



Financial Community Meetings

May 9-11, 2016



Hawaiian Electric Industries, Inc.

Building strength through

Leadership



Constance H. Lau

President and Chief Executive Officer
Hawaiian Electric Industries, Inc.

Chairman
Hawaiian Electric Company, Inc.

Chairman
American Savings Bank, F.S.B.

Ms. Lau was named president and chief executive officer of Hawaiian Electric Industries, Inc. (HEI) in May 2006. She also serves as chairman of Hawaiian Electric Company and chairman of American Savings Bank. Born and raised in Honolulu, Ms. Lau joined the HEI companies in 1984, serving first as assistant corporate counsel and treasurer of Hawaiian Electric Company, then as treasurer of HEI. In 1999, she became a director and senior executive vice president and chief operating officer of American Savings Bank, rising to president and chief executive officer in June 2001. She also served as an HEI director from 2001 through 2004, and has been serving as an HEI director since May 2006. Ms. Lau graduated from Yale College with a bachelor of science in administrative sciences. She earned a juris doctor degree from the University of California Hastings College of the Law and a master of business administration degree from Stanford Graduate School of Business.

Ms. Lau is a director with Matson, Inc. (NYSE: MATX), the major shipping carrier to Hawaii, and chairs the National Infrastructure Advisory Council (NIAC) which, through the Secretary of Homeland Security, provides President Barack Obama with advice on the security of the critical infrastructure sectors and their information systems. In energy, Ms. Lau was named 2011 Woman of the Year by the Women's Council on Energy and the Environment in Washington, D.C., and serves on the boards of the Electric Power Research Institute, the Edison Electric Institute, and the Associated Electrical & Gas Insurance Services. In banking, Ms. Lau is a member of the Federal Reserve Bank of San Francisco's Twelfth District Community Depository Institutions Advisory Council, and was one of U.S. Banker's 25 Most Powerful Women in Banking for 2004, 2005, and 2006 when she headed American Savings Bank.

In Hawaii, Ms. Lau was named Pacific Business News (PBN)'s 2004 Hawaii Business Leader of the Year, and in 2013, she was named one of PBN's 10 to Watch for her leadership in clean energy and transportation. Ms. Lau also serves on the boards of the Hawaii Business Roundtable, the Asia-Pacific Center for Security Studies, Punahou School, and the Consuelo Foundation, which helps women, children and families in Hawaii and the Philippines. She served as a trustee for Kamehameha Schools Bishop Estate from 1999 to 2007.



Alan M. Oshima

President and Chief Executive Officer
Hawaiian Electric Company, Inc.

Alan Oshima was named president and chief executive officer of the Hawaiian Electric Company, Inc. effective Oct. 1, 2014.

Alan first joined Hawaiian Electric as a member of the board of directors in 2008. In 2011, he left the board to serve at HEI, Hawaiian Electric's parent company, as executive vice president for corporate and community advancement and president of the HEI Charitable Foundation. In May 2014, he joined the Hawaiian Electric executive team full time.

Prior to joining the Hawaiian Electric Board in 2008, Alan served as senior vice president, general counsel and corporate secretary of Hawaiian Telcom from 2005 to 2008 and later as a senior adviser and director helping the company successfully emerge from

reorganization in 2010. Alan also founded the law firm of Oshima Chun Fong & Chung and, prior to that, practiced law with Carlsmith Ball. With his significant experience with electric, telecommunications and transportation companies, as well as water and sewer resources in Hawai'i, Alan was consistently recognized as one of "America's Best Lawyers" in the field of public utilities.

He has received the Hawai'i State Bar Association Pro Bono Service Award and been recognized by the Hawai'i Institute of Public Affairs and the Public Schools of Hawai'i Foundation for his leadership and commitment to improving public education in Hawai'i. Alan chairs Hawai'i 3Rs, a nonprofit organization that facilitates public-private partnerships to repair, restore and remodel Hawai'i's public schools. He serves as a director of the Hawai'i Institute of Public Affairs where he's helped lead an initiative to form a public school land trust to rebuild and upgrade school facilities across the state. Alan also serves as one of the six Hawai'i Commissioners on the Education Commission of the States. He is also a longtime volunteer and former chairman of the board for the YMCA of Honolulu and previously served on the board of advisors for The Learning Coalition.



Richard F. Wacker

President and Chief Executive Officer
American Savings Bank, F.S.B.

Mr. Wacker was named President and Chief Executive Officer of American Savings Bank (ASB) in November 2010 and serves as a director on the ASB Board. Prior to joining ASB, Mr. Wacker was Chairman of Korea Exchange Bank (KEB), the fifth largest commercial bank in Korea and the largest foreign exchange bank in the country. He joined KEB in 2004 as Chief Operating Officer and was appointed President and Chief Executive Officer in 2005. At KEB he held the position of Chairman of the Board from 2007 through 2010. Mr. Wacker established the KEB Foundation, the first non-profit foundation in the Korean financial industry.

An active supporter in the community, Mr. Wacker holds leadership positions in Hawai'i, serving on several prominent boards including, Child & Family Services (Chair), Hawaii Business Roundtable (Executive Committee), Chaminade University (Board of Regents), University of Hawai'i—Pacific Asian Center for Entrepreneurship, University of Hawai'i Foundation (Vice-Chair), University of Hawai'i—XLR8UH accelerator program and the Hawaii Bankers Association. Mr. Wacker has served as a board member for the Hawai'i Chapter of the American Red Cross, director for Junior Achievement Korea and was a member of the Board of Governors of the American Chamber of Commerce in Korea. In 2008, Mr. Wacker was recognized as one of Korea's "Most Respected CEOs."

Prior to joining KEB, Mr. Wacker had a 20-year career with General Electric (GE) where he was a company officer and held a wide range of senior leadership positions at GE and GE Capital in the United States and Europe.

Mr. Wacker earned a bachelor of science degree in mechanical engineering from the University of Missouri.



James A. Ajello

Executive Vice President and
Chief Financial Officer
Hawaiian Electric Industries, Inc.

Mr. Ajello joined Hawaiian Electric Industries, Inc. in January 2009.

Prior to joining HEI, Mr. Ajello was senior vice president - business development at Reliant Energy, Inc. (Reliant). He joined Reliant in 2000 as president of Reliant Energy Solutions LLC and was named Reliant's senior vice president and general manager of commercial & industrial marketing in 2004.

Mr. Ajello's experience prior to joining Reliant includes serving as managing director of the energy & natural resources group of UBS Warburg/UBS Securities LLC. He also worked at Enron North America, and was responsible for a team originating business with large industrial clients. Before Enron, his work experience included a project management role at the U.S. Synthetic Fuels Corporation and as a management intern

with the U.S. Department of Energy focusing on renewable energy development and naval nuclear reactors.

Mr. Ajello holds a bachelor's degree from the State University of New York and an MPA from Syracuse University. In addition, he is a graduate of the Advanced Management Program of the European Institute of Business Administration in Fontainebleau, France.

Mr. Ajello is a member of the Board of Directors of Crius Energy Trust (TSX: KWH) and Chairman of the U.S. Department of Energy's Environmental Management Advisory Board. He is also a board member of the Hawaii Pacific University Board of Trustees and its affiliate, the Oceanic Institute, as well as a member of the Board of Trustees of Enterprise Honolulu (Oahu Economic Development Board).



Clifford H. Chen

Manager, Investor Relations and Strategic Planning
Hawaiian Electric Industries, Inc.

Mr. Chen joined Hawaiian Electric Industries, Inc. in June 2014.

Mr. Chen has a strong investment banking/corporate financial markets background, working for the past 10 years at UBS Securities, Bank of America and Merrill Lynch in New York, where he focused on investment banking, advisory and M&A for financial institutions. Prior to his investment banking career, he practiced corporate and securities law at Wilson Sonsini in Palo Alto.

Mr. Chen earned his undergraduate degree from Harvard University, a Juris Doctor from the University of Michigan and a master's of business administration from the University of Chicago.

FORWARD-LOOKING STATEMENTS

This presentation 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:

- the successful and timely completion of the proposed Merger with NextEra Energy, Inc. (NEE), which could be materially and adversely affected by, among other things, resolving the litigation brought in connection with the proposed Merger, obtaining (and the timing and terms and conditions of) required governmental and regulatory approvals, and the ability to maintain relationships with employees, customers or suppliers and to integrate the businesses;
- the ability of ASB Hawaii, Inc. (ASB Hawaii) and its subsidiary, American Savings Bank, F.S.B. (ASB), to operate successfully after the Spin-Off;
- 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 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, the conflict in Syria, terrorist acts by ISIS or others, potential conflict or crisis with North Korea and potential pandemics);
- 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, lava flows 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 potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power, proposed undersea cables, biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals 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 proposed and 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 (DG), 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 or modifications of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate 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, 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 potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;
- 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 the Utilities and ASB or their competitors;
- new technological developments, such as the commercial development of energy storage and microgrids, that could affect the operations of the Utilities;
- 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 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 RAMs;
- 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;

- 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 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 this 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.

EXPLANATION OF HEI'S USE OF CERTAIN UNAUDITED NON-GAAP MEASURES

HEI and Hawaiian Electric Company management use certain non-GAAP measures to evaluate the performance of the utility and HEI. Management believes these non-GAAP measures provide useful information and are a better indicator of the companies' core operating activities. Core earnings and other financial measures as presented here may not be comparable to similarly titled measures used by other companies. The accompanying tables provide a reconciliation of reported GAAP¹ earnings to non-GAAP core earnings and the adjusted return on average common equity (ROACE) for the utility and HEI consolidated.

The reconciling adjustment from GAAP earnings to core earnings is limited to the costs related to the pending merger between HEI and NextEra Energy, Inc. and the spin-off of ASB Hawaii, Inc. For more information on the pending merger, see HEI's definitive proxy statement on Form DEFM14A filed on March 26, 2015. Management does not consider these items to be representative of the company's fundamental core earnings.

The accompanying table also provides the calculation of utility GAAP O&M adjusted for costs related to the pending merger discussed above. "O&M-related net income neutral items" which are O&M expenses covered by specific surcharges or by third parties have also been excluded. These "O&M-related net income neutral items" are grossed-up in revenue and expense and do not impact net income.

RECONCILIATION OF GAAP¹ TO NON-GAAP MEASURES

Hawaiian Electric Industries, Inc. and Subsidiaries

Unaudited

(\$ in millions, except per share amounts)

	Three months ended March 31	
	2016	2015
HEI CONSOLIDATED NET INCOME		
GAAP (as reported)	\$ 32.4	\$ 31.9
Excluding special items (after-tax):		
Costs related to pending merger with NextEra Energy, Inc. and spin-off of ASB Hawaii, Inc	1.6	4.7
Non-GAAP (core)	\$ 33.9	\$ 36.6
HEI CONSOLIDATED DILUTED EARNINGS PER SHARE		
GAAP (as reported)	\$ 0.30	\$ 0.31
Excluding special items (after-tax):		
Costs related to pending merger with NextEra Energy, Inc. and spin-off of ASB Hawaii, Inc	0.01	0.05
Non-GAAP (core)	\$ 0.31	\$ 0.35
	Twelve months ended March 31	
	2016	2015
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	8.4%	8.5%
Based on non-GAAP (core)²	9.0%	9.0%

Note: Columns may not foot due to rounding

¹ Accounting principles generally accepted in the United States of America

² Calculated as core net income divided by average GAAP common equity

RECONCILIATION OF GAAP¹ TO NON-GAAP MEASURES**Hawaiian Electric Company, Inc. and Subsidiaries**

Unaudited

(\$ in millions)

	Three months ended March 31	
	2016	2015
HAWAIIAN ELECTRIC CONSOLIDATED NET INCOME		
GAAP (as reported)	\$ 25.4	\$ 26.9
Excluding special items (after-tax):		
Costs related to pending merger with NextEra Energy, Inc.	—	0.3
Non-GAAP (core)	\$ 25.4	\$ 27.1

	Twelve months ended March 31	
	2016	2015
HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	7.9%	7.8%
Based on non-GAAP (core)²	7.9%	7.9%

	Three months ended March 31	
	2016	2015
HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&M) EXPENSE		
GAAP (as reported)	\$ 103.9	\$ 104.0
Excluding O&M-related net income neutral items ³	1.6	1.9
Excluding costs related to pending merger with NextEra Energy, Inc.	0.1	0.4
Non-GAAP (Adjusted other O&M expense)	\$ 102.2	\$ 101.7

Note: Columns may not foot due to rounding

¹ Accounting principles generally accepted in the United States of America² Calculated as core net income divided by average GAAP common equity³ Expenses covered by surcharges or by third parties recorded in revenues



Company Overview

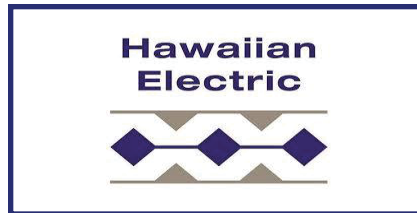
Providing Essential Electric and Financial
Services Ensuring a Brighter and Greener
Future for the Communities We Serve





YTD 2016 Highlights

- **First quarter financial results in line with full year expectations**
- **Utility merger with NextEra Energy awaits PUC decision**
- **Bank prepares for spin-off as it awaits cross-conditioned merger**



- **Comprehensive Update to Power Supply Improvement Plans**
- **Focused on opportunities to reduce customer bills and new customer options**

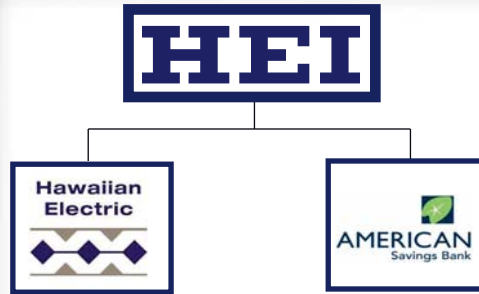


- **Excellent deposit growth and higher net interest income and margins**
- **Sound capital levels**

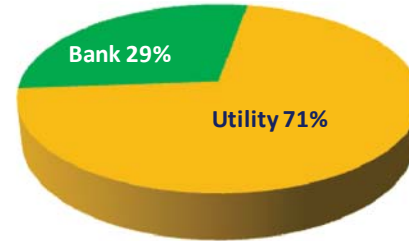




HEI Profile



Subsidiary Company Contributions to Net Income¹



Market capitalization²	\$3.6B
Total enterprise value²	\$5.0B
Capital structure: consolidated common equity to total capitalization	53%
LTM 1Q16 Consolidated ROE / Core ROE	8.4% / 9.0%
Dividend yield²	3.7%
2015 Dividend payout ratio	82%
3-year total return (CAGR%)³	9.7%
HE is included in the following indices: S&P Mid-Cap 400, Russell 1000	



Data above as of 3/31/16 unless otherwise indicated

¹ Data based upon LTM 1Q16 and excludes holding and other companies' net loss.

² Market capitalization, total enterprise value and dividend yield are based on the closing price of \$33.16 on 5/04/16

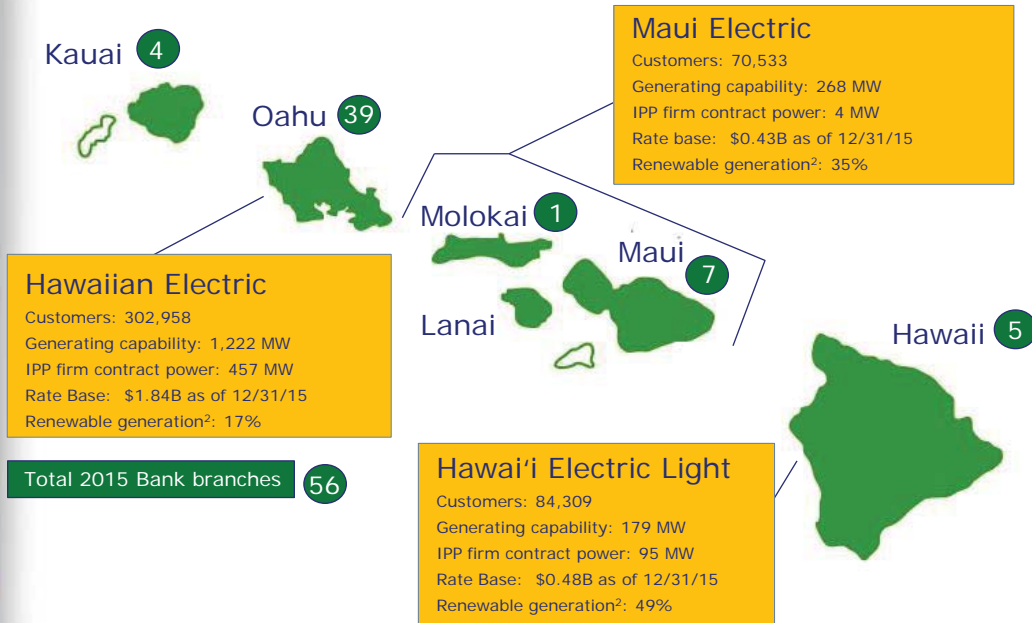
³ Source: FactSet for period ending 12/31/15



Hawaiian Electric Company and American Savings Bank Service Area

➤ Utility: 100% Market Share for 95% of state; 2015 Rate Base of \$2.75B

➤ Bank: 3rd Largest Bank in the State¹; ~\$5B in assets



Data as of December 2015

¹ Based upon assets

² As a percentage of total sales



HEI Historical Financial Performance

Net Income, EPS, ROE and Dividend Payout

Net Income (in millions)



Diluted Earnings Per Share (EPS)

ROE

Dividend payout

7.8%	9.2%	8.9%	9.7%	9.6%	8.6%
102%	86%	87%	76%	75%	82%

¹ 2015 and 2014 include \$16M (~15 cents) and \$5M (5 cents) respectively of merger and spinoff expenses after tax. See Explanation of HEI's Use of Certain Unaudited Non-GAAP Measures.

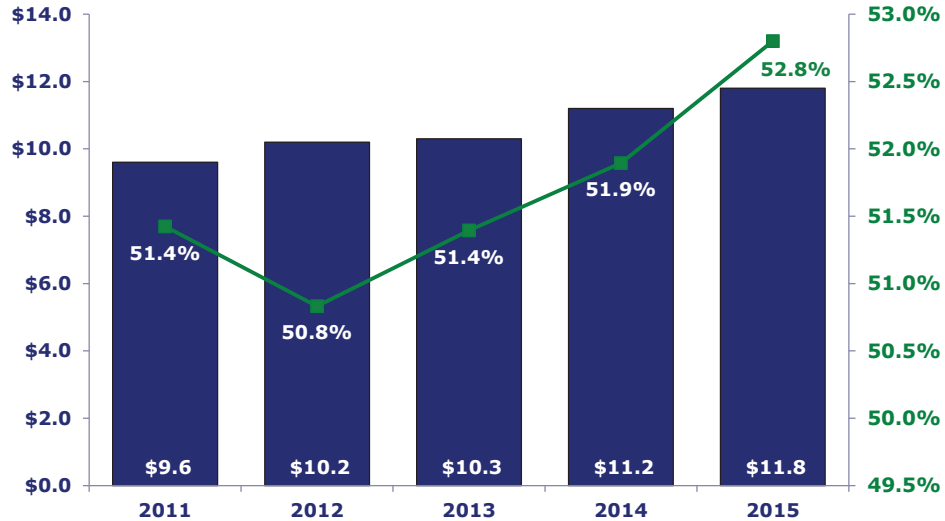




HEI Historical Total Assets and Common Equity %

Total Assets

(in billions)



Common Equity %¹



¹ Common equity as a percent of total capitalization



Transactions Update

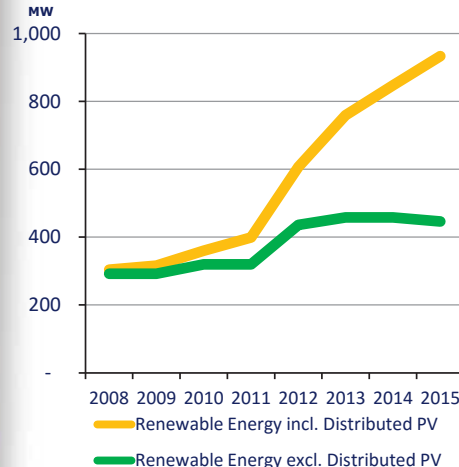
Utility Merger	Bank Spin-off
<u>March 1:</u> Completed PUC Evidentiary Hearings	
<u>March 31:</u> Filed Post-Evidentiary Hearing Opening Briefs	<u>April 1:</u> Filed 1st amendment to Form 10 with SEC
<u>May 2:</u> Filed Post-Evidentiary Hearing Reply Briefs	<u>May 4:</u> Filed 2nd amendment to Form 10 with SEC
<u>Now:</u> Merger docket awaiting PUC Decision	<u>Now:</u> Awaiting Federal Reserve Board approval for deregistration of HEI as Savings & Loan Holding Company. Will apply post-PUC decision.



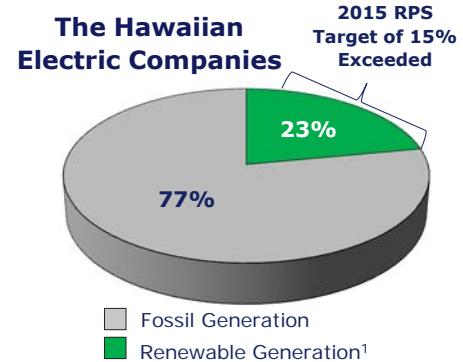


Transitioning to a Clean Energy Future

- **National leader in clean energy integration, particularly in rooftop PV**
- **At times, renewable energy has powered up to ~50% of our Oahu energy needs and up to ~60% on Maui and Hawaii Island**



- **Hawaiian Electric achieved 23%¹ renewables in 2015 -- exceeded 2015 RPS target of 15%**



- **13% of customers have solar PV in 2015**

Energized Systems	2008	2013	2014	2015
Residential & Commercial PV systems	850	~40K	~50K	~60K
Megawatts	12	300	389	487



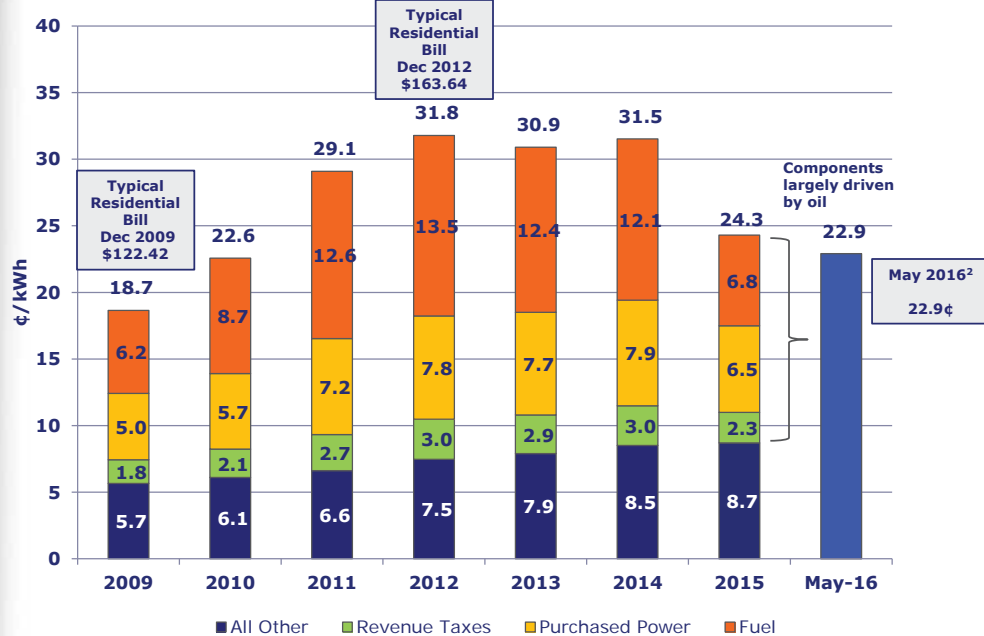
Renewable energy amounts reflect firm generated and contracted capacity
 Distributed Photovoltaic (PV) includes Net Energy Metering (NEM), Standard Interconnection Agreements (SIA),
 Feed-in-Tariff (FIT), Purchase Power Agreement (PPA), non-SIA, and utility owned

¹ Represents the Renewable Portfolio Standard (RPS) as of December 31, 2015 as a percentage of total sales



Oil is the Primary Driver of Volatile Rates in Hawaii

Breakdown of Hawaiian Electric Rates ¹

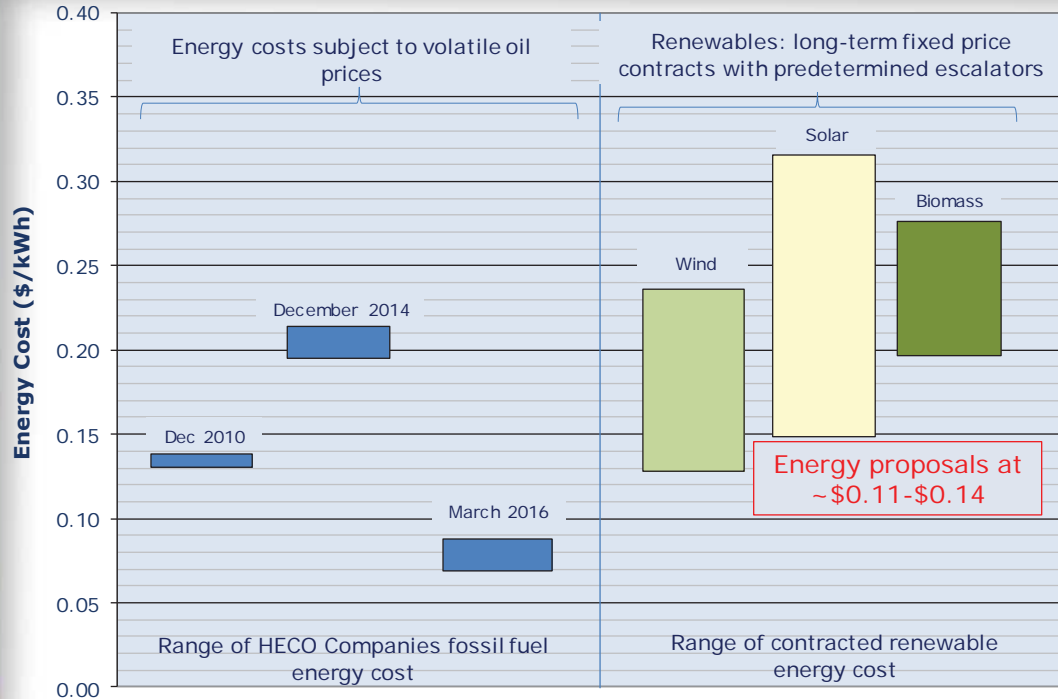


¹ Hawaiian Electric Oahu average revenue per kWh sold

² Based on the May 2016 energy cost adjustment filing for residential customers only



Renewable Energy Can Be Cost Competitive in Hawaii Depending on Oil Price Volatility

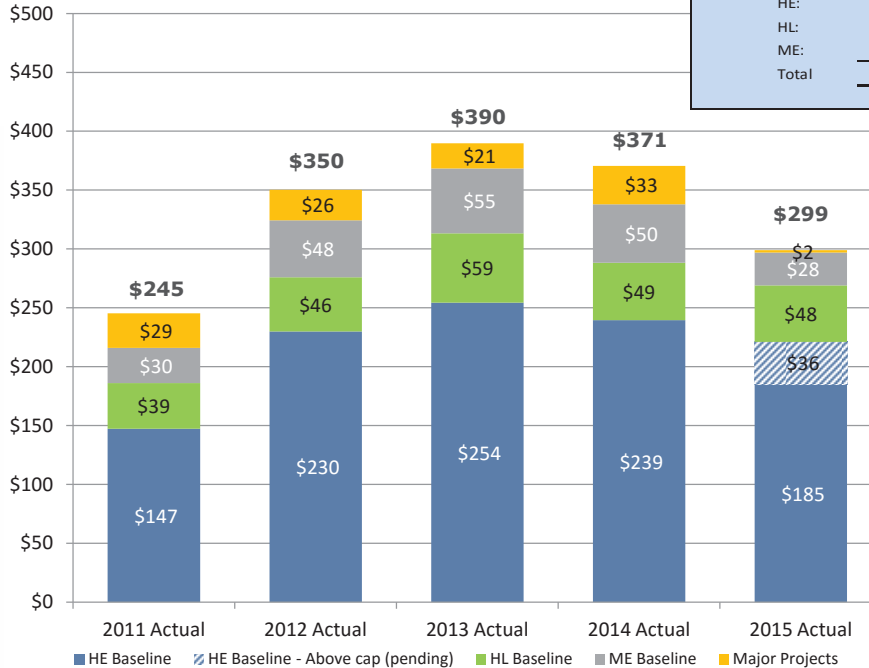




Plant Additions – Baseline by Co. & Consolidated Major Projects

Major Projects = PUC approved projects > \$2.5M

(in millions)



5-year (2011-2015) historical average baseline projects:

HE:	\$218
HL:	\$48
ME:	\$42
Total	\$308



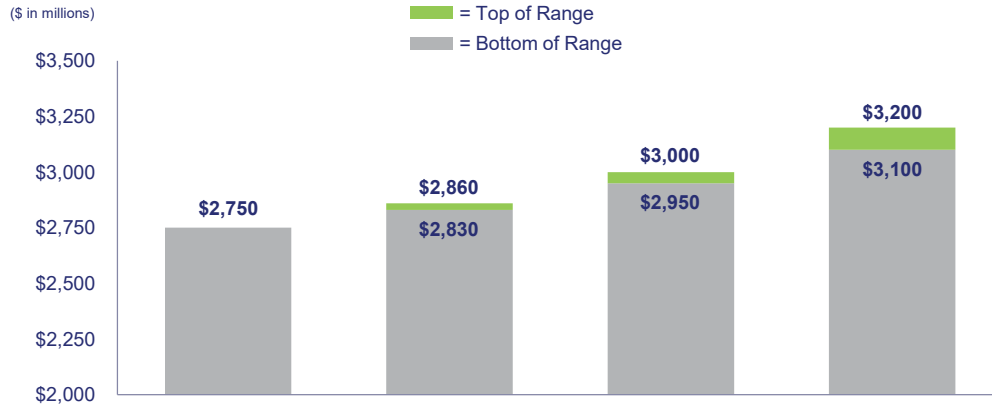
Note: Columns may not foot due to rounding

Beginning in 2015, the rate base RAM is limited to the lesser of the RAM revenue adjustment based on the RAM provision in place prior to Order No. 32735 issued in March 2015 or the RAM Revenue Adjustment Cap (see components of Decoupling slides in the Appendix)



Rate Base Growth Driven by Investments in Clean Energy & Reliability

Year End Rate Base Forecast



	2015	2016	2017	2018
Rate Base Growth		3-4%	4-5%	5-7%
Capex (net of CIAC)	\$319	\$450	\$480	\$500

Selected Major Projects Capex

• Schofield (PUC Approved) ¹	\$60	\$75	\$17
• Smart Grid (Pending Approval) ²	-	48	96
• ERP (Pending Approval) ¹	-	30	34
• Hamakua Energy Partners (Pending Approval) ³	85		



¹ Schofield Generating Station and ERP forecasted to be placed into service in 2018
² Smart Grid has multiple plant in-service dates from 2017 through 2021
³ Hamakua Energy Partners (HEP) capex included in estimated 2016 yearend rate base



Regulatory Response Framework: Response to D&Os

Regulatory Response Framework

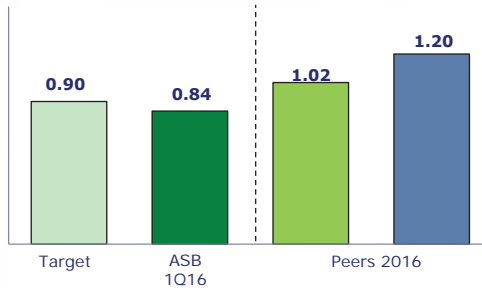
Demand Response (DR)	Distributed Generation (DG) 2.0		Resource Portfolio
Integrated Demand Response Portfolio Plan (IDRPP)	Integrated Interconnection Queue	Distributed Generation Interconnection Plan	Power Supply Improvement Plans
<ul style="list-style-type: none"> Portfolio of DR programs to: <ul style="list-style-type: none"> Assist in the integration of additional renewable resources into the grid Deliver a wide range of grid services, including both capacity and ancillary services Demand Response Management System (DRMS) will enable the DR programs DR programs will be an important resource on Hawaii's island grids 	<ul style="list-style-type: none"> Comprehensive guidelines for all DG programs to make the process as clear and fair as possible Launched online integrated interconnection queue tool for customers and developers to track renewable generation project interconnection on January 30, 2015 	<ul style="list-style-type: none"> Addresses critical distribution system issues: <ul style="list-style-type: none"> DG interconnection capacity analysis advanced DER (distributed energy resources) technology utilization plan DG improvement implementation plan Outlines a sustainable approach for DG that includes options for customers with a focus on fairness, reliability, and safety D&O 33258: approved customer self-supply and customer grid supply tariffs; time of use rates to be established; current NEM program closed 	<ul style="list-style-type: none"> Defines a grid road map through 2030 Addresses resource issues: <ul style="list-style-type: none"> generation fleet adequacy optimal renewable energy portfolio plan role of storage Provides system reliability analyses to demonstrate that the grid can be operated reliably with substantially greater quantities of renewable energy resources D&O 33320: Admitting Intervenor and Participants, Identifying Observations and Concerns, Specifying initial statement of Issues, and Establishing Schedule of Proceedings for the PSIP docket
<p> Filed IDRPP: July 28, 2014 Filed IDRPP Update: March 31, 2015 Filed DRMS Application: December 30, 2015 Filed (interim) DR Program Portfolio Tariff Structure, Reporting Schedule and Cost Recovery Application: December 30, 2015 </p>	<p>Filed: August 26, 2014</p>	<p> Filed: August 26, 2014 Filed TDG: January 20, 2015 Filed SOP: June 29, 2015 </p>	<p> Filed: August 26, 2014 Filed Update: April 1, 2016 </p>
<p>Docket Nos.: 2007-0341; 2015-0411; and 2015-0412</p>	<p>Docket: 2014-0192</p>	<p> Docket: 2014-0192; Order No. 33258 </p>	<p> Docket: 2014-0183; Order No. 33320 </p>



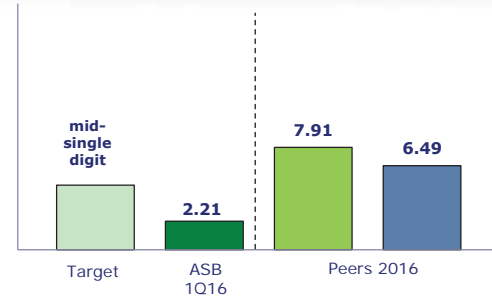


Bank QTD Performance

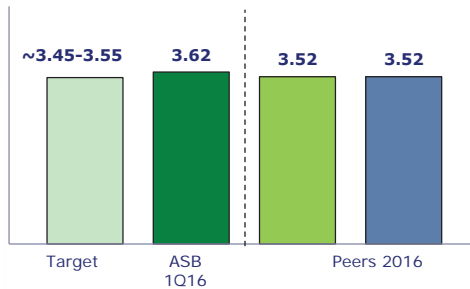
Return on Assets (%)



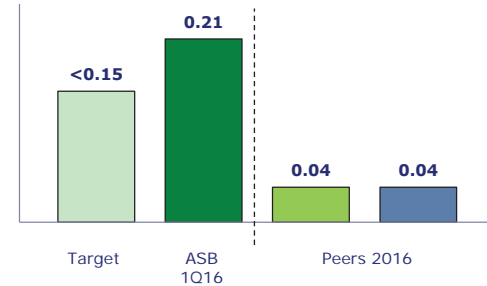
Loan Growth (%)



Net Interest Margin (%)



Net Charge-offs (%)



ASB Target

ASB QTD Annualized

Peers¹

High Performing Peers²



Source for peer data: SNL Financial (based upon data available as of May 2, 2016)

Note: Quarterly information is annualized

¹ Median for peer group based on publicly traded banks and thrifts between \$3.5B and \$8B in total assets. See appendix.

² Median for peer group of 18 high performing banks. See appendix.

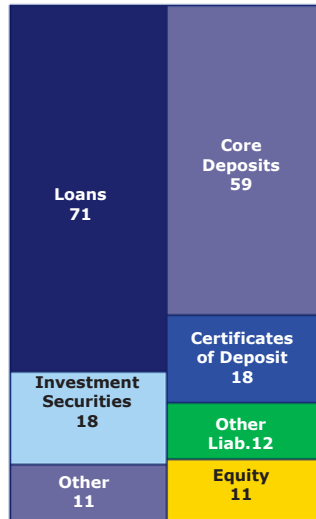


Quality Balance Sheet

- Overall loan-to-deposit ratio of 89%
- Nearly 100% of ASB loans funded with low-cost core deposits

Peer Banks¹

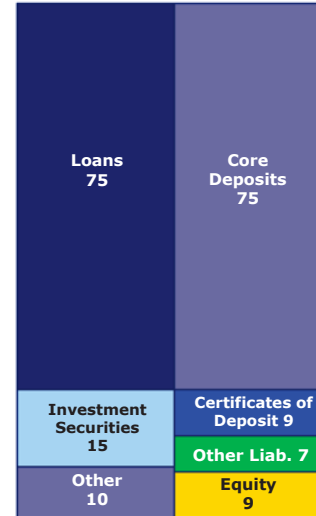
12/31/15 (%)



Peer median of avg yield on earning assets 4Q15: 3.98%
Peer median of avg cost of funds 4Q15: 0.43%

ASB

3/31/16 (%)



Avg yield on earning assets 1Q16: 3.84%
Avg cost of funds 1Q16: 0.23%

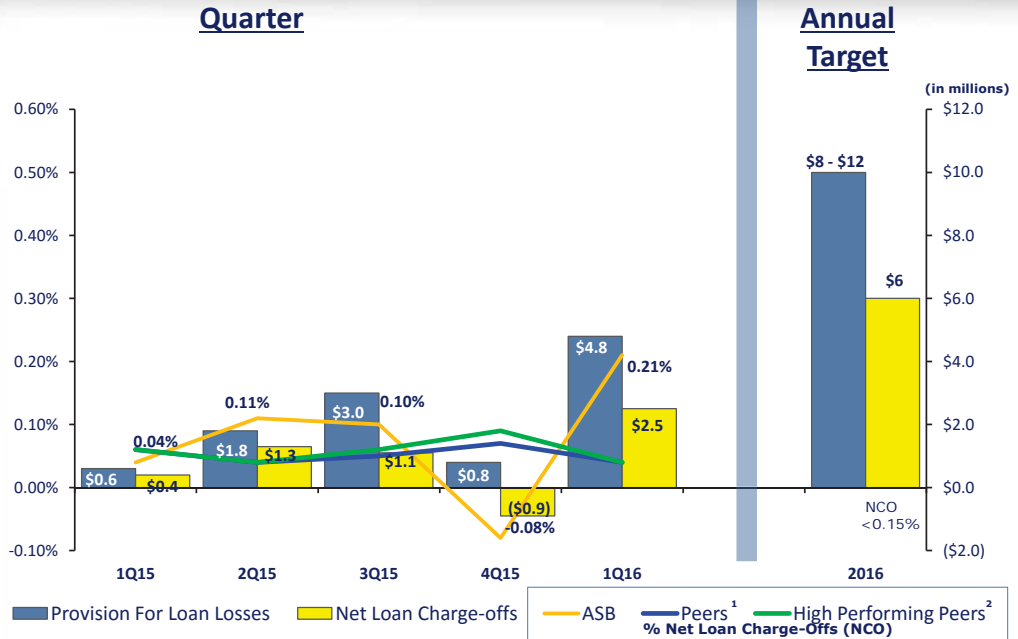


Source for peer data: SNL Financial (based on data available as May 2, 2016)

¹ Peer group based on publicly traded banks and thrifts between \$3.5B and \$8B in total assets. See appendix.



Credit quality



Source for peer data: SNL Financial (based upon data available as of May 2, 2016)

Annualized quarterly net loan charge-offs ratio reflected as a percentage of average loans held during the period.

¹ Median for peer group based on publicly traded banks and thrifts between \$3.5B and \$8B in total assets. See appendix.

² Median for peer group of 18 high performing banks. See appendix.

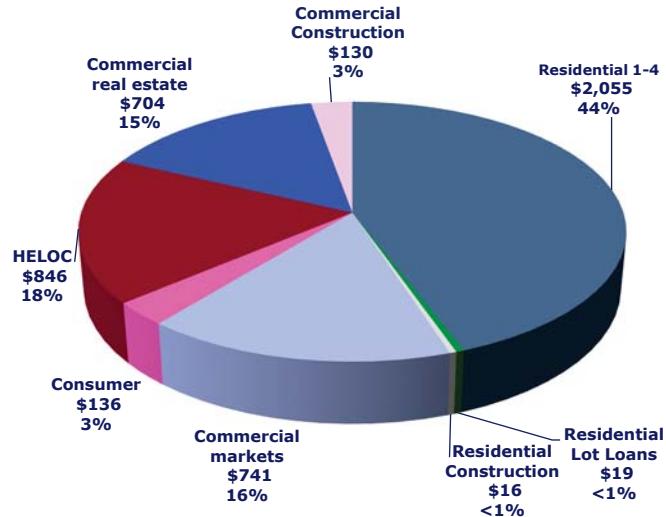




Low Risk Loan Mix

- Maintaining targeted loan mix to improve interest rate risk
- Overall asset quality remains strong (Nonperforming assets to total loans and real estate owned of 1.03%)

March 31, 2016



Total loans - \$4.6B¹

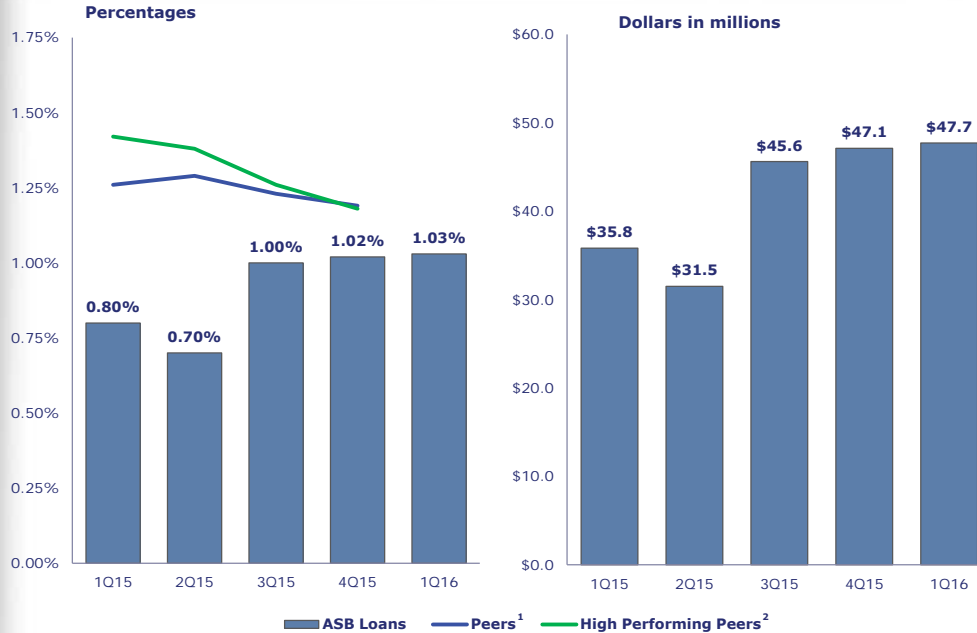


Note: \$ in millions, unless otherwise noted

¹ Before deferred fees, discounts and allowance for loan losses



Nonperforming Assets Ratio



Source for peer data: SNL Financial (based upon data available as of May 2, 2016)

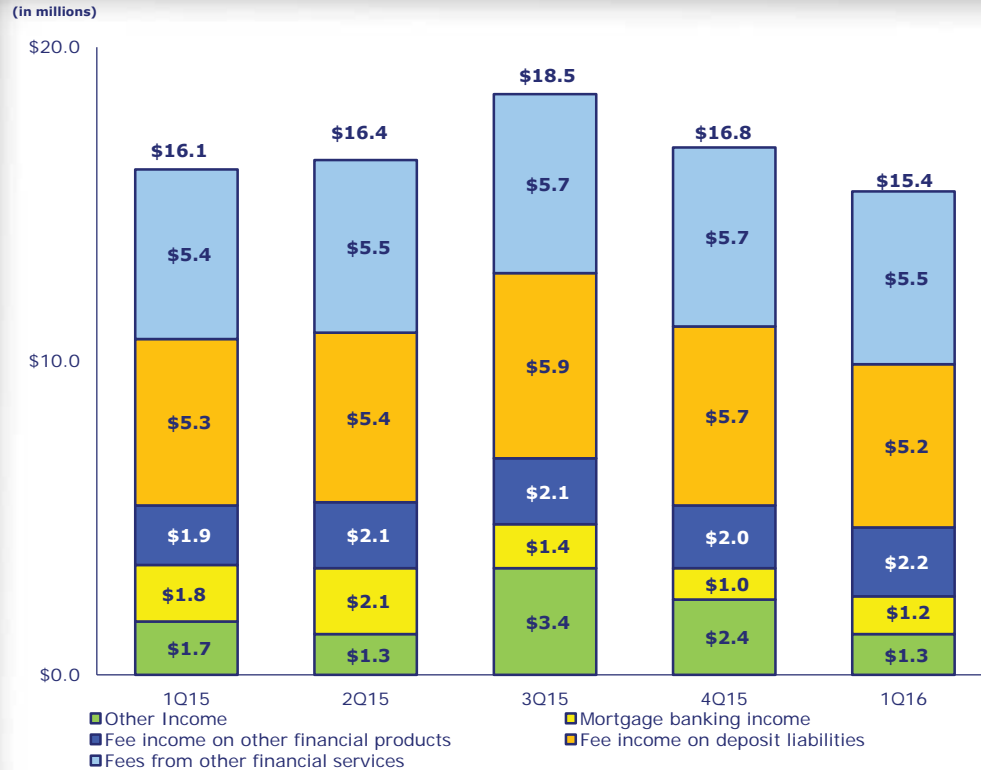
Percentages represent regulatory nonperforming assets to regulatory end of period loans and real estate owned.

¹ Median for peer group based on publicly traded banks and thrifts between \$3.5B and \$8B in total assets. See appendix.

² Median for peer group of 18 high performing banks. See appendix.



Pretax Noninterest Income





In Summary

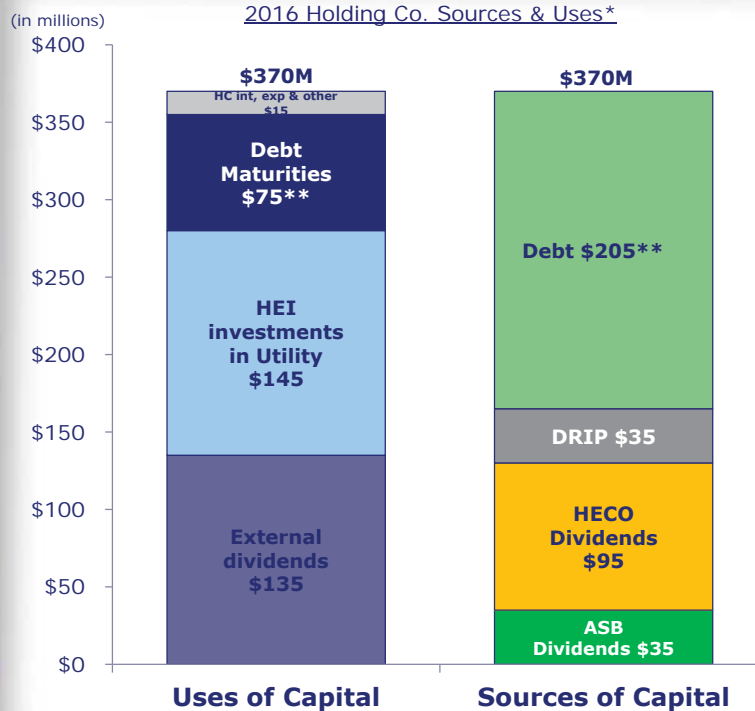
- **Hawaiian Electric Company**
 - Industry leader for integrating renewables and distributed generation
 - Focused on expanding customer options and lowering customer bills
- **American Savings Bank**
 - Targeting mid-single digit loan growth and strong credit quality
 - Preparing to be an independent public company
- Attractive **dividend yield** of 3.7%¹
- **Proposed merger** will help accelerate Hawaii's clean energy transformation to 100% renewables by 2045
- **Independent ASB Hawaii** will continue its legacy of service to Hawaii



¹ As of May 4, 2016



HEI Capital Structure and Financing Outlook



- Expect to maintain strong capital structure with ~50% consolidated common equity to total capitalization in 2016
- HEI investments in Utility include \$50 million related to the purchase of HEP



* Based upon December 2015 forecast

** In March 2016, HEI entered into a \$75 million term loan agreement which matures in March 2018 and repaid \$75 million of debt that matured on March 24, 2016.



2016 EPS Guidance (as of May 4, 2016)

HEI: \$1.62 – \$1.75 per share

- No new equity issuances other than DRIP estimated at ~\$35 million

Utility: \$1.28 – \$1.36

Key Assumptions:

- Decoupling model: March 2015 D&O
- O&M¹: expect O&M at 4% below 2015 levels (vs prior 5%) due to higher than planned PSIP and LNG consultant costs
- Fuel efficiency: similar to rate case levels; however, subject to change due to demands on the system
- Rate base growth: 3% - 4% based upon 2016 capex of \$450 million, including HEP
- Equity capitalization: rate case levels
- LT debt: ~\$75 million of new issuances to support capex plan, of which \$35 million is attributable to HEP
- ROACE of ~8%

Bank: \$0.50 – \$0.54

Key Assumptions:

- Net interest income: mid-single digit loan growth
- NIM: ~3.45% to 3.55%
- Noninterest income: Expected higher fees from deposit liabilities and on other financial products
- Provision expense: \$8 million to \$12 million range
- Net charge-offs: <15 bps
- ROA of ~0.90%

Note: Holding company & other net loss estimated at ~\$0.15 - \$0.16, excluding any merger & spinoff related expenses

¹ Excludes O&M expenses covered by surcharges or by third parties that are neutral to net income

Reference the forward-looking statements disclosure accompanying the presentation which provides additional information on important factors that could cause results to differ. The company undertakes no obligation to publicly update or revise forward-looking statements, including EPS guidance, whether as a result of new information, future events, or otherwise. See also the forward-looking statements and risk factors in the 2015 SEC Form 10-K for the year ended December 31, 2015 and SEC form 10-Q for the quarter ended March 31, 2016 when filed.





Appendix



Key Utility Matters: Distributed Energy Resources

- **Net energy metering (NEM) program closed** to new applicants. NEM program unchanged for existing NEM customers and those with valid pending applications received by 10/12/15
- **PUC approved two new rooftop PV programs** to support the continued growth of rooftop PV in Hawaii to ensure safe, reliable service and fair treatment for all customers: customer grid supply and customer self supply

PV Programs	Net Energy Metering (NEM)	Customer Grid Supply (CGS)	Customer Self Supply (CSS)
Excess electricity sent back to the grid?	Yes	Yes	No
Credit for excess electricity (per kWh)	Retail rate ¹	Fixed rate ²	None
Carry over from month to month	Yes, over a 12 month period	No	No
Minimum monthly bill	\$18	\$25	\$25
Cap on the total capacity for the program	Program closed	Yes ³	None



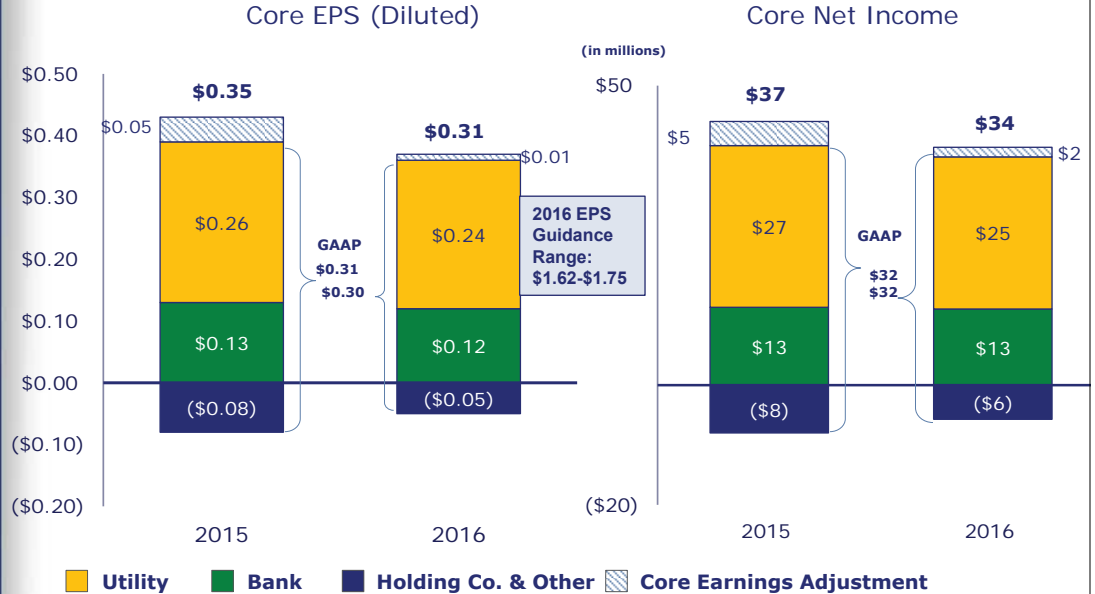
¹ Estimated current residential NEM credit rate for Oahu is 25 cents, Hawaii Island is 30 cents, Maui is 27 cents, Molokai is 30 cents, Lanai is 31 cents.

² Customer grid supply rate for Oahu and Hawaii Island is 15 cents, Maui is 17 cents, Molokai is 24 cents, Lanai is 28 cents; fixed for two years (Order No.: 33258, Docket: 2014-0192.)

³ Cap on grid supply systems allowed on the Oahu grid of 25 MW and 5 MW each for Maui and Hawaii Island



Consolidated Core 1Q Earnings

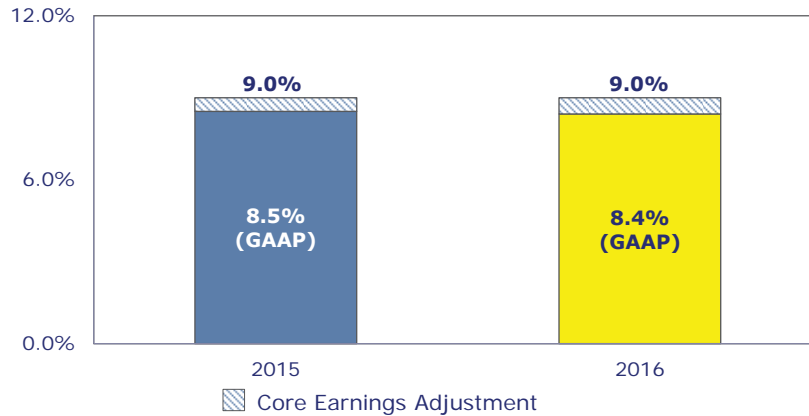


Note: Columns may not foot due to rounding
See the reconciliation of GAAP to Non-GAAP (Core) measures preceding this presentation



HEI ROE

Consolidated ROE¹ Twelve Months Ended March 31



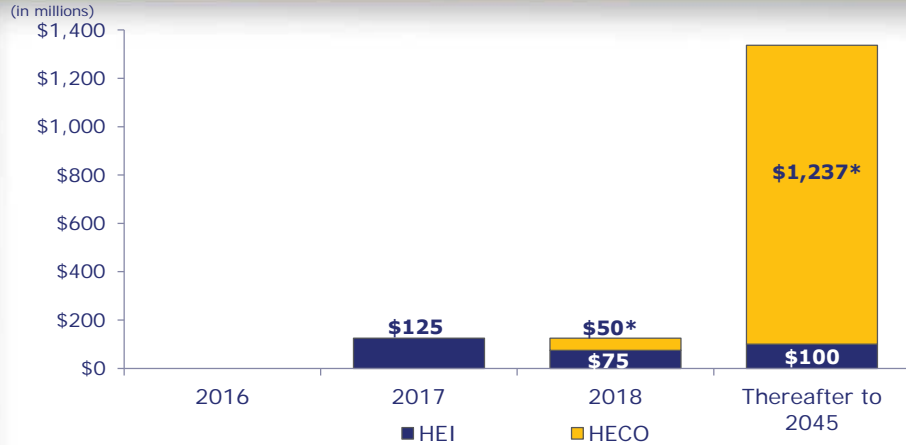
	2015	2016
	GAAP	GAAP
Utility	7.8%	7.9%
Bank	9.4%	9.7%



See the reconciliation of GAAP to Non-GAAP (Core) measures preceding this presentation
¹ Calculated using net income divided by average GAAP common equity, simple average method



Debt Maturities & Credit Ratings



Credit Ratings	HEI	HECO	ASB
S&P ¹	BBB-/Positive/A-3	BBB-/Positive/A-3	BBB/Stable/A-2
Moody's ²	Baa2/Negative/P-2	Baa1/Negative/P-2	Baa1/Stable/P-1
Fitch ³	BBB/Positive/F3	BBB+ /Stable/F2	n/a



Note: Latest data as of March 31, 2016

¹ Source for ratings: January 2015 (HEI, HECO & ASB) S&P reports

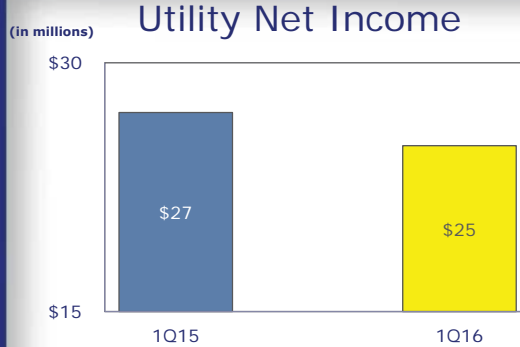
² Source for ratings: August 2015 (HEI & HECO) & December 2015 (ASB) Moody's reports

³ Source for ratings: December 2015 (HECO & HEI) Fitch reports

* Excludes debt expenses of \$8 million (does not reflect adoption of ASU No. 2015-03)

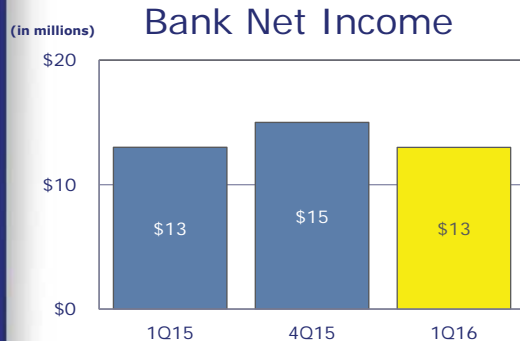


1Q16 Utility & Bank Financial Highlights



Key utility core earnings drivers fav/(unfav) (\$ in millions after-tax)	1Q16 vs 1Q15
Net revenues*: Recovery of investments & costs	--
Fuel efficiency & other	--
Net revenues	--
O&M, excluding net income neutral items	--
Depreciation	(2)
Interest expense, net & other	--

*Net revenues is "Revenues" less the following expenses: "fuel oil," "purchased power," and "taxes, other than income taxes"



Key bank earnings drivers fav/(unfav) (\$ in millions after-tax)	1Q16 vs 4Q15	1Q16 vs 1Q15
Net interest income	1	3
Provision for loan losses	(2)	(2)
Noninterest income	(1)	--
Noninterest expense	--	(1)

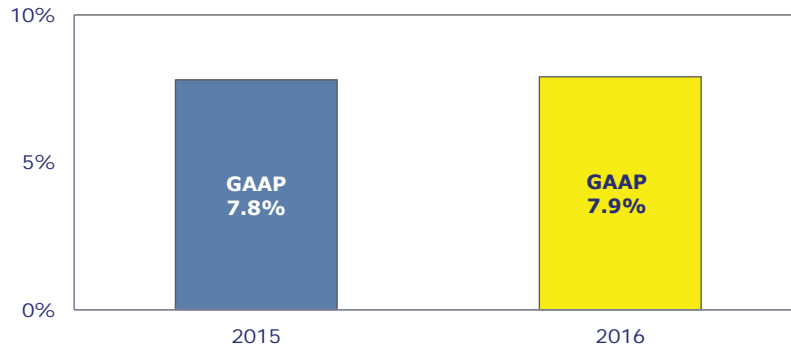


Note: Columns may not foot due to rounding



Utility ROE

Consolidated Utility ROE¹ Twelve Months Ended March 31



	Consolidated Utility	Hawaiian Electric	Hawaii Electric Light	Maui Electric
2015	7.8%	8.0%	6.2%	8.9%
2016	7.9%	7.8%	7.3%	8.5%
Allowed²	9.8%	10.0%	10.0%	9.0%



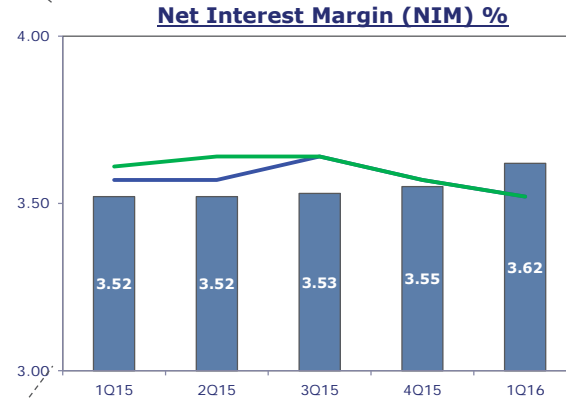
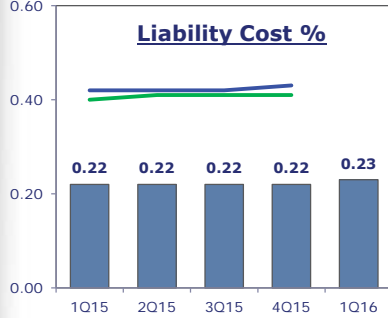
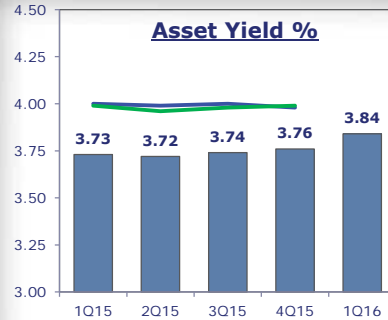
¹ Calculated using net income divided by average GAAP common equity, simple average method

² Based on PUC decisions in effect on March 31, 2016.

Note: Last base revenue increase change: Hawaiian Electric: 2011 test year; Hawaii Electric Light: 2010 test year; Maui Electric: 2012 test year



Net Interest Margin



ASB Peers¹ High Performing Peers²



Source for peer data: SNL Financial (based upon data available as of May 2 2016)
 Asset Yield: Total interest income as a percentage of average interest-earning assets
 Liability Cost: Total interest expense as a percentage of average interest-bearing and non-interest bearing liabilities
 Net Interest Margin: Net interest income as a percentage of average interest-earning assets
¹ Median for peer group based on publicly traded banks and thrifts between \$3.5B and \$8B in total assets. See appendix.
² Median for peer group of 18 high performing banks. See appendix.



ASB Peer Group – 2016

* 1st Source Corporation	SRCE	Heritage Financial Corporation	HFWA
Ameris Bancorp	ABCB	HomeStreet, Inc.	HMST
BancFirst Corporation	BANF	Independent Bank Corp.	INDB
* BBCN Bancorp, Inc.	BBCN	Independent Bank Group, Inc.	IBTX
Berkshire Hills Bancorp, Inc.	BHLB	Lakeland Bancorp, Inc.	LBAI
BNC Bancorp	BNCN	* Lakeland Financial Corporation	LKFN
Boston Private Financial Holdings, Inc.	BPFH	LegacyTexas Financial Group, Inc.	LTXB
Bridge Bancorp, Inc.	BDGE	Meridian Bancorp, Inc.	EBSB
Brookline Bancorp, Inc.	BRKL	National Bank Holdings Corporation	NBHC
Capital Bank Financial Corp.	CBF	Opus Bank	OPB
Cardinal Financial Corporation	CFNL	* Oritani Financial Corp.	ORIT
CenterState Banks, Inc.	CSFL	* Park National Corporation	PRK
Central Pacific Financial Corp.	CPF	Renasant Corporation	RNST
Century Bancorp, Inc.	CNBKA	Republic Bancorp, Inc.	RBCAA
* City Holding Company	CHCO	* S&T Bancorp, Inc.	STBA
* Community Trust Bancorp, Inc.	CTBI	Sandy Spring Bancorp, Inc.	SASR
ConnectOne Bancorp, Inc.	CNOB	Seacoast Banking Corporation of Florida	SBCF
* CVB Financial Corp.	CVBF	* ServisFirst Bancshares, Inc.	SFNS
Dime Community Bancshares, Inc.	DCOM	Simmons First National Corporation	SFNC
* Eagle Bancorp, Inc.	EGBN	Southside Bancshares, Inc.	SBSI
Enterprise Financial Services Corp	EFSC	* Talmer Bancorp, Inc.	TLMR
Farmers & Merchants Bank of Long Beach	FMBL	Tompkins Financial Corporation	TMP
FCB Financial Holdings, Inc.	FCB	TowneBank	TOWN
Fidelity Southern Corporation	LION	TriCo Bancshares	TCBK
First Busey Corporation	BUSE	TrustCo Bank Corp NY	TRST
First Commonwealth Financial Corporation	FCF	Union Bankshares Corporation	UBSH
* First Financial Bankshares, Inc.	FFIN	United Financial Bancorp, Inc.	UBNK
First Merchants Corporation	FRME	* Washington Trust Bancorp, Inc.	WASH
Flushing Financial Corporation	FFIC	* Westamerica Bancorporation	WABC
Great Southern Bancorp, Inc.	GSBC	* Wilshire Bancorp, Inc.	WIBC
Green Bancorp, Inc.	GNBC	WSFS Financial Corporation	WSFS
* Hanmi Financial Corporation	HAFC	Yadkin Financial Corporation	YDKN
Heartland Financial USA, Inc.	HTLF		

Note: Based on year-end 2015 data of publicly traded banks and thrifts between \$3.5 billion and \$8.0 billion in assets (based upon data available in SNL as of February 1, 2016)

The peer group is updated annually in December and banks that no longer report as a separate entity (e.g., mergers, acquisitions, failed banks, etc.) are not included in the median calculations from the time of the transaction or failure

* Subset of 18 banks representing ASB's high performing peer group, based on a 3-year average return on average assets rank above the 70th percentile





Hawaii Economic Trends

Hawaii's economic outlook continues to look bright

	Year-over-year percent change	<u>March 2016</u>	<u>YTD March 2016</u>
Tourism	Arrivals	+0.8%	+3.6%
	Expenditures	+0.3%	+2.6%

Unemployment

➤ March 2016 – Hawaii: 3.1%; U.S.: 5.0%

Real Estate

- YTD March 2016 Oahu single family home sales up 17.4%
- Oahu median single family home price for March 2016 up 3.6% from March 2015 at \$725,000 and \$700,000 respectively.

Construction

➤ The strong performance of the construction industry in 2015 should continue its healthy expansion over the next few years.

State GDP

➤ Expected to increase to 3.2% in 2016





Outlook for Continued Improvement in Hawaii's Economy

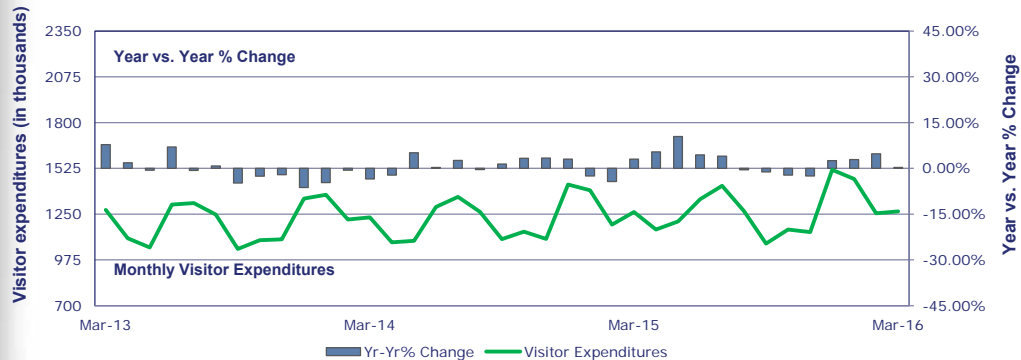
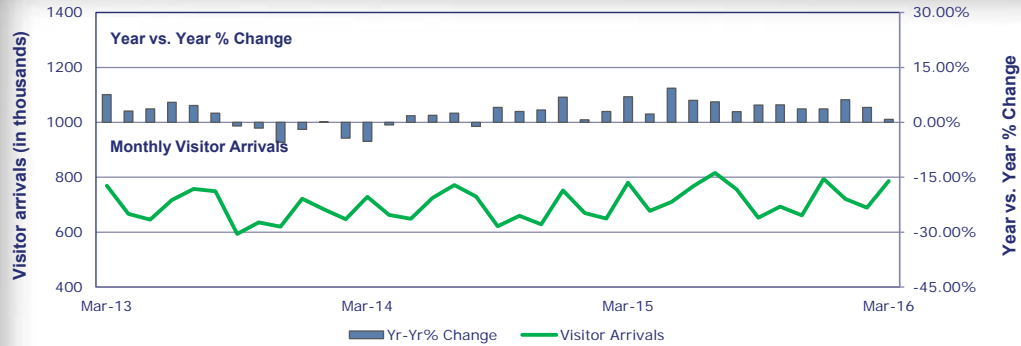
Year-over-year percent change unless noted	<u>2015</u>	<u>2016</u>	<u>2017</u>
Real state GDP	4.0	3.2	2.1
Real personal income	3.9	2.3	1.7
Unemployment (%)	3.7	3.0	2.8
Non-farm payroll jobs	1.4	1.3	1.1
Visitor arrivals	4.3	1.3	1.0

Source: University of Hawaii Economic Research Organization (UHRO) February 26, 2016 report. Figures for 2015 are UHRO estimates. Figures for 2016 and 2017 are forecasts.





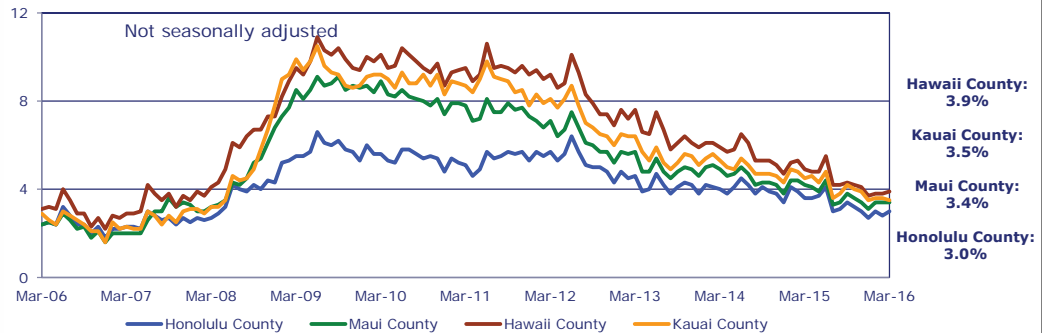
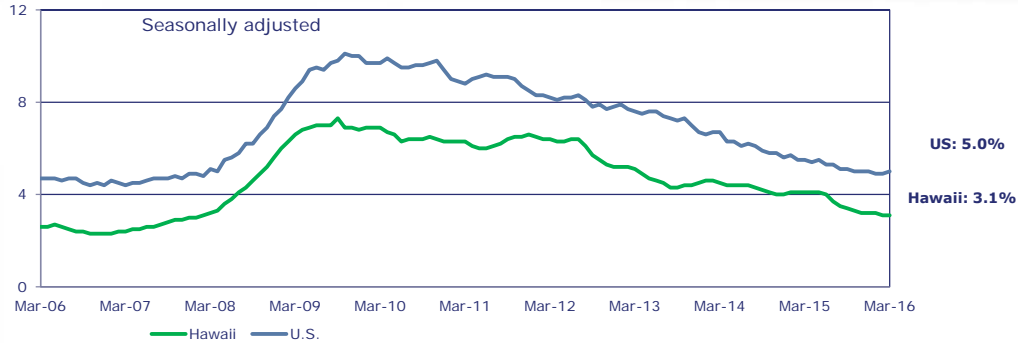
YTD Hawaii Visitor Arrivals up 3.6% and Visitor Expenditures up 2.6%



Source: State of Hawaii Department of Business, Economic Development and Tourism



Hawaii Unemployment Rate Remains Low at 3.1%

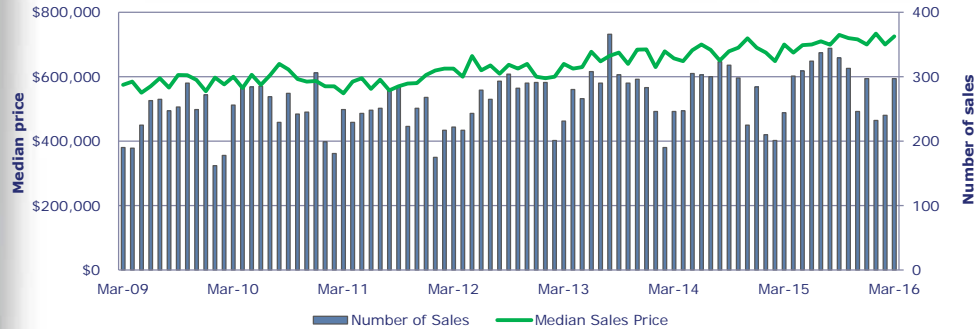


Source: U.S. Bureau of Labor Statistics and the state of Hawaii Department of Labor and Industrial Relations

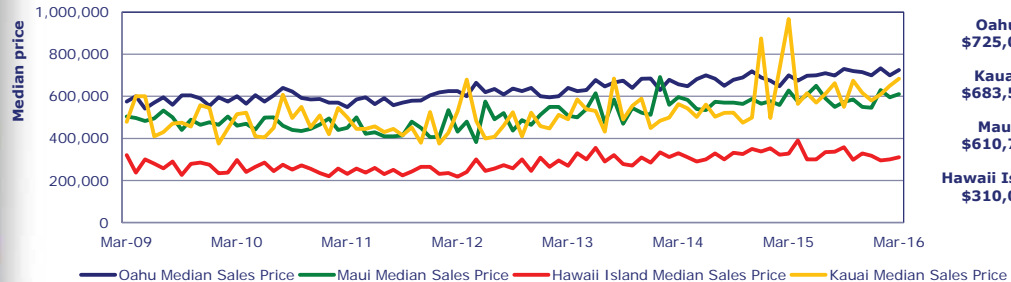


Hawaii Real Estate

**Oahu Number of Sales and Median Sales Price
March 2009 – March 2016**



**Median Sales Price Oahu, Maui, Hawaii, Kauai
March 2009 – March 2016**



Source: Title Guaranty (2009-current)



Hawaiian Electric Rate Case: 2011 Test Year

(Hawaii PUC Docket number: 2010-0080)

	Application (7/30/10)	Interim D&O (7/26/11)	Adjusted Interim D&O (eff: 5/21/12)	Final D&O (eff: 9/1/12)
Base Request	\$74M (4.3% increase)	\$53.2M ² (3.1% increase)	\$58.8M ^{2,3} (3.4% increase)	\$58.1M ⁴ (3.4% increase)
New Programs	\$40M (2.3% increase)			
Deprec. & amort. expenses	\$90.1M	\$87.5M	\$88.8M	\$88.8M
Return on average common equity	10.75% with mechanisms	10.00% with mechanisms	10.00% with mechanisms	10.00% with mechanisms
Common equity capitalization (%)	56.29%	56.29%	56.29%	56.29%
Return on average rate base	8.54%	8.11%	8.11%	8.11%
Average rate base amount ¹	\$1.569B	\$1.354B	\$1.386B	\$1.386B
GWh sales	7,469.5	7,469.5	7,469.5	7,469.5

Existing Balancing Accounts, Trackers and/or Surcharges

Decoupling Revenue Balancing Account/Revenue Adjustment Mechanism: ECAC: Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchased Power Adjustment Clause.

¹ Current effective rates are based on the Final D&O in Hawaiian Electric's 2009 test year rate case. Average rate base in that D&O was \$1.25B.

² Including the impact of \$15M (0.9%) in annual revenues which were being recovered through the decoupling Revenue Adjustment Mechanism.

³ On February 24, 2012, the Commission ordered the Company to include the ERP/EAM system evaluation costs into base rates. On March 13, 2012, the Commission approved a decrease of \$0.5M to the Interim rate relief for modifications to the composite income tax rate, DSM and regulatory commission expenses. On March 29, 2012, the Commission approved an upward adjustment of \$5.5M to the interim for remaining EOTP costs. On May 14, 2012, the Commission approved the interim relief of \$58.8M which included these adjustments.

⁴ On June 29, 2012, the Commission issued the final D&O for the Hawaiian Electric 2011 TY rate case. The final D&O reduced the revised interim increase by \$0.7M to reflect the removal of certain costs. Final rates became effective as of September 1, 2012.





Maui Electric Rate Case: 2012 Test Year

(Hawaii PUC Docket number: 2011-0092)

	Application (7/22/11)	Interim D&O (eff: 6/1/12)	Final D&O (eff: 8/1/13)
Base Request	\$27.5M ¹ (6.7% increase)	\$13.1M ³ (3.2% increase)	\$5.3M ⁴ (1.3% increase)
Depr. & amort. expenses	\$19.8M Without Mechanism	\$19.7M With Mechanism	\$19.7M With Mechanism
Return on average common equity	11.00%	10.00%	9.00%
Common equity capitalization (%)	56.85%	56.86%	56.86%
Return on average rate base	8.72%	7.91%	7.34%
Average rate base amount ²	\$393M	\$393M	\$393M
GWh sales	1,201.8	1,201.8	1,201.8

Existing Balancing Accounts, Trackers and/or Surcharges

Decoupling Revenue Balancing Account/Revenue Adjustment Mechanism: ECAC: Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause.

¹ Increases consist of:

•Return on rate base	\$ 3.0 M
•O&M	\$19.5 M
•Other, net	\$ 5.0 M

² Current effective rates are based on Maui Electric's 2010 test year adjusted interim rate case D&O. Average rate base in that D&O was \$387M.

³ Based on updated settlement which included the implementation of final rates in the 2010 test year rate case. On May 21, 2012, the Commission issued an interim D&O which became effective on June 1, 2012.

⁴ On May 31, 2013, the Commission issued the final D&O for the Maui Electric 2012 TY rate case. On June 17, 2013, Maui Electric filed the revised results of operations, supporting schedules and tariff sheets and refund plan, which the Commission approved. Final rates became effective as of August 1, 2013. Maui Electric refunded \$9.7 million (which includes interest and related revenue taxes since June 1, 2012) to customers from September to October 2013. On July 2, 2013, the Commission denied Maui Electric's motion for partial reconsideration of the 9.00% ROE in the final D&O but allowed the deferral of IRP costs incurred from June 1, 2012 until the Commission determines the level and method of recovery in the IRP docket.





Hawai'i Electric Light Rate Case: 2010 Test Year

(Hawaii PUC Docket number: 2009-0164)

	Application (12/9/09)	Interim D&O (1/14/11)	Adj Interim D&O ³ (1/1/12)	Final D&O ⁴ (4/9/12)
Amount requested	\$20.9M ¹ (6% increase)	\$6.0M ² (1.7% increase)	\$5.2M ² (1.5% increase)	\$4.5M ² (1.3% increase)
Deprec. & amort. Expenses	\$32.3M	\$31.7M	\$31.7M	\$31.3M
Return on average common equity	10.75% with mechanisms 11.00% without mechanisms	10.50% without mechanisms	10.50% without mechanisms	10.00% with mechanisms
Common equity capitalization (%)	55.91%	55.91%	55.91%	55.91%
Return on rate base	8.73%	8.59%	8.59%	8.31%
Average rate base amount	\$487M ¹	\$465M ²	\$465M ²	\$465M ²
GWh sales	1,122.6	1,122.6	1,122.6	1,122.6

Existing Balancing Accounts, Trackers and/or Surcharges

Decoupling Revenue Balancing Account/Revenue Adjustment Mechanism: ECAC: Fuel & Purchased Energy: Pension & OPEB Trackers: DSM Surcharge: Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause.

¹ Current effective rates are based on the Interim D&O in Hawai'i Electric Light's 2006 TY rate case. Average rate base in that D&O was \$357M.

² Current effective rates are based on the Final rates in Hawai'i Electric Light's 2006 TY rate case. Average rate base in that D&O was \$357M.

³ In January 2011, the Commission approved the adjustment from \$6.0M to \$5.2M to incorporate the bargaining unit benefit adjustments that went into effect on January 1, 2012.

⁴ Decision and Order No. 30168 directed Hawai'i Electric Light to file as soon as reasonably practicable its revised results of operations and tariff sheets based on the newly approved depreciation rates, the ROE of 10.00% and other provisions of the D&O. On April 4, 2012, the Commission approved the revised revenue requirements and tariff sheets, with rates effective April 9, 2012.





Rate Case Schedule

As required by decoupling mechanism

**Hawaiian Electric 2014
Abbreviated Rate Case
filed 6/27/14**

**Maui Electric 2015
Abbreviated Rate
Case Filed 12/30/14**

**Hawai'i Electric
Light 2016 Test
Year¹**

**Hawaiian
Electric 2017
Test Year**

2014

2015

2016

2017



¹ On June 17, 2015, Hawai'i Electric Light filed its notice of intent to file a general rate case application by December 30, 2016 and simultaneously filed a motion which requested an extension to file its 2016 rate case to no later than December 30, 2016. On November 19, 2015, the PUC issued an order granting Hawai'i Electric Light's motion, extending the deadline to file its 2016 rate case to December 30, 2016, and requiring a number of conditions, including the removal of all HEI non-incentive executive compensation from the Company's base rates, a demonstration that it substantially reduced its cost structure, a proposal of a set of economic incentive and cost recovery mechanisms to further encourage reductions in rates and an acceleration of its clean energy transformation, and a proposal to modify the ECAC to provide incentives to reduce fuel and purchased power expenses.



Utility Regulatory Model Highlights

Mechanisms	Details of Mechanisms
Sales decoupling via a revenue balancing account	Predictable revenue stream <ul style="list-style-type: none">• Net revenues fixed at the level approved in the last rate case• Revenues are no longer linked to KWH sales/electricity usage
Revenue adjustment mechanisms for O&M expenses and plant additions	Annual escalation of revenues to recover general "inflation" of O&M expenses and plant additions, including associated rate base items between rate cases
Energy cost adjustment clause (ECAC)	Allows recovery of fuel and energy-related purchased power
Purchased power adjustment clause (PPAC)	Allows surcharge recovery of remaining purchase power expenses not covered in the ECAC
Pension & OPEB trackers	Allows for tracking of recorded pension & OPEB costs and contribution amounts above/below the cost included in rates to be recorded in a separate regulatory asset/liability account





Components of Decoupling

(Hawaii PUC Docket number: 2008-0274)

(Hawaii PUC Docket number for the Decoupling Review: 2013-0141)

Components

1. Sales decoupling via a Revenue Balancing Account (RBA)

Delinks utility revenues from electricity usage

- GAAP revenue = revenue approved in the last rate case (interim or final)
 - Recorded revenues adjusted monthly in the RBA
 - Target (decoupling) revenues will be allocated as follows:

	1Q	2Q	3Q	4Q
Hawaiian Electric	23.93%	23.23%	27.02%	25.82%
Hawai'i Electric Light	24.70%	23.08%	26.36%	25.86%
Maui Electric	24.41%	23.25%	26.73%	25.61%

- On a cash basis, RBA annually true-up in rates beginning June of the following year; interest recorded monthly by multiplying average of beginning and ending month balance in RBA net of deferred tax times (1.75% for Hawaiian Electric, 3.25% for Hawai'i Electric Light, 1.25% for Maui Electric) divided by 12





Components of Decoupling

(Hawaii PUC Docket number: 2008-0274)

(Hawaii PUC Docket number for the Decoupling Review: 2013-0141)

Components	
<p>2. RAM Revenue Adjustment Allowed (Order No. 32735)</p>	<p>Lesser of:</p> <ul style="list-style-type: none"> • 2a - RAM Revenue Adjustment based on the RAM provisions in place prior to Order No. 32735* –or– • 2b - RAM Revenue Adjustment Cap (“RAM Cap”)
<p>2a. RAM Revenue Adjustment Determined According to Tariffs and Procedures Prior to Order No. 32735 (2 components)</p>	<p>Base Expenses (O&M) – Component 1</p> <ul style="list-style-type: none"> • Base expenses = expense levels in the last approved rate case (interim or final), adjusted for annual indexed increases, and excluding expenses covered by a separate tracking mechanism¹ and increases in labor expenses for merit employees since the last approved rate case <ul style="list-style-type: none"> • Union labor escalation rate = rate per the union labor agreement less 0.76% productivity factor • Non-labor escalation rate = consensus estimated annual change in GDPPPI per the Blue Chip Economic Indicators published each February • O&M in excess of the last rate case level and/or the indexed increases, is not covered by the RAM • Annually, O&M RAM adjustment filed by 3/31 and adjusted rates commence on 6/1 for following 12 month period, if not suspended



* With the exception of the 90% limitation on the incremental rate base RAM

¹ Includes fuel, purchased power, DSM, pension, other post employment benefits, approved projects under the clean energy infrastructure surcharge and the purchased power adjustment clause.



Components of Decoupling

(Hawaii PUC Docket number: 2008-0274)

(Hawaii PUC Docket number for the Decoupling Review: 2013-0141)

Components	
<p>2a. RAM Revenue Adjustment Determined According to Tariffs and Procedures Prior to Order No. 32735</p>	<p>RAM for Rate Base – Component 2</p> <ul style="list-style-type: none"> • Change in rate base compared to test year levels in last rate case, for certain items including annual adjustment for plant additions, associated rate base items and depreciation expense <p><u>Rate Base RAM - Return on Investment Adjustment (ROIA)</u></p> <ul style="list-style-type: none"> • Major Capital Projects (> \$2.5M): average annual amount based on prior year ending balance (at project amounts not to exceed amounts approved by the PUC) and projected ending balance for the current year (based on approved projects scheduled to be in service by Sep 30th of the current year, at amounts approved by the PUC) • Baseline Capital Projects (≤ \$2.5M): average annual amount based on the prior year ending balance (actual) and projected ending balance for the current year (based on simple average of preceding 5 years) • Offset by avg balances for accumulated depreciation, contributions in aid of construction and plant related deferred income taxes • Rate Base RAM - Return on Investment Adjustment (ROIA) (i.e., ROR times the change in rate base from the last rate case) <p><u>Depreciation & Amortization:</u> Recovery of incremental depreciation and contributions in aid of construction amortization compared to test year levels in last rate case</p> <ul style="list-style-type: none"> • Annually, rate base RAM adjustment filed by 3/31 and adjusted rates commence on 6/1 for following 12 month period, if not suspended



Examples of items not covered in 2a:

- Non-labor O&M increases > GDPPI
- Non-union labor expense increases
- Costs for large capital projects > PUC approved estimate
- Costs for base-level capital projects > 5-year historical average, until following year
- Investments other than plant (e.g., software projects, fuel inventory)



Components of Decoupling

(Hawaii PUC Docket number: 2008-0274)

(Hawaii PUC Docket number for the Decoupling Review: 2013-0141)

Components	
2b. RAM Revenue Adjustment Cap (Order No. 32735)	Cumulative RAM for 2016 RAM Revenue Adjustment – <ul style="list-style-type: none">• Prior year RAM Cap Target Revenues times GDPPI (1.5% for 2016) + prior year RAM Cap Revenue Adjustment
3. Major Projects (Order No. 32735)	If subject to RAM Cap, companies may apply for approval of recovery of major projects (and related baseline projects grouped together for consideration as major projects) above the RAM cap or outside of the RAM.
4. Earnings Sharing Credit	Sharing of earnings with customers for ratemaking ROE > 10% for Hawaiian Electric and Hawai'i Electric Light; 9% for Maui Electric <ul style="list-style-type: none">• First 100 bps = 25% sharing with customers• Next 200 bps = 50% sharing with customers• Exceeding 300 bps = 90% sharing with customers





Public Utilities Commission of the State of Hawaii

The Governor, with the consent of the Senate, appoints three full-time commissioners to staggered six-year terms. Commissioners can serve no more than 12 consecutive years.

Randall Y. Iwase, Chair (Appointed by Governor David Ige)

- Appointed Chair in January 2015 for a term to expire on June 30, 2020
- Prior to appointment, served as the Chair of the Hawaii State Tax Review and Chair of the Hawaii Labor and Industrial Relations Appeals Board
- Also served as the Supervising Deputy Attorney General where his division provided legal counsel to the Department of Commerce and Consumer Affairs and the Public Utilities Commission
- Former state senator and former Honolulu city council member
- University of San Francisco School of Law (JD)
- University of Florida, Gainesville, where he graduated with honors (BA)

Lorraine H. Akiba (Appointed by Neil Abercrombie)

- Began serving as Commissioner on July 1, 2012 for a term to expire on June 30, 2018.
- Former partner at McCarriston Miller Mukai MacKinnon LLP and head of the firm's Environmental Practice Group
- Served as State of Hawaii Director of Labor and Industrial Relations from 1995 to 2000, under Governor Cayetano
- Former chairperson of the Democratic Party of Hawaii from 2001 to 2003
- Has experience working with independent power producers and developers through her private practice
- Member of the EPRI Advisory Council
- Hastings College of Law (JD)
- University of California, Berkeley (BA in Political Science)

Michael E. Champley (Appointed by Neil Abercrombie)

- Appointed as commissioner on interim basis on September 15, 2011
- Appointment confirmed by the State Senate on March 8, 2012 for a term to expire on June 30, 2016
- Prior to appointment, was a Maui-based energy consultant focused on clean energy resource integration in Hawaii
- Previous work experience includes senior executive positions with DTE Energy, including Senior Vice President-Regulatory Affairs and Senior Vice President-Power Supply
- Indiana University (MBA, Finance and Public Utility Economics and Regulation)
- University of Dayton (BS, Electrical Engineering)





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