form 424B2
December 03, 2008

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Stock of HEI (without par value)	$132,250,000	$5,198

(1) Pursuant to Rule 457(o) under the Securities Act of 1933, the registration fee was calculated based on a maximum aggregate offering price. Pursuant to Rule 457(p) under the Securities Act of 1933, filing fees of $12,199 were previously paid with respect to unsold securities registered pursuant to a Registration Statement on Form S-3 (Nos. 333-113120, 333-113120-01 and 333-113120-02) filed by Hawaiian Electric Industries, Inc. (HEI) on February 26, 2004. Those fees have been carried forward for application in connection with offerings under the below-referenced Registration Statement. Pursuant to Rule 457(p), after application of the $5,198 registration fee due for this offering, $7,001 remains available for future registration fees. No additional registration fee has been paid with respect to this offering. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in HEI s Registration Statement on Form S-3 (File Nos. 333-155053, 333-155053-01 and 333-155053-02).

Filed Pursuant to Rule 424(b)(2)
Under Securities Act of 1933
Registration No. 333-155053

PROSPECTUS SUPPLEMENT
(To Prospectus dated November 5, 2008)

5,000,000 Shares

Hawaiian Electric Industries, Inc.

COMMON STOCK

Hawaiian Electric Industries, Inc. (HEI) is offering 5,000,000 shares of its common stock. The shares trade on the New York Stock Exchange under the symbol HE. On December 2, 2008, the last sale price of the shares as reported on the New York Stock Exchange was $25.87 per share.

Investing in the shares of common stock involves risks. See the information referred to under Risk Factors in the accompanying prospectus.

PRICE $23.00 A SHARE

	Price to Public	*Underwriting Discounts and Commissions*	*Proceeds, Before Expenses, to HEI*
Per Share	*$23.00*	*$0.8625*	*$22.1375*
Total	*$115,000,000*	*$4,312,500*	*$110,687,500*

HEI has granted the underwriters the right to purchase up to an additional 750,000 shares solely to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on December 8, 2008.

Morgan Stanley

Goldman, Sachs & Co. **Robert W. Baird & Co.** **D.A. Davidson & Co.**

December 2, 2008

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that HEI filed with the Securities and Exchange Commission using a shelf registration process. Under the shelf registration process, from time to time, we may sell any combination of the securities described in the accompanying prospectus in one or more offerings. In this prospectus supplement, we provide you with specific information about the terms of this offering. Both this prospectus supplement and the accompanying prospectus include important information about HEI, the shares of common stock being offered hereby and other information you should know before investing in the shares. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. To the extent that any statement that HEI makes in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the heading Where You Can Find More Information in the accompanying prospectus before investing in the shares.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying 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 supplement or the accompanying prospectus or incorporated by reference in this prospectus supplement or the accompanying 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.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus or 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 supplement and the accompanying prospectus as well as the documents incorporated by reference, which are described under Where You Can Find More Information in the accompanying prospectus, including in particular the information referred to under Risk Factors in the accompanying prospectus. This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements. Forward-looking statements should be read with the cautionary statements and important factors included under Forward-Looking Statements in the accompanying prospectus. Unless indicated otherwise, the information in this prospectus supplement assumes that the underwriters over-allotment option is not exercised.

Hawaiian Electric Industries, Inc.

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 banking 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. HEI s executive offices are located at 900 Richards Street, Honolulu, Hawaii 96813 and its telephone number is (808) 543-5662.

HEI has three operating segments: electric utilities, bank and other .

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 provide the only electric public utility service to approximately 95% of Hawaii s population in a service area of approximately 5,766 square miles. As of December 31, 2007, HECO and its subsidiaries owned 1,685 megawatts of net generating capacity and had long-term purchase power agreements for another 540 megawatts of firm capacity with various independent power producers in the State of Hawaii. Due to the isolated nature of their service territories, the electric public utilities must own or be able to contract for all the electric power generation required to meet their power supply needs.

The electric utility subsidiaries are vertically integrated and regulated by the Hawaii Public Utilities Commission, or PUC. Hawaii has not experienced any of the disaggregation or deregulation that occurred in the electric utility industry on the U.S. mainland over the past several years. The electric utility subsidiaries recently entered into an Energy Agreement with the State of Hawaii in which they make several commitments to the development of renewable energy and achieving energy efficiency. Keys to achieving reasonable returns from the electric utilities are containing costs, retaining customers by providing reliable service and maintaining close customer relationships, and receiving timely rate relief from the PUC when needed.

In the first nine months of 2008, the electric utilities revenues and net income amounted to 88% and 102%, respectively, of HEI s consolidated revenues and income from continuing operations (including a negative impact of $19 million on consolidated revenues and $36 million on consolidated income from continuing operations, in each case as a result of the restructuring of the balance sheet of American Savings Bank, F.S.B., referred to below), compared to 83% and 62% in 2007, 84% and 69% in 2006 and 82% and 57% in 2005, respectively.

Bank. HEI Diversified, Inc. is a wholly owned subsidiary of HEI and the direct parent of American Savings Bank, F.S.B., or ASB. ASB, acquired by HEI on May 26, 1988, is a federally chartered savings bank with 63 branches providing financial services to consumers and businesses. As of September 30, 2008, ASB was one of the largest financial institutions in the State of Hawaii, with total assets of $5.5 billion, and was in full compliance with Office of Thrift Supervision, or OTS, minimum capital requirements (minimum ratio requirements noted in parentheses) with a tangible capital ratio of 8.4% (1.5%), a core capital ratio of 8.4% (4.0%) and a total risk-based

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capital ratio of 13.1% (8.0%). ASB was also well-capitalized (minimum ratio requirements noted in parentheses) within the meaning of Federal Deposit Insurance Corporation regulations with a leverage ratio of 8.4% (5.0%), a Tier-1 risk-based capital ratio of 12.2% (6.0%) and a total risk-based capital ratio of 13.1% (10.0%).

ASB has undergone a major transition to become a full-service community bank serving both individual and business customers. Key to ASB s success is its ability to increase its net interest and fee income while minimizing loan losses. ASB is diversifying its loan portfolio from single-family home mortgages to higher-yielding, shorter-duration consumer, business and commercial real estate loans. In June 2008, ASB substantially completed the restructuring of its balance sheet through the sale of mortgage-related securities and agency notes for approximately $1.3 billion and the early extinguishment of certain borrowings of approximately $1.2 billion to strengthen future profitability ratios and enhance future net interest margin. These transactions resulted in a charge to net income of $36 million in the second quarter of 2008 ($12 million after-tax attributable to realized losses on the sales of the mortgage-related securities and agency notes and $24 million after-tax attributable to fees associated with the early retirement of the Federal Home Loan Bank advances and securities sold under agreements to repurchase).

In the first nine months of 2008, ASB s revenues and net income amounted to 12% and 16%, respectively, of HEI s consolidated revenues and income from continuing operations (including a negative impact of $19 million on consolidated revenues and $36 million on consolidated income from continuing operations, in each case as a result of ASB s balance sheet restructuring), compared to 17% and 63% in 2007, 17% and 52% in 2006 and 18% and 51% in 2005, respectively.

Other. The other business segment includes the results of operations of HEI corporate and several direct and indirect subsidiaries. The business and affairs of these subsidiaries have been substantially wound up over the past few years. In the first nine months of 2008, the other segment s revenues and net income (loss) amounted to (0.01%) and (18%), respectively, of HEI s consolidated revenues and income (loss) from continuing operations (including a negative impact of $19 million on consolidated revenues and $36 million on consolidated income from continuing operations, in each case as a result of ASB s balance sheet restructuring), respectively, compared to 0.2% and (24%) in 2007, (0.1%) and (21%) for 2006 and 1% and (8%) for 2005, respectively.

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The Offering

Common stock offered	5,000,000 shares
Common stock to be outstanding after this offering	90,173,442 shares (not including additional shares that may be issued under various HEI dividend reinvestment, employee and director plans)
Over-allotment option	750,000 shares
Use of proceeds	See Use of Proceeds.
Risk factors	You should read the Risk Factors section on page 1 of the accompanying prospectus for information concerning factors to consider carefully before deciding to purchase the shares.
NYSE symbol	HE
Current indicated annual dividend rate per share	$1.24, payable quarterly
Indicated annual dividend yield on December 2, 2008	4.8%

The number of shares outstanding after this offering is based on the number of shares of common stock outstanding as of December 2, 2008, and excludes 4.5 million shares of common stock available for future issuance under outstanding and future grants and awards under HEI s 1987 Stock Option and Incentive Plan as incentive stock options, nonqualified stock options (NQSOs), restricted stock, stock appreciation rights (SARs), stock payments and dividend equivalents. As of December 2, 2008, 377,500 shares of NQSOs and 58,834 shares of related dividend equivalents were outstanding and 791,000 shares of SARs and 38,153 shares of related dividend equivalent rights were outstanding.

On October 31, 2008, the HEI Board of Directors declared a dividend of $0.31 per share payable on December 10, 2008 to shareholders of record on November 17, 2008. Purchasers of the shares offered by this prospectus supplement will not be entitled to receive this dividend.

For a complete description of the common stock, please refer to Description of Common Stock and Preferred Stock in the accompanying prospectus.

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Summary Consolidated Financial Information

The following summary consolidated financial information of HEI for the years ended December 31, 2005, 2006 and 2007 has been derived from the consolidated financial statements of HEI and the notes thereto, which consolidated financial statements have been audited by KPMG LLP, an independent registered public accounting firm, and are incorporated by reference in this prospectus supplement and the accompanying prospectus. The following summary consolidated financial information of HEI for the nine-month periods ended September 30, 2007 and September 30, 2008, and the information under Capitalization , are derived from the unaudited consolidated financial statements of HEI and the notes thereto, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. All such summary consolidated financial information of HEI, and the other financial information of HEI in this prospectus supplement, are qualified in their entirety by, and should be read in conjunction with, the consolidated financial statements and the other information about HEI included elsewhere in this prospectus supplement, the accompanying prospectus or the incorporated documents. The results of operations for the nine-month periods ended September 30, 2007 and September 30, 2008 may not necessarily be indicative of the results to be expected for any full calendar year, and historical results are not necessarily indicative of the results of operations to be expected in the future.

	Years Ended December 31,			Nine Months Ended September 30,	
	2005	2006	2007	2007	2008
	(in thousands except per share amounts)				
Income statement data:					
Revenues	$ 2,215,564	$ 2,460,904	$ 2,536,418	$ 1,828,247	$ 2,419,103
Operating income	271,422	239,396	203,732	121,867	166,477
Net income (loss):					
Continuing operations	$ 127,444	$ 108,001	$ 84,779	$ 44,194	$ 76,384
Discontinued operations	(755)				
	$ 126,689	$ 108,001	$ 84,779	$ 44,194	$ 76,384
Basic earnings (loss) per common share:					
Continuing operations	$ 1.58	$ 1.33	$ 1.03	$ 0.54	0.91
Discontinued operations	(0.01)				
	$ 1.57	$ 1.33	$ 1.03	$ 0.54	$ 0.91
Diluted earnings (loss) per common share:					
Continuing operations	$ 1.57	$ 1.33	$ 1.03	$ 0.54	$ 0.91
Discontinued operations	(0.01)				
	$ 1.56	$ 1.33	$ 1.03	$ 0.54	$ 0.91
Dividends per common share	$ 1.24	$ 1.24	$ 1.24	$ 0.93	$ 0.93
Weighted-average number of common shares outstanding	80,828	81,145	82,215	81,949	84,052

Adjusted weighted-average shares	81,200	81,373	82,419	82,180	84,182
Cash flow data:					
Net cash provided by operating activities	$ 218,438	$ 286,052	$ 217,341	$ 169,978	$ 74,119
Depreciation of property, plant and equipment	133,892	141,184	147,881	111,007	113,423
Other amortization	8,269	10,778	11,878	9,275	3,927
Capital expenditures	223,675	210,529	218,297	139,122	172,948
Balance sheet data:					
Cash and cash equivalents	$ 151,513	$ 177,630	$ 145,855	$ 167,020	$ 166,709
Total assets	9,951,577	9,891,209	10,293,916	10,030,599	9,240,927
Total liabilities	8,700,654	8,761,676	8,984,196	8,865,882	7,886,034
Stockholders equity	1,216,630	1,095,240	1,275,427	1,130,424	1,320,600

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USE OF PROCEEDS

The net proceeds to HEI from the sale of the shares of common stock offered hereby, after deduction of the underwriting discounts and commissions and estimated expenses payable by HEI, will be approximately $110.4 million (or $127.0 million if the underwriters over-allotment option is exercised in full). HEI intends to use the net proceeds from this offering:

- to repay HEI s outstanding short-term indebtedness consisting of borrowings under HEI s line of credit facility and commercial paper borrowings;
- to make loans to HECO (principally to permit HECO to repay a portion of its outstanding commercial paper borrowings, the proceeds of which were used partly to finance HECO s ongoing capital expenditure programs); and
- for working capital and other general corporate purposes.

As of December 2, 2008:

- borrowings under HEI s line of credit facility totaled approximately $40 million and had a weighted average annual interest rate of 1.8% and remaining maturities of 13 days;
- HEI had approximately $4.9 million in commercial paper outstanding with a weighted average interest rate of 3.7% and remaining maturities of 3 days; and
- HECO had approximately $72 million in commercial paper outstanding with a weighted average interest rate of 4.1% and remaining maturities ranging from 1 to 13 days.

All or a portion of the proceeds from the sale of the shares of common stock may be invested temporarily, until their application to the foregoing uses, in commercial paper, repurchase agreements, United States treasury securities, United States federal agency securities, certificates of deposit, tax-exempt securities, money market preferred stock, money market funds, time deposits or Euro dollar deposits, or a combination of such short-term investments.

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COMMON STOCK PRICE RANGE AND DIVIDENDS

HEI s common stock is traded on the New York Stock Exchange. The common stock trades under the symbol HE. The following table sets forth the high and low intraday 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**
2006:			
First quarter	$ 27.26	$ 25.71	$ 0.31
Second quarter	27.92	25.69	0.31
Third quarter	28.94	26.07	0.31
Fourth quarter	28.18	26.50	0.31
2007:			
First quarter	27.49	25.10	0.31
Second quarter	26.73	22.81	0.31
Third quarter	23.91	20.25	0.31
Fourth quarter	23.95	20.92	0.31
2008:			
First quarter	23.95	20.95	0.31
Second quarter	27.16	23.89	0.31
Third quarter	29.75	23.50	0.31
Fourth quarter (through December 2, 2008)	29.06	22.25	0.31

The last reported sale price of the common stock on December 2, 2008 on the New York Stock Exchange was $25.87 per share. As of December 1, 2008, HEI had 10,786 common shareholders of record.

HEI (and prior to July 1, 1983, HEI s predecessor, HECO) has paid dividends continuously since 1901. Common stock dividends have customarily been paid quarterly on or about the 10th of March, June, September and December to shareholders of record on the dividend record date. 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 of its subsidiaries, financial requirements and other factors considered by HEI s Board of Directors, including legal requirements and contractual restrictions. 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 PUC (pertaining to HEI s electric utility subsidiaries) and the minimum capital requirements imposed by law on ASB, including the need for ASB to receive prior approval of dividends from the Office of Thrift Supervision, 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. See Risk Factors and Description of Common and Preferred Stock Common Stock Dividend Rights and Limitations in the accompanying prospectus.

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CAPITALIZATION

The following table shows HEI s consolidated capitalization, including short-term debt consisting of commercial paper and borrowings under HEI s line of credit facility, as of September 30, 2008, and as adjusted to give effect to the issuance of the shares of common stock offered by this prospectus supplement and the application of the net proceeds from the sale of those shares as described under Use of Proceeds .

	As of September 30, 2008			
	Amount (in thousands)	Percent of Total Capitalization	As Adjusted (in thousands)	Percent of Total Capitalization As Adjusted
Short-term debt[1]	$ 230,566[2]	8.24%	$ 120,179	4.30%
Long-term debt	1,210,901	43.30%	1,210,901	43.30%
Preferred stock of subsidiaries not subject to mandatory redemption	34,293	1.23%	34,293	1.23%
Stockholders equity	1,320,600	47.23%	1,430,987	51.17%
Total capitalization	$ 2,796,360	100.00%	$ 2,796,360	100.00%

(1) Excludes ASB s deposit liabilities and other borrowings.
(2) Consists of \$50 million of HEI s commercial paper, \$40 million of HEI s borrowings under its line of credit facility and \$141 million of HECO s commercial paper.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. Incorporated is acting as representative, have severally agreed to purchase, and HEI has agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated	3,000,000
Goldman, Sachs & Co.	1,000,000
Robert W. Baird & Co. Incorporated	750,000
D.A. Davidson & Co.	250,000
Total	5,000,000

The underwriters and the representative are collectively referred to as the underwriters and the representative, respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from HEI and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus supplement and part to certain dealers. After the initial offering of the shares of common stock, the public offering price and other selling terms may from time to time be varied by the representative.

Over-allotment Option

HEI has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 750,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus supplement. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

Commissions and Discounts

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to HEI. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase up to an additional 750,000 shares of common stock.

		Total	
	Per Share	**No Exercise**	**Full Exercise**
Public offering price	$ 23.00	$ 115,000,000	$ 132,250,000
Underwriting discounts and commissions to be paid by HEI	$ 0.8625	$ 4,312,500	$ 4,959,375
Proceeds, before expenses, to HEI	$ 22.1375	$ 110,687,500	$ 127,290,625

The estimated offering expenses payable by HEI, exclusive of the underwriting discounts and commissions, are approximately $300,000.

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New York Stock Exchange Listing

HEI s common stock is listed on the New York Stock Exchange under the trading symbol HE.

No Sale of Similar Securities

HEI and its nonemployee directors and executive officers (except with respect to up to 3,000 shares of common stock owned by one nonemployee director) have agreed, with exceptions (including exceptions for issuances by HEI of common stock under the HEI Dividend Reinvestment and Stock Purchase Plan, Retirement Savings Plan and Non-Employee Director Plan and upon exercises of existing options and grants of options to purchase common stock under existing employee and director plans) that, without the prior written consent of the representative on behalf of the underwriters, HEI and they will not, during the period ending 90 days after the date of this prospectus supplement:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;

file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock,

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, each such person agrees that, without the prior written consent of the representative on behalf of the underwriters, it will not, during the period ending 90 days after the date of this prospectus supplement, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph do not apply to the sale of shares to the underwriters.

Price Stabilization and Short Positions

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

Indemnification

HEI and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

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Electronic Distribution

This prospectus supplement (together with the accompanying prospectus) in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representative may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

In the ordinary course of their respective businesses, the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking or commercial banking and other commercial dealings with HEI and its subsidiaries for which they have received, and will in the future receive, customary fees.

European Economic Area

In relation to each Member State of the European Economic Area (Iceland, Norway and Liechtenstein in addition to the member states of the European Union) which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the underwriters for any such offer; or

(d) in any other circumstances which do not require the publication by HEI of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each underwriter has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of such Act does not apply to HEI and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

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VALIDITY OF COMMON STOCK

The validity of the shares of common stock offered by this prospectus supplement will be passed upon for HEI by Goodsill Anderson Quinn & Stifel LLP, Honolulu, Hawaii. Certain legal matters will be passed upon for the underwriters by Pillsbury Winthrop Shaw Pittman LLP, New York, New York. Pillsbury Winthrop Shaw Pittman LLP will rely upon the opinion of Goodsill Anderson Quinn & Stifel LLP as to matters of Hawaii law.

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PROSPECTUS

Hawaiian Electric Industries, Inc.

Senior Debt Securities
Senior Subordinated Debt Securities
Junior Subordinated Debt Securities
Preferred Stock
Common Stock
Stock Purchase Contracts
Stock Purchase Units

Hawaiian Electric Industries Capital Trust II
Hawaiian Electric Industries Capital Trust III

Trust Preferred Securities
Guaranteed as set forth herein by Hawaiian Electric Industries, Inc.

Hawaiian Electric Industries, Inc. (HEI), Hawaiian Electric Industries Capital Trust II and Hawaiian Electric Industries Capital Trust III (each, a Trust and, together, the Trusts) may offer the above-referenced securities from time to time in one or more series. This prospectus provides you with a general description of these securities. HEI will provide specific information about the offering and the terms of these securities in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and the supplements carefully before investing. This prospectus may not be used to sell any of these securities unless accompanied by a prospectus supplement.

The common stock of HEI is listed on the New York Stock Exchange under the symbol HE .

HEI s principal executive offices are located at 900 Richards Street, Honolulu, Hawaii 96813 and HEI s telephone number is (808) 543-5662.

Investing in the securities offered by this prospectus and any prospectus supplement involves risks. You should carefully consider the information referred to under the heading Risk Factors on page 1 before purchasing any of these securities.

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.

HEI and the Trusts may offer these securities directly or through underwriters, agents or dealers. Each prospectus supplement will provide the terms of the plan of distribution relating to each series of securities. See Plan of Distribution .

The date of this prospectus is November 5, 2008.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that HEI and the Trusts filed with the SEC utilizing a shelf registration process. Under this shelf registration process, HEI or the Trusts may issue and sell any combination of the securities described in this prospectus in one or more offerings. HEI and the Trusts may offer any of the following securities:

Senior Debt Securities, Senior Subordinated Debt Securities and Junior Subordinated Debt Securities, each of which may be convertible into our Common Stock;

Trust Preferred Securities and related Trust Guarantees, the proceeds of which will be used to purchase our Junior Subordinated Debt Securities;

Preferred Stock, which may be convertible into our Common Stock;

Common Stock; and

Stock Purchase Contracts and Stock Purchase Units.

This prospectus provides you with a general description of the securities HEI and the Trusts may offer. Each time HEI or the Trusts sell securities, HEI or the applicable Trust will provide a prospectus supplement that will contain specific information about the terms of that offering. Any prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. The registration statement HEI and the Trusts filed with the SEC includes exhibits that provide more detail on descriptions of the matters discussed in this prospectus. You should read this prospectus and the related exhibits filed with the SEC and any prospectus supplement together with additional information described under the heading Where You Can Find More Information .

RISK FACTORS

Investing in our securities involves risks. Before you make such an investment, you should carefully consider the information under the heading Risk Factors in:

any prospectus supplement relating to any securities we are offering;

our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which is incorporated by reference into this prospectus;

our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2008, June 30, 2008 and September 30, 2008, which are incorporated by reference into this prospectus; and

any other documents that we file with the SEC after the date of this prospectus and which are deemed to be incorporated by reference into this prospectus.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

Hawaiian Electric Industries, Inc. (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. (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.

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., incorporated on December 5, 1894, and Maui Electric Company, Limited, 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 95% of the population of the State of Hawaii in a service area of approximately 5,766 square miles.

HEI s other principal subsidiary is American Savings Bank, F.S.B. (ASB), one of Hawaii s largest financial institutions, with 63 branches throughout the State of Hawaii and assets of $5.5 billion as of September 30, 2008. ASB, acquired in 1988, is a federally chartered savings bank, providing a wide range of banking and other financial services to consumers and businesses within Hawaii.

HEI s strategy is to focus its resources on its two core operating businesses, providing electric public utility and banking services in Hawaii. For additional information concerning HEI s and its subsidiaries businesses and affairs, including their capital requirements and external financing plans, pending legal and regulatory proceedings, descriptions of certain laws and regulations to which those companies are subject, and possible restrictions on the ability of certain of HEI s subsidiaries to pay dividends or make other distributions to HEI, prospective purchasers should refer to the documents incorporated by reference that are listed under the caption Where You Can Find More Information .

THE HAWAIIAN ELECTRIC INDUSTRIES CAPITAL TRUSTS

Each of the Trusts is a statutory trust created under Delaware law pursuant to (a) a separate trust agreement (as amended and/or restated from time to time, each a Trust Agreement) executed by HEI, as depositor for that Trust (the Depositor) and the Trustees (as defined herein) for that Trust and (b) the filing of a certificate of trust with the Delaware Secretary of State. Each Trust exists for the exclusive purposes of (i) issuing two classes of trust securities (collectively, the Trust Securities), the trust preferred securities (the Trust Preferred Securities) and the trust common securities (the Trust Common Securities), which together represent undivided beneficial interests in the assets of that Trust, (ii) investing the gross proceeds of the Trust Securities in Company Debentures (as defined herein), and (iii) engaging in only those other activities necessary or incidental thereto. All of the Trust Common Securities will be owned by HEI. The Trust Common Securities of each Trust will rank equally and payments will be made thereon pro rata with the Trust Preferred Securities of that Trust except that, upon an event of default under the Trust Agreement, the rights of the holders of the Trust Common Securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the Trust Preferred Securities. HEI will acquire Trust Common Securities of each Trust in an aggregate liquidation preference amount equal to approximately 3 percent of the total capital of each Trust.

Subject to the Trust Agreement, if any proposed amendment thereto provides for, or the Trustees otherwise propose to effect, (i) any action that would materially adversely affect the powers, preferences or special rights of the Trust Preferred Securities, whether by way of amendment to such Trust Agreement or otherwise, or (ii) the dissolution, winding-up or termination of the related Trust, other than pursuant to the terms of such Trust Agreement, then the holders of outstanding Trust Preferred Securities will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of at least a majority in liquidation amount of the outstanding Trust Preferred Securities.

Each Trust shall be subject to dissolution and termination as provided in the applicable Trust Agreement. Each Trust s business and affairs will be conducted by the trustees (the Trustees) appointed by HEI, as the holder of record of all the Trust Common Securities. The holder of record of the Trust Common Securities will be entitled to appoint, remove or replace any of, or increase or reduce the number of, the Regular Trustees of a Trust. The duties and obligations of the Trustees shall be governed by the Trust Agreement of their respective Trust. One or more of the Trustees for each Trust will be persons who are employees or officers of or affiliated with HEI (the Regular Trustees). One Trustee of each Trust will be a financial institution which will be unaffiliated with HEI and which shall act as institutional trustee under the Trust Agreement and as indenture trustee for purposes of the Trust Indenture Act of 1939, as amended (the Trust Indenture Act), pursuant to the terms set forth in the applicable prospectus supplement (the Property Trustee). In addition, unless the Property Trustee maintains a principal place of business in the State of Delaware, and otherwise meets the requirements of applicable law, one Trustee of each Trust will have its principal place of business or reside in the State of Delaware (the Delaware Trustee). HEI will pay all fees and expenses related to each of the Trusts and the offering of Trust Securities pursuant to an expense agreement, other than distributions or other payments in respect of Trust Preferred Securities. The initial Property Trustee and the initial Delaware Trustee for each Trust is U.S. Bank National Association and U.S. Bank Trust National Association, respectively. The office of the Property Trustee, which shall be the principal office for each of the

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Trusts, is 100 Wall Street, Suite 1600, New York, New York 10005. The office of the Delaware Trustee for each Trust in the State of Delaware, and its principal place of business, is 300 Delaware Avenue, 9th Floor, Wilmington, Delaware 19801.

USE OF PROCEEDS

Unless stated otherwise in any prospectus supplement, HEI may use the net proceeds received from any sale of the offered securities:

- to redeem, repurchase, repay or retire outstanding short-term and long-term indebtedness, including indebtedness arising out of the previous issuances of commercial paper and notes;
- make investments in and loans to HEI s subsidiaries (principally to help finance the subsidiaries ongoing capital expenditure programs, to retire their indebtedness and to make investments in and loans to their subsidiaries);
- to finance strategic investments in, or future acquisitions of, other entities or their assets, including by HEI s subsidiaries; or
- for working capital and other general corporate purposes.

The prospectus supplement relating to a particular offering of securities by HEI will identify the use of proceeds from that offering.

The proceeds from the sale of Trust Preferred Securities by a Trust will be invested in Company Debentures. Except as HEI may otherwise describe in the related prospectus supplement, HEI expects that the net proceeds from the sale of such Company Debentures to a Trust will be used for the above purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following tables set forth the ratio of earnings to fixed charges for HEI and its subsidiaries for the periods indicated.

	Years Ended December 31,					Nine Months Ended September 30,	
	2003	**2004**	**2005**	**2006**	**2007**	**2007**	**2008**
Ratio of Earnings to Fixed Charges, excluding interest on ASB deposits	2.11	2.32	2.31	2.08	1.78	1.53	2.11
Ratio of Earnings to Fixed Charges, including interest on ASB deposits	1.84	2.00	1.98	1.73	1.52	1.35	1.76

For purposes of calculating the ratio of earnings to fixed charges, earnings represent the sum of (i) pretax income from continuing operations (excluding undistributed income or loss from equity investees) and (ii) fixed charges (excluding capitalized interest). Fixed charges are calculated both excluding and including interest on ASB s deposits during the applicable periods and represent the sum of (i) interest, whether capitalized or expensed, but excluding interest on nonrecourse debt from leveraged leases which is not included in interest expense in HEI s consolidated statements of income, (ii) amortization of debt expense and discount or premium related to any indebtedness, whether capitalized or expensed, (iii) the interest factor in rental expense, (iv) the non-intercompany preferred stock dividend requirements of HEI s subsidiaries, increased to an amount representing the pretax earnings required to cover such dividend requirements and (v) in 2003 and prior years, when HEI s and HECO s trust subsidiaries were consolidated, the preferred securities distribution requirements of trust subsidiaries. HEI has not previously issued Preferred Stock and consequently pays no preferred stock dividends.

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WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement on Form S-3 that the registrants filed with the SEC under the Securities Act of 1933 (the Securities Act). The registration statement contains or incorporates by reference 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 (the Exchange Act) and, therefore, file 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 Room 1580, 100 F Street, N.E.,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 Trusts will not be subject to the informational requirements of the Exchange Act.

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:

Our Annual Report on Form 10-K, for the year ended December 31, 2007;

Our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2008, June 30, 2008 and September 30, 2008;

Our Current Reports on Form 8-K filed January 25, 2008, January 28, 2008, February 4, 2008, February 22, 2008 (to the extent filed under Item 8.01 thereof), March 20, 2008, April 17, 2008, April 30, 2008, May 9, 2008, June 16, 2008, June 26, 2008, July 7, 2008, July 11, 2008, July 29, 2008, September 9, 2008, October 21, 2008 and October 30, 2008; and

All reports and other documents subsequently filed by HEI pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this prospectus and the time that all securities offered hereby are sold.

You may request a free copy of any of these incorporated documents by writing or telephoning HEI at the following address or telephone number: Investor Relations, Hawaiian Electric Industries, Inc., P.O. Box 730, Honolulu, Hawaii 96808-0730, telephone: (808) 543-7371.

You should rely only on the information contained or incorporated by reference in this prospectus or any prospectus supplement. HEI has not, and the underwriters and agents 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 and agents 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, any prospectus supplement or the documents incorporated by reference is accurate only as of the date of those documents. The business, financial condition, results of operations and prospects of HEI and its subsidiaries may have changed since those dates.

FORWARD-LOOKING STATEMENTS

This prospectus, which includes documents incorporated by reference, contains statements which are not based on historical facts but are considered forward-looking . 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 co future financial performance (including future revenues, expenses,

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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 the accuracy of assumptions concerning HEI and its subsidiaries, the performance of the industries in which they do business and economic and market factors, among other things. These considerations include the risks and uncertainties identified in this prospectus, in any prospectus supplement 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 publicly update or revise these statements, whether as a result of new information, future events or otherwise.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following risks, uncertainties and other important factors, in addition to those referenced under Risk Factors and elsewhere in this prospectus, any accompanying prospectus supplement and the documents described under Where You Can Find More Information, could cause actual results to differ materially from historical results and from management expectations as suggested by such forward-looking statements:

- the effects of international, national and local economic conditions, including the state of the Hawaii tourist and construction industries, the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value and/or the actual performance of collateral underlying loans and mortgage-related securities held by ASB), decisions concerning the extent of the presence of the federal government and military in Hawaii, and the implications and potential impacts of the current capital market conditions and the Emergency Economic Stabilization Act of 2008 (President Bush administration s plan for a $700 billion bailout of the financial industry);

- the effects of weather and natural disasters, such as hurricanes, earthquakes, tsunamis and potential effects of global warming;

- global developments, including the effects of terrorist acts, the war on terrorism, continuing U.S. presence in Iraq and Afghanistan, potential conflict or crisis with North Korea and in the Middle East, Iran s nuclear activities and potential avian flu pandemic;

- the timing and extent of changes in interest rates and the shape of the yield curve;

- the ability of HEI and its subsidiaries to access credit markets to obtain commercial paper and other short-term and long-term debt financing and to access capital markets to issue common stock (HEI) and preferred stock or hybrid securities (the utility subsidiaries) given the volatile and challenging market conditions;

- the risks inherent in changes in the value of and market for securities available for sale and in the value of pension and other retirement plan assets;

- changes in assumptions used to calculate retirement benefits costs and changes in funding requirements;

- increasing competition in the electric utility and banking industries (e.g., increased self-generation of electricity may have an adverse impact on HECO s revenues and increased price competition for deposits, or an outflow of deposits to alternative investments, may have an adverse impact on ASB s cost of funds);

the effects of the implementation of the Energy Agreement with the State of Hawaii and Consumer Advocate setting forth the goals and objectives of a Hawaii Clean Energy Initiative (the HCEI), and of the fulfillment by HEI s electric utility subsidiaries of their commitments under the Energy Agreement;

capacity and supply constraints or difficulties, especially if generating units (utility-owned or independent power producer owned) fail or measures such as demand-side management, distributed generation, combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;

increased risk to generation reliability as generation peak reserve margins on Oahu continue to be strained;

fuel oil price changes, performance by suppliers of their fuel oil delivery obligations and the continued availability to HEI s electric utility subsidiaries of their energy cost adjustment clauses (ECACs);

the risks associated with increasing reliance on renewable energy, as contemplated under the Energy Agreement, including the availability of non-fossil fuel supplies for renewable generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;

the ability of independent power producers to deliver the firm capacity anticipated in their power purchase agreements;

the ability of HEI s electric utility subsidiaries to negotiate, periodically, favorable fuel supply and collective bargaining agreements;

new technological developments that could affect the operations and prospects of HEI and its subsidiaries (including HECO and its subsidiaries and ASB and its subsidiaries) or their competitors;

federal, state and international governmental and regulatory actions, such as changes in laws, rules and regulations applicable to HEI, HECO, ASB and their subsidiaries (including changes in taxation, regulatory changes resulting from the HCEI, environmental laws and regulations, the potential regulation of greenhouse gas emissions and governmental fees and assessments); decisions by the Public Utilities Commission of the State of Hawaii (the PUC) in rate cases (including decisions on ECACs) and other proceedings and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, for example with respect to environmental conditions or renewable portfolio standards); enforcement actions by the Office of Thrift Supervision (the OTS) and other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under the Bank Secrecy Act or other regulatory requirements or with respect to capital adequacy);

increasing operation and maintenance expenses for HEI s electric utility subsidiaries, resulting in the need for more frequent rate cases, and increasing noninterest expenses at ASB;

the risks associated with the geographic concentration of HEI s businesses;

the effects of changes in accounting principles applicable to HEI, HECO, ASB and their subsidiaries, including the adoption of international accounting standards or new accounting principles, continued regulatory accounting under Statement of Financial Accounting Standards (SFAS) No. 71, Accounting for the Effects of Certain Types of Regulation, and the possible effects of applying Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, Consolidation of Variable Interest Entities, and Emerging Issues Task Force (EITF) Issue No. 01-8, Determining Whether an Arrangement Contains a Lease, to power purchase agreements with independent power producers;

the effects of changes by securities rating agencies in their ratings of the securities of HEI and HECO and the results of financing efforts;

faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage servicing assets of ASB;

changes in ASB s loan portfolio credit profile and asset quality which may increase or decrease the required level of allowance for loan losses;

changes in ASB s deposit cost or mix which may have an adverse impact on ASB s cost of funds;

the final outcome of tax positions taken by HEI, HECO, ASB and their subsidiaries;

the risks of suffering losses and incurring liabilities that are uninsured or having insurance coverages with a troubled or failing insurer (e.g. American International Group Inc.); and

other risks or uncertainties described in reports previously and subsequently filed by HEI and/or HECO with the SEC.

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DESCRIPTION OF SENIOR DEBT SECURITIES AND SENIOR SUBORDINATED DEBT SECURITIES

HEI may issue Senior Debt Securities and Senior Subordinated Debt Securities (collectively, for purposes of this section only, the Debt Securities) consisting of unsecured notes, debentures or other evidences of indebtedness issued from time to time in one or more series. Prior to issuing any Debt Securities, HEI will enter into a senior debt indenture (the Senior Indenture), in the case of Senior Debt Securities, and a senior subordinated debt indenture (the Senior Subordinated Indenture), in the case of Senior Subordinated Debt Securities. For purposes of this section only, the Senior Indenture and the Senior Subordinated Indenture are sometimes hereinafter referred to individually as an Indenture and collectively as the Indentures . U.S. Bank National Association will act as the trustee under each of the Indentures (in its separate capacity under each Indenture, a Debt Trustee). The form of the contemplated Senior Indenture is included as an exhibit to the registration statement of which this prospectus is a part and the form of the Senior Subordinated Indenture is included through incorporation by reference as an exhibit to the registration statement of which this prospectus is a part and both forms are described below. The terms of the Debt Securities will include those stated in the applicable Indenture and any supplemental indenture thereto, and those made part of such Indenture by reference to the Trust Indenture Act.

The following summary of certain of the terms of the Indentures and the Debt Securities does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the applicable Indenture and the Trust Indenture Act. Numerical references in parentheses below are to sections in the applicable Indenture. Wherever particular sections or defined terms of the applicable Indenture are referred to such sections or defined terms are incorporated herein by reference. The Indentures are substantially identical except for provisions relating to subordination and those relating to HEI s covenants. Any Debt Securities offered by this prospectus will be accompanied by a prospectus supplement which will indicate that the securities being offered thereby are Senior Debt Securities or Senior Subordinated Debt Securities and will set forth the designation and describe the specific terms and provisions thereof. The description in the prospectus supplement will supplement and, when inconsistent, supersede the description in this section.

General

Neither of the Indentures will limit the amount of additional indebtedness HEI or any of its subsidiaries may incur. The Debt Securities will be unsecured senior or senior subordinated obligations of HEI. Since HEI is a holding company, the Debt Securities effectively will be subordinate to all obligations of HEI s subsidiaries and HEI s rights and the rights of its creditors including the holders of Debt Securities to participate in the assets of any subsidiary upon such subsidiary s liquidation or recapitalization will be subject to the prior claims of such subsidiary s creditors except to the extent that HEI may itself be a creditor with recognized claims against such subsidiary. Claims on HEI s subsidiaries by creditors other than HEI include obligations arising out of short- and long-term indebtedness as well as other liabilities incurred in the ordinary course of business. In addition, since HEI s principal subsidiaries are subject to state or federal regulatory control, the ability of such subsidiaries to pay dividends or to make distributions, loans or advances to HEI without prior regulatory approval is limited by applicable laws, regulations and agreements with regulatory agencies as well as the provisions of preferred stock resolutions and the debt instruments of HEI s subsidiaries. If this prospectus is being delivered in connection with the offer and sale of a series of Debt Securities, the accompanying prospectus supplement will set forth the approximate amount of the indebtedness of HEI s subsidiaries outstanding as of the end of the most recent fiscal quarter.

The Indentures do not limit the aggregate principal amount of indebtedness that may be issued thereunder and provide that Debt Securities may be issued from time-to-time in one or more series and may be denominated and payable in foreign currencies or units based on or related to foreign currencies. Special United States federal income tax considerations applicable to any Debt Securities so denominated will be described in the relevant prospectus supplement. HEI need not issue all Debt Securities of one series at the same time and, unless otherwise provided, HEI may reopen a series, without the consent of the holders of the Debt Securities of that series, for issuance of additional Debt Securities of that series.

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Reference is made to the applicable prospectus supplement which will accompany this prospectus for the following terms of and information relating to the Senior Debt and Senior Subordinated Debt Securities offered thereby (to the extent such terms are applicable to such Debt Securities): (i) classification as Senior or Senior Subordinated Debt Securities and the specific designation, aggregate principal amount, purchase price and denominations; (ii) if other than U.S. Dollars the currency or units based on or relating to currencies in which the Debt Securities are denominated and/or in which principal, premium, if any, and/or any interest will or may be payable; (iii) any date of maturity; (iv) interest rate or rates (or the method by which such rate or rates will be determined), if any; (v) the dates on which any such interest will be payable and from which such interest will accrue; (vi) the place or places where the principal of and premium, if any, and interest, if any, on the Debt Securities will be payable; (vii) any redemption, repayment or sinking fund provisions; (viii) whether such Debt Securities are convertible into Common Stock of HEI; (ix) whether the Debt Securities will be issuable in registered form (Registered Debt Securities) or bearer form (Bearer Debt Securities) or both and, if Bearer Debt Securities are issuable, any restrictions applicable to the place of payment of any principal of and premium, if any, and interest on such Bearer Debt Securities, to the exchange of one form for another and to the offer, sale and delivery of such Bearer Debt Securities (including the requirement that, under current United States federal income tax law, Registered Debt Securities will not be exchangeable into Bearer Debt Securities); (x) any applicable United States federal income tax consequences, including whether and under what circumstances HEI will pay additional amounts on Debt Securities held by a person who is not a U.S. person in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether HEI will have the option to redeem such Debt Securities rather than pay such additional amounts; (xi) the proposed listing, if any, of the Debt Securities on any securities exchange; and (xii) any other specific terms of the Debt Securities, including any modifications of or additions to the events of default or covenants provided for with respect to such Debt Securities, and any terms which may be required by or advisable under applicable laws or regulations not inconsistent with the applicable Indenture.

Debt Securities may be presented for exchange and Registered Debt Securities may be presented for transfer in the manner, at the places and subject to the restrictions set forth in the Debt Securities and the applicable prospectus supplement. Such services will be provided without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the applicable Indenture. Bearer Debt Securities and the coupons, if any, appertaining thereto will be transferable by delivery.

Debt Securities will bear interest at a fixed rate or a floating rate. Debt Securities bearing no interest or interest at a rate that at the time of issuance is below the prevailing market rate will be sold at a discount below their stated principal amount. Special United States federal income tax considerations applicable to any such discounted Debt Securities or to certain Debt Securities issued at par which are treated as having been issued at a discount for United States federal income tax purposes will be described in the relevant prospectus supplement.

Debt Securities may be issued, from time to time, with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to one or more currency exchange rates, commodity prices, equity indices or other factors. Holders of such Debt Securities may receive a principal amount on any principal payment date, or a payment of interest on any interest payment date, that is greater than or less than the amount of principal or interest otherwise payable on such dates, depending upon the value on such dates of the applicable currency, commodity, equity index or other factors. Information as to the methods for determining the amount of principal or interest payable on any date, the currencies, commodities, equity indices or other factors to which the amount payable on such date is linked and certain additional tax considerations will be set forth in the applicable prospectus supplement.

Global Debt Securities

Unless otherwise indicated in the applicable prospectus supplement, the registered Debt Securities of a series will be issued in the form of one or more global securities that will be deposited with, or on behalf of, The Depository Trust Company (DTC), as depository, or its nominee, as described under Book-Entry System . In such a case, one or more global securities will be issued in a denomination or aggregate denomination equal to the aggregate principal amount of outstanding Debt Securities of the series to be represented by such global security or securities. Unless and until it is exchanged in whole or in part for Debt Securities in definitive registered form, a

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global security may not be transferred or exchanged except as a whole by the depository for such global security to a nominee for such depository and except in the circumstances described under Book-Entry System .

Ranking of Senior Debt Securities

Payment of the principal of and premium, if any, and interest on Senior Debt Securities issued under the Senior Indenture will rank equally in right of payment with all other unsecured and unsubordinated debt of HEI. The Senior Debt Securities effectively will be subordinate to all debts and other obligations of HEI s subsidiaries. See discussion above under General . If this prospectus is being delivered in connection with the offer and sale of a series of Senior Debt Securities, the accompanying prospectus supplement will set forth the approximate amount of HEI (holding company only) secured debt, if any, and unsecured and unsubordinated debt, if any, outstanding as of the end of the most recent fiscal quarter.

Ranking of Senior Subordinated Debt Securities

Payment of the principal of and premium, if any, and interest on Senior Subordinated Debt Securities issued under the Senior Subordinated Indenture will be subordinate and junior in right of payment, to the extent and in the manner set forth in the Senior Subordinated Indenture, to all Senior Indebtedness of HEI. The Senior Subordinated Indenture defines Senior Indebtedness as the principal of and premium, if any, and interest on (a) all indebtedness of HEI, whether outstanding on the date of the Senior Subordinated Indenture or thereafter created, (i) for money borrowed by HEI, (ii) for money borrowed by, or obligations of, others and either assumed or guaranteed, directly or indirectly, by HEI, (iii) in respect of letters of credit and acceptances issued or made by banks, or (iv) constituting purchase money indebtedness, or indebtedness secured by property included in the property, plant and equipment accounts of HEI at the time of the acquisition of such property by HEI, for the payment of which HEI is directly liable, and (b) all deferrals, renewals, extensions and refundings of, and amendments, modifications and supplements to, any such indebtedness. As used in the preceding sentence the term purchase money indebtedness means indebtedness evidenced by a note, debenture, bond or other instrument (whether or not secured by any lien or other security interest) issued or assumed as all or a part of the consideration for the acquisition of property, whether by purchase, merger, consolidation or otherwise, unless by its terms such indebtedness is subordinate to other indebtedness of HEI. Notwithstanding anything to the contrary in the Senior Subordinated Indenture or the Senior Subordinated Debt Securities, Senior Indebtedness shall not for such purposes include (i) any indebtedness of HEI which, by its terms or the terms of the instrument creating or evidencing it, is subordinate in right of payment to or ranks equally with the Senior Subordinated Debt Securities or (ii) any indebtedness of HEI to a subsidiary of HEI. (Senior Subordinated Indenture, Section 1.1) Junior Subordinated Debt Securities issued by HEI pursuant to the Junior Indenture (as defined under Description of the Junior Subordinated Debt Securities below) will be subordinate in right of payment to the Senior Subordinated Debt Securities. The Senior Subordinated Debt Securities effectively will also be subordinate to all debts and other obligations of HEI s subsidiaries. See discussion above under General . The Senior Subordinated Indenture does not contain any limitation on the amount of Senior Indebtedness that can be incurred by HEI.

In the event (a) of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in respect of HEI or its property, or (b) that Senior Subordinated Debt Securities of any series are declared due and payable before their expressed maturity because of the occurrence of an Event of Default pursuant to Section 5.1 of the Senior Subordinated Indenture (under circumstances other than as set forth in clause (a) above), then the holders of all Senior Indebtedness shall first be entitled to receive payment of the full amount due thereon in money or money s worth, before the holders of any of such Senior Subordinated Debt Securities or coupons appertaining thereto are entitled to receive a payment on account of the principal of or premium, if any, or interest on the indebtedness evidenced by such Senior Subordinated Debt Securities or of such coupons appertaining thereto. In the event and during the continuation of any default in payment of any Senior Indebtedness or if any Event of Default shall exist under any Senior Indebtedness, as Event of Default is defined therein or in the agreement under which the same is outstanding, no payment of the principal of or interest on the Senior Subordinated Debt Securities or coupons shall be made. (Senior Subordinated Indenture, Article 13) If this prospectus is being delivered in connection with the offer and sale of a series of Senior Subordinated Debt Securities, the accompanying prospectus supplement will set forth the approximate amount of Senior Indebtedness

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(holding company only) and Senior Subordinated Debt Securities outstanding as of the end of the most recent fiscal quarter.

Conversion

The terms and conditions, if any, on which Debt Securities are convertible into Common Stock of HEI will be set forth in the prospectus supplement relating thereto. Such terms will include the conversion price, the conversion period, provisions as to whether conversion will be at the option of the holder or HEI, the events requiring an adjustment of the conversion price, provisions affecting conversion in the event of the redemption of the convertible Debt Securities and provisions under which the number of shares of Common Stock to be received