

HAWAIIAN ELECTRIC INDUSTRIES INC  
 Form 10-Q  
 August 11, 2014  
 UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 Washington, D. C. 20549  
 FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

OR  
 o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Exact Name of Registrant as Specified in Its Charter	Commission File Number	I.R.S. Employer Identification No.
HAWAIIAN ELECTRIC INDUSTRIES, INC. and Principal Subsidiary HAWAIIAN ELECTRIC COMPANY, INC. State of Hawaii (State or other jurisdiction of incorporation or organization)	1-8503	99-0208097
	1-4955	99-0040500

Hawaiian Electric Industries, Inc. – 1001 Bishop Street, Suite 2900, Honolulu, Hawaii 96813  
 Hawaiian Electric Company, Inc. – 900 Richards Street, Honolulu, Hawaii 96813  
 (Address of principal executive offices and zip code)

Hawaiian Electric Industries, Inc. – (808) 543-5662  
 Hawaiian Electric Company, Inc. – (808) 543-7771  
 (Registrant’s telephone number, including area code)

Not applicable  
 (Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Hawaiian Electric Industries, Inc. Yes  No  Hawaiian Electric Company, Inc. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Hawaiian Electric Industries, Inc. Yes  No  Hawaiian Electric Company, Inc. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Hawaiian Electric Industries, Inc. Yes  No  Hawaiian Electric Company, Inc. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Large accelerated filer

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Hawaiian Electric  
Industries, Inc.

Hawaiian Electric  
Company, Inc.

Accelerated filer   
Non-accelerated filer   
(Do not check if a smaller  
reporting company)  
Smaller reporting  
company

Accelerated filer   
Non-accelerated filer   
(Do not check if a smaller  
reporting company)  
Smaller reporting  
company

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding July 31, 2014
Hawaiian Electric Industries, Inc. (Without Par Value)	102,560,176 Shares
Hawaiian Electric Company, Inc. (\$6-2/3 Par Value)	15,429,105 Shares (not publicly traded)

Hawaiian Electric Industries, Inc. (HEI) is the sole holder of Hawaiian Electric Company, Inc. (Hawaiian Electric) common stock.

This combined Form 10-Q is separately filed by HEI and Hawaiian Electric. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. No registrant makes any representation as to information relating to the other registrant, except that information relating to Hawaiian Electric is also attributed to HEI.

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Hawaiian Electric Industries, Inc. and Subsidiaries  
Hawaiian Electric Company, Inc. and Subsidiaries  
Form 10-Q—Quarter ended June 30, 2014

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GLOSSARY OF TERMS

Terms	Definitions
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income/(loss)
ARO	Asset retirement obligation
ASB	American Savings Bank, F.S.B., a wholly-owned subsidiary of American Savings Holdings, Inc.
ASHI	American Savings Holdings, Inc., a wholly owned subsidiary of Hawaiian Electric Industries, Inc. and the parent company of American Savings Bank, F.S.B.
ASU	Accounting Standards Update
CIP CT-1	Campbell Industrial Park 110 MW combustion turbine No. 1
CIS	Customer Information System
Company	Hawaiian Electric Industries, Inc. and its direct and indirect subsidiaries, including, without limitation, Hawaiian Electric Company, Inc. and its subsidiaries (listed under Hawaiian Electric); American Savings Holdings, Inc. and its subsidiary, American Savings Bank, F.S.B.; HEI Properties, Inc.; Hawaiian Electric Industries Capital Trust II and Hawaiian Electric Industries Capital Trust III (inactive financing entities); and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.).
Consumer Advocate	Division of Consumer Advocacy, Department of Commerce and Consumer Affairs of the State of Hawaii
DBEDT	State of Hawaii Department of Business, Economic Development and Tourism
D&O	Decision and order
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOH	Department of Health of the State of Hawaii
DRIP	HEI Dividend Reinvestment and Stock Purchase Plan
DSM	Demand-side management
ECAC	Energy cost adjustment clauses
EIP	2010 Equity and Incentive Plan
EGU	Electrical generating unit
Energy Agreement	Agreement dated October 20, 2008 and signed by the Governor of the State of Hawaii, the State of Hawaii Department of Business, Economic Development and Tourism, the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and Hawaiian Electric, for itself and on behalf of its electric utility subsidiaries committing to actions to develop renewable energy and reduce dependence on fossil fuels in support of the HCEI
EPA	Environmental Protection Agency — federal
EPS	Earnings per share
ERISA	Employee Retirement Income Security Act of 1974, as amended
EVE	Economic value of equity
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
federal	U.S. Government
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association

FRB

Federal Reserve Board

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## GLOSSARY OF TERMS, continued

Terms	Definitions
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
GNMA	Government National Mortgage Association
HCEI	Hawaii Clean Energy Initiative
Hawaiian Electric	Hawaiian Electric Company, Inc., an electric utility subsidiary of Hawaiian Electric Industries, Inc. and parent company of Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, HECO Capital Trust III (unconsolidated financing subsidiary), Renewable Hawaii, Inc. and Uluwehiokama Biofuels Corp.
Hawaii Electric Light	Hawaii Electric Light Company, Inc., an electric utility subsidiary of Hawaiian Electric Company, Inc.
HEI	Hawaiian Electric Industries, Inc., direct parent company of Hawaiian Electric Company, Inc., American Savings Holdings, Inc., HEI Properties, Inc., Hawaiian Electric Industries Capital Trust II, Hawaiian Electric Industries Capital Trust III and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.)
HEIRSP	Hawaiian Electric Industries Retirement Savings Plan
HELOC	Home equity line of credit
HPOWER	City and County of Honolulu with respect to a power purchase agreement for a refuse-fired plant
IPP	Independent power producer
IRP	Integrated resource planning
Kalaeloa	Kalaeloa Partners, L.P.
KW	Kilowatt
KWH	Kilowatthour
LTIP	Long-term incentive plan
LGD	Loss given default
Maui Electric	Maui Electric Company, Limited, an electric utility subsidiary of Hawaiian Electric Company, Inc.
MW	Megawatt/s (as applicable)
NII	Net interest income
O&M	Other operation and maintenance
OCC	Office of the Comptroller of the Currency
OPEB	Postretirement benefits other than pensions
PPA	Power purchase agreement
PPAC	Purchased power adjustment clause
PUC	Public Utilities Commission of the State of Hawaii
RAM	Revenue adjustment mechanism
RBA	Revenue balancing account
RFP	Request for proposals
REIP	Renewable Energy Infrastructure Program
ROACE	Return on average common equity
RORB	Return on average rate base
RPS	Renewable portfolio standard
SAR	Stock appreciation right
SEC	Securities and Exchange Commission
See	Means the referenced material is incorporated by reference
TDR	Troubled debt restructuring
Trust III	HECO Capital Trust III
Utilities	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited

VIE Variable interest entity

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## FORWARD-LOOKING STATEMENTS

This report and other presentations made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (Hawaiian Electric) and their subsidiaries 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, ongoing business strategies or prospects or possible future actions 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 (collectively, the Company), 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. Risks, uncertainties and other important factors that could cause actual results to differ materially from those described in forward-looking statements and from historical results include, but are not limited to, the following: international, national and local economic conditions, including the state of the Hawaii tourism, defense 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 held by American Savings Bank, F.S.B. (ASB), which could result in higher loan loss provisions and write-offs), decisions concerning the extent of the presence of the federal government and military in Hawaii, the implications and potential impacts of U.S. and foreign capital and credit market conditions and federal, state and international responses to those conditions, and the potential impacts of global developments (including global economic conditions and uncertainties, unrest, ongoing conflicts in North Africa and the Middle East, terrorist acts, potential conflict or crisis with North Korea or Iran, and developments in the Ukraine);

- the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling and monetary policy;
- weather and natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes and the potential effects of climate change, such as more severe storms and rising sea levels), including their impact on the Company's and Utilities' operations and the economy;
- the timing and extent of changes in interest rates and the shape of the yield curve;
- the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;
- the risks inherent in changes in the value of the Company's pension and other retirement plan assets and ASB's securities available for sale;
- changes in laws, regulations, market conditions and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated;
- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);
- the implementation of the Energy Agreement with the State of Hawaii and Consumer Advocate (Energy Agreement), setting forth the goals and objectives of a Hawaii Clean Energy Initiative (HCEI), and the fulfillment by the Utilities of their commitments under the Energy Agreement (given the Public Utilities Commission of the State of Hawaii (PUC) approvals needed; the PUC's potential delay in considering (and potential disapproval of actual or proposed) HCEI-related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; potential changes in political support for the HCEI; and uncertainties surrounding wind power, proposed undersea cables, biofuels, environmental assessments and the impacts of implementation of the HCEI on future costs of electricity);
- the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities' action plans and business model changes that are being developed in response to the four orders that the PUC issued in April 2014, in which the PUC: directed the Utilities to develop, among other things, Power Supply Improvement Plans, a Demand

Response Portfolio Plan and a Distributed Generation Interconnection Plan; described the PUC's inclinations on the future of Hawaii's electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities' business model with customer interests and the state's public policy goals; and emphasized the need to "leap ahead" of other states in creating a 21st century generation system and modern transmission and distribution grids; capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management (DSM), 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;

fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost adjustment clauses (ECACs);

the continued availability to the electric utilities of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), revenue adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatt-hour sales;

the impact of fuel price volatility on customer satisfaction and political and regulatory support for the Utilities;

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

the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;

the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);

the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements;

new technological developments that could affect the operations and prospects of HEI, ASB and the Utilities or their competitors;

cyber security risks and the potential for cyber incidents, including potential incidents at HEI, ASB and the Utilities (including at ASB branches and electric utility plants) and incidents at data processing centers they use, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general information technology controls;

federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas (GHG) emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon "cap and trade" legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);

developments in laws, regulations, and policies governing protections for historic, archaeological, and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations, and policies;

discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation, or regulatory oversight;

- decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);

decisions by the PUC 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, such as with respect to environmental conditions or renewable portfolio standards (RPS));

potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);

the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by revenue adjustment mechanisms;

the risks associated with the geographic concentration of HEI's businesses and ASB's loans, ASB's concentration in a single product type (i.e., first mortgages) and ASB's significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);

changes in accounting principles applicable to HEI, the Utilities and ASB, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting and the effects of potentially required consolidation of variable interest entities (VIEs) or required capital lease accounting for PPAs with IPPs;

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

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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 provision for loan losses, allowance for loan losses and charge-offs;
- 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, the Utilities and ASB;
- the risks of suffering losses and incurring liabilities that are uninsured (e.g., damages to the Utilities' transmission and distribution system and losses from business interruption) or underinsured (e.g., losses not covered as a result of insurance deductibles or other exclusions or exceeding policy limits); and
- other risks or uncertainties described elsewhere in this report and in other reports (e.g., "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K) previously and subsequently filed by HEI and/or Hawaiian Electric with the Securities and Exchange Commission (SEC).

Forward-looking statements speak only as of the date of the report, presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI, Hawaiian Electric, ASB and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

Hawaiian Electric Industries, Inc. and Subsidiaries  
Consolidated Statements of Income (unaudited)

(in thousands, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Revenues				
Electric utility	\$738,429	\$728,525	\$1,458,491	\$1,445,966
Bank	60,616	66,027	124,235	130,783
Other	(388	) 15	(320	) 50
Total revenues	798,657	794,567	1,582,406	1,576,799
Expenses				
Electric utility	668,361	669,550	1,317,757	1,335,870
Bank	43,568	41,322	85,564	84,327
Other	4,453	3,488	8,504	7,570
Total expenses	716,382	714,360	1,411,825	1,427,767
Operating income (loss)				
Electric utility	70,068	58,975	140,734	110,096
Bank	17,048	24,705	38,671	46,456
Other	(4,841	) (3,473	) (8,824	) (7,520
Total operating income	82,275	80,207	170,581	149,032
Interest expense, net—other than on deposit liabilities and other bank borrowings	(20,022	) (18,442	) (39,478	) (37,173
Allowance for borrowed funds used during construction	523	398	1,137	1,128
Allowance for equity funds used during construction	1,387	1,560	2,996	2,775
Income before income taxes	64,163	63,723	135,236	115,762
Income taxes	22,269	22,662	46,942	40,549
Net income	41,894	41,061	88,294	75,213
Preferred stock dividends of subsidiaries	473	473	946	946
Net income for common stock	\$41,421	\$40,588	\$87,348	\$74,267
Basic earnings per common share	\$0.41	\$0.41	\$0.86	\$0.75
Diluted earnings per common share	\$0.41	\$0.41	\$0.86	\$0.75
Dividends per common share	\$0.31	\$0.31	\$0.62	\$0.62
Weighted-average number of common shares outstanding	101,495	98,660	101,439	98,399
Net effect of potentially dilutive shares	330	589	606	562
Adjusted weighted-average shares	101,825	99,249	102,045	98,961

The accompanying notes are an integral part of these consolidated financial statements.

Hawaiian Electric Industries, Inc. and Subsidiaries  
Consolidated Statements of Comprehensive Income (unaudited)

(in thousands)	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Net income for common stock	\$41,421	\$40,588	\$87,348	\$74,267
Other comprehensive income (loss), net of taxes:				
Net unrealized gains (losses) on securities:				
Net unrealized gains (losses) on securities arising during the period, net of (taxes) benefits of (\$1,679), \$5,485, (\$3,343) and \$6,032 for the respective periods	2,543	(8,307)	5,063	(9,135)
Less: reclassification adjustment for net realized gains included in net income, net of taxes of nil, \$488, \$1,132 and \$488 for the respective periods	—	(738)	(1,715)	(738)
Derivatives qualified as cash flow hedges:				
Less: reclassification adjustment to net income, net of tax benefits of \$38, \$38, \$75 and \$75 for the respective periods	59	59	118	118
Retirement benefit plans:				
Less: amortization of transition obligation, prior service credit and net losses recognized during the period in net periodic benefit cost, net of tax benefits of \$1,742, \$3,630, \$3,632 and \$7,476 for the respective periods	2,873	5,680	5,686	11,701
Less: reclassification adjustment for impact of D&Os of the PUC included in regulatory assets, net of taxes of \$1,641, \$3,184, \$3,239 and \$6,568 for the respective periods	(2,575)	(4,999)	(5,085)	(10,312)
Other comprehensive income (loss), net of taxes	2,900	(8,305)	4,067	(8,366)
Comprehensive income attributable to Hawaiian Electric Industries, Inc.	\$44,321	\$32,283	\$91,415	\$65,901

The accompanying notes are an integral part of these consolidated financial statements.

Hawaiian Electric Industries, Inc. and Subsidiaries  
Consolidated Balance Sheets (unaudited)

(dollars in thousands)	June 30, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 188,377	\$ 220,036
Accounts receivable and unbilled revenues, net	349,771	346,785
Available-for-sale investment and mortgage-related securities	549,321	529,007
Investment in stock of Federal Home Loan Bank of Seattle	80,863	92,546
Loans receivable held for investment, net	4,245,240	4,110,113
Loans held for sale, at lower of cost or fair value	956	5,302
Property, plant and equipment, net of accumulated depreciation of \$2,224,728 and \$2,192,422 at the respective dates	3,980,096	3,865,514
Regulatory assets	582,645	575,924
Other	557,684	512,627
Goodwill	82,190	82,190
Total assets	\$ 10,617,143	\$ 10,340,044
Liabilities and shareholders' equity		
Liabilities		
Accounts payable	\$ 176,379	\$ 212,331
Interest and dividends payable	25,315	26,716
Deposit liabilities	4,524,860	4,372,477
Short-term borrowings—other than bank	185,175	105,482
Other bank borrowings	242,455	244,514
Long-term debt, net—other than bank	1,517,945	1,492,945
Deferred income taxes	579,222	529,260
Regulatory liabilities	354,980	349,299
Contributions in aid of construction	442,379	432,894
Defined benefit pension and other postretirement benefit plans liability	278,427	288,539
Other	494,834	524,224
Total liabilities	8,821,971	8,578,681
Preferred stock of subsidiaries - not subject to mandatory redemption	34,293	34,293
Commitments and contingencies (Notes 3 and 4)		
Shareholders' equity		
Preferred stock, no par value, authorized 10,000,000 shares; issued: none	—	—
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding: 101,560,176 shares and 101,259,800 shares at the respective dates	1,493,436	1,488,126
Retained earnings	280,126	255,694
Accumulated other comprehensive loss, net of tax benefits	(12,683	) (16,750
Total shareholders' equity	1,760,879	1,727,070
Total liabilities and shareholders' equity	\$ 10,617,143	\$ 10,340,044

The accompanying notes are an integral part of these consolidated financial statements.

Hawaiian Electric Industries, Inc. and Subsidiaries  
 Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(in thousands, except per share amounts)	Common stock		Retained	Accumulated other comprehensive	Total
	Shares	Amount	Earnings	income (loss)	
Balance, December 31, 2013	101,260	\$ 1,488,126	\$255,694	\$ (16,750 )	\$1,727,070
Net income for common stock	—	—	87,348	—	87,348
Other comprehensive income, net of taxes	—	—	—	4,067	4,067
Issuance of common stock, net	300	5,310	—	—	5,310
Common stock dividends (\$0.62 per share)	—	—	(62,916 )	—	(62,916 )
Balance, June 30, 2014	101,560	\$ 1,493,436	\$280,126	\$ (12,683 )	\$1,760,879
Balance, December 31, 2012	97,928	\$ 1,403,484	\$216,804	\$ (26,423 )	\$1,593,865
Net income for common stock	—	—	74,267	—	74,267
Other comprehensive loss, net of tax benefits	—	—	—	(8,366 )	(8,366 )
Issuance of common stock, net	1,116	25,887	—	—	25,887
Common stock dividends (\$0.62 per share)	—	—	(61,004 )	—	(61,004 )
Balance, June 30, 2013	99,044	\$ 1,429,371	\$230,067	\$ (34,789 )	\$1,624,649

The accompanying notes are an integral part of these consolidated financial statements.



Hawaiian Electric Industries, Inc. and Subsidiaries		
Consolidated Statements of Cash Flows (unaudited)		
Six months ended June 30	2014	2013
(in thousands)		
Cash flows from operating activities		
Net income	\$88,294	\$75,213
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property, plant and equipment	86,397	79,843
Other amortization	4,014	2,868
Provision for loan losses	2,016	899
Loans receivable originated and purchased, held for sale	(69,656)	(128,276)
Proceeds from sale of loans receivable, held for sale	75,040	148,243
Increase in deferred income taxes	28,252	40,403
Excess tax benefits from share-based payment arrangements	(267)	(445)
Allowance for equity funds used during construction	(2,996)	(2,775)
Change in cash overdraft	(1,038)	—
Changes in assets and liabilities		
Decrease (increase) in accounts receivable and unbilled revenues, net	(2,986)	3,564
Decrease (increase) in fuel oil stock	(27,206)	43,974
Increase in regulatory assets	(17,731)	(37,586)
Decrease in accounts, interest and dividends payable	(64,843)	(43,384)
Change in prepaid and accrued income taxes and utility revenue taxes	(32,510)	(33,822)
Decrease in defined benefit pension and other postretirement benefit plans liability	(1,714)	(330)
Change in other assets and liabilities	(16,871)	(17,597)
Net cash provided by operating activities	46,195	130,792
Cash flows from investing activities		
Available-for-sale investment and mortgage-related securities purchased	(125,531)	(39,721)
Principal repayments on available-for-sale investment and mortgage-related securities	33,202	62,819
Proceeds from sale of available-for-sale investment securities	79,564	71,367
Redemption of stock from Federal Home Loan Bank of Seattle	11,683	1,742
Net increase in loans held for investment	(137,122)	(201,184)
Proceeds from sale of real estate acquired in settlement of loans	2,162	5,712
Capital expenditures	(149,253)	(158,830)
Contributions in aid of construction	13,209	17,188
Other	(16)	622
Net cash used in investing activities	(272,102)	(240,285)
Cash flows from financing activities		
Net increase in deposit liabilities	152,383	46,326
Net increase in short-term borrowings with original maturities of three months or less	79,693	42,093
Net decrease in retail repurchase agreements	(2,053)	(8,054)
Proceeds from other bank borrowings	—	25,000
Repayments of other bank borrowings	—	(25,000)
Proceeds from issuance of long-term debt	125,000	50,000
Repayment of long-term debt	(100,000)	(50,000)
Excess tax benefits from share-based payment arrangements	267	445
Net proceeds from issuance of common stock	3,048	11,994
Common stock dividends	(62,892)	(48,921)
Preferred stock dividends of subsidiaries	(946)	(946)
Other	(252)	606

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Net cash provided by financing activities	194,248	43,543
Net decrease in cash and cash equivalents	(31,659	) (65,950 )
Cash and cash equivalents, beginning of period	220,036	219,662
Cash and cash equivalents, end of period	\$188,377	\$153,712

The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Company, Inc. and Subsidiaries  
 Consolidated Statements of Income (unaudited)

(in thousands)	Three months ended		Six months ended June 30	
	June 30 2014	2013	2014	2013
Revenues	\$738,429	\$728,525	\$1,458,491	\$1,445,966
Expenses				
Fuel oil	270,257	289,278	556,557	594,378
Purchased power				