Hawaiian Electric Industries, Inc.

EEI Financial Conference

November 10 – 13, 2018

Catalyst for a better Hawai'i



Cautionary statements and risk factors that may affect future results

This presentation includes forward-looking statements within the meaning of the federal securities laws. Actual results could differ materially from such forward-looking statements. The factors that could cause actual results to differ are discussed in the Appendix that follows this presentation and in HEI's SEC filings.

Non-GAAP financial information

This presentation refers to certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (GAAP). For reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures, see the Appendix that follows this presentation.

Core results referred to in this presentation are non-GAAP financial measures. Core results exclude the impact of the federal tax reform act due to the adjustment of deferred tax asset balances and a one-time employee bonus paid by the bank related to federal tax reform.

A catalyst for a better Hawaii

HEI's businesses share a common goal: serving as a catalyst for a better Hawaii

HEI

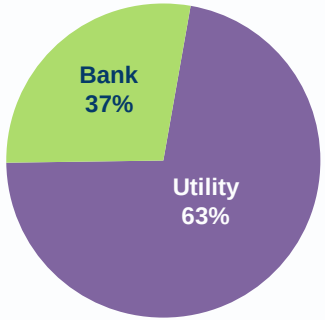
Catalyst for a better Hawai'i

Hawaiian Electric

AMERICAN Savings Bank

PACIFIC CURRENT

Subsidiary contributions to net income[1]



Market capitalization[2]	$4.1B
Total enterprise value[2, 3]	$6.1B
Capital structure: consolidated common equity to total capitalization	51%
Dividend yield[2]	3.3%
5-year total return (CAGR%) for period ending 12/31/17	12.2%
HE is included in the following indices: S&P Mid-Cap 400, Russell 1000	

Data above as of 9/30/2018 unless otherwise indicated

1 Based on LTM 9/30/2018 earnings and excludes other companies' net loss

2 Market capitalization, total enterprise value and dividend yield are based on the closing price of $37.56 on 11/9/18

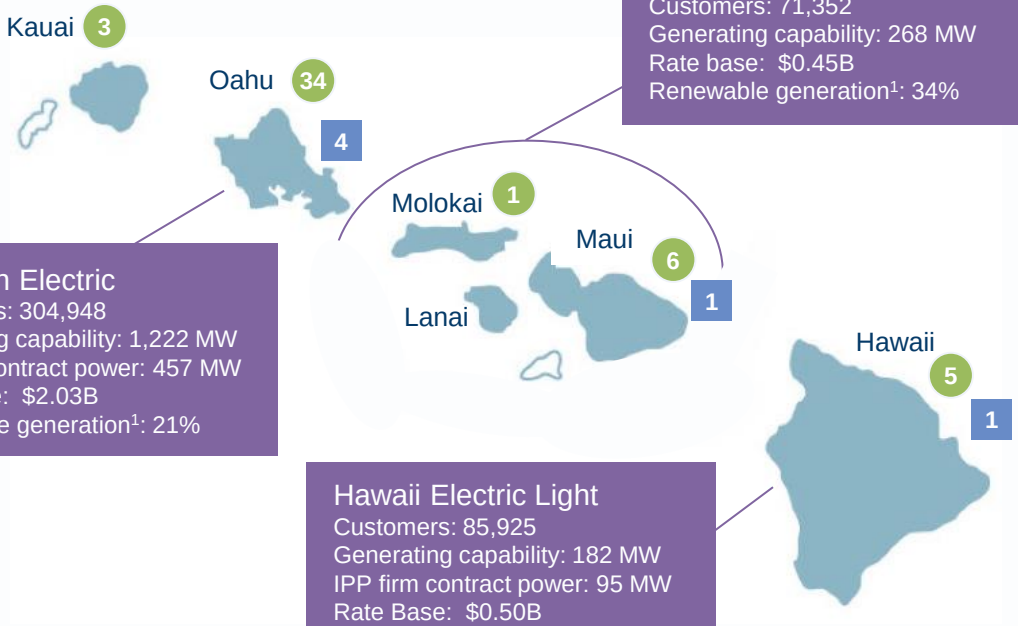
3 Total enterprise value is calculated as market capitalization plus debt and preferred stock, less cash (excluding cash of American Savings Bank)

Presence on all major islands in Hawaii

Utility locations

Bank branches[2]

Project locations[3]



Maui Electric
Customers: 71,352
Generating capability: 268 MW
Rate base: $0.45B
Renewable generation[1]: 34%

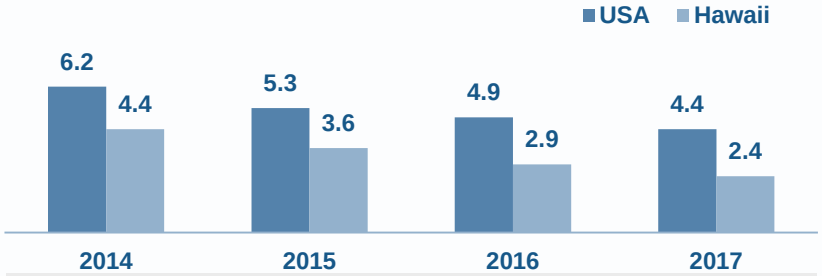
Hawaiian Electric
Customers: 304,948
Generating capability: 1,222 MW
IPP firm contract power: 457 MW
Rate Base: $2.03B
Renewable generation[1]: 21%

Hawaii Electric Light
Customers: 85,925
Generating capability: 182 MW
IPP firm contract power: 95 MW
Rate Base: $0.50B
Renewable generation[1]: 57%

Note: All data as of 12/31/17 unless otherwise noted
1 As a percentage of total sales
2 Bank branches as of September 2018
3 Project locations as of September 2018

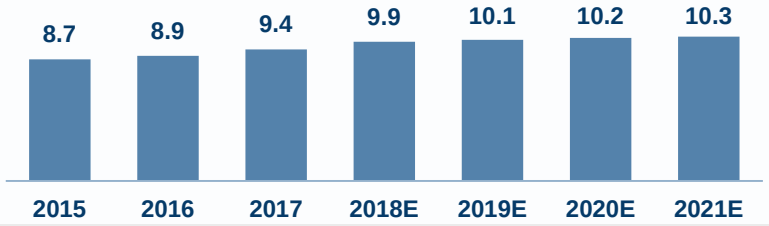
Hawaii economy continues to grow

Unemployment rate (%)



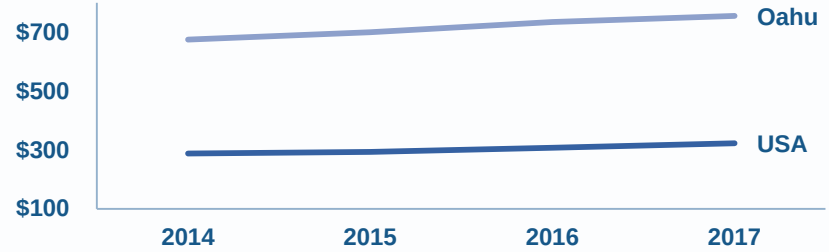
As of September 2018 – Hawaii: 2.2%; U.S.: 3.7%

Hawaii visitor arrivals (millions)



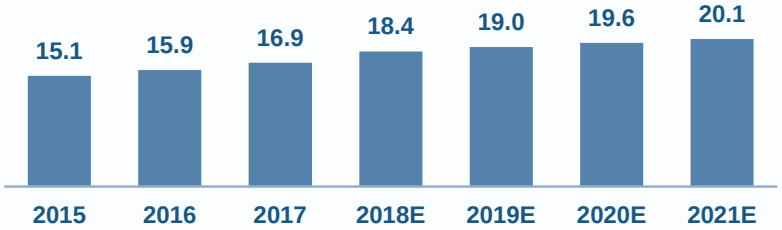
September 2018 YTD arrivals up 6.5%

Median home prices[1] ('000s)



September 2018 YTD Oahu homes up 4.2%, condos up 5.5%

Hawaii visitor expenditures (billions)



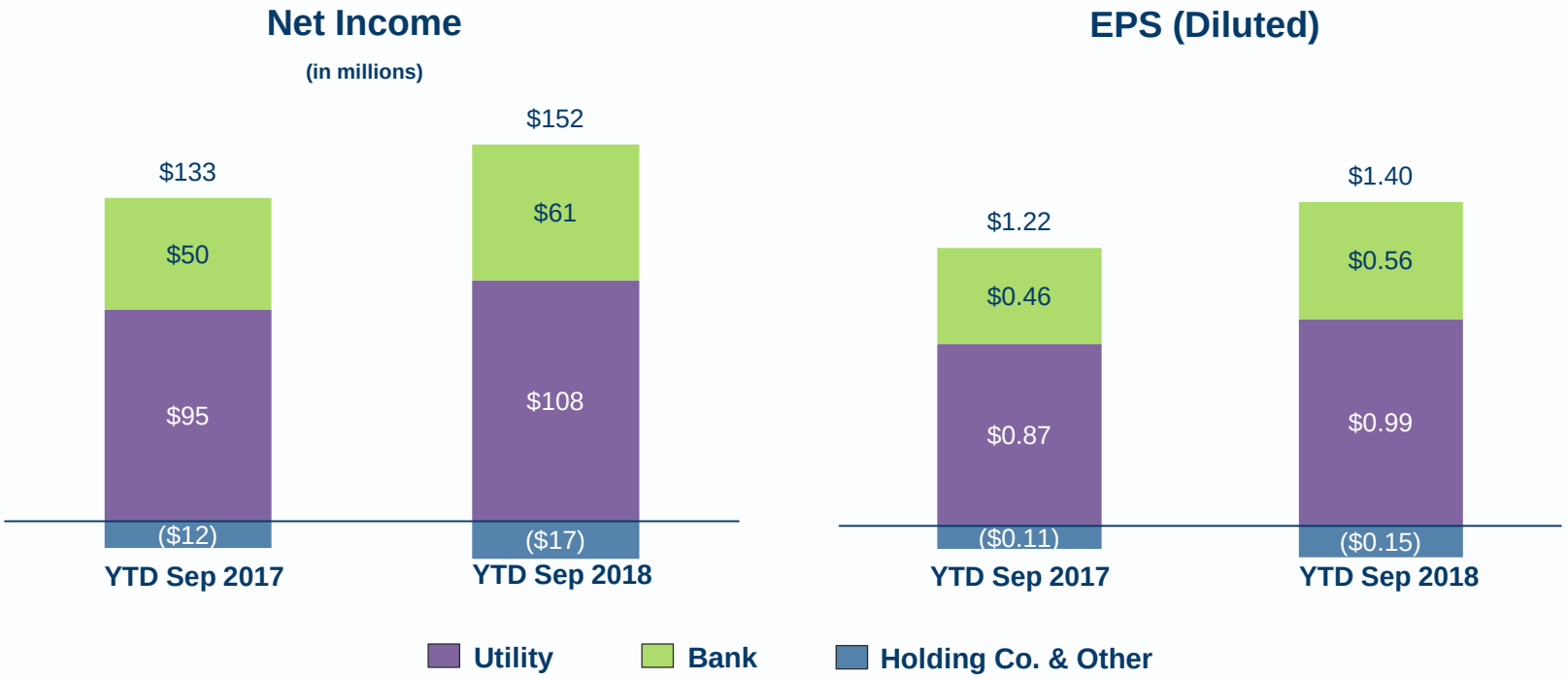
September 2018 YTD expenditures up 9.8%

Source: U.S. Bureau of Labor Statistics, DBEDT, and United States Census Bureau

[1] Oahu median home price data is for single family homes. USA median home price data is for new homes.

Solid YTD 2018 earnings growth

- Efficient conversion of net income growth to EPS growth

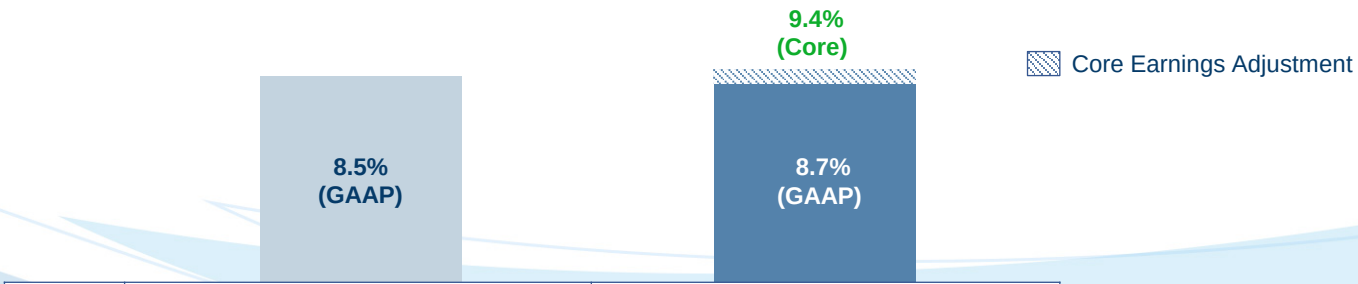


Note: Columns may not foot due to rounding

HEI LTM ROE strengthens as triennial rate cases resume

- Continued bank ROE expansion due to tax reform and net interest income growth
- GAAP LTM 9/30/18 ROE includes 4Q17 tax reform impact

Consolidated HEI ROE
Twelve Months Ended September 30

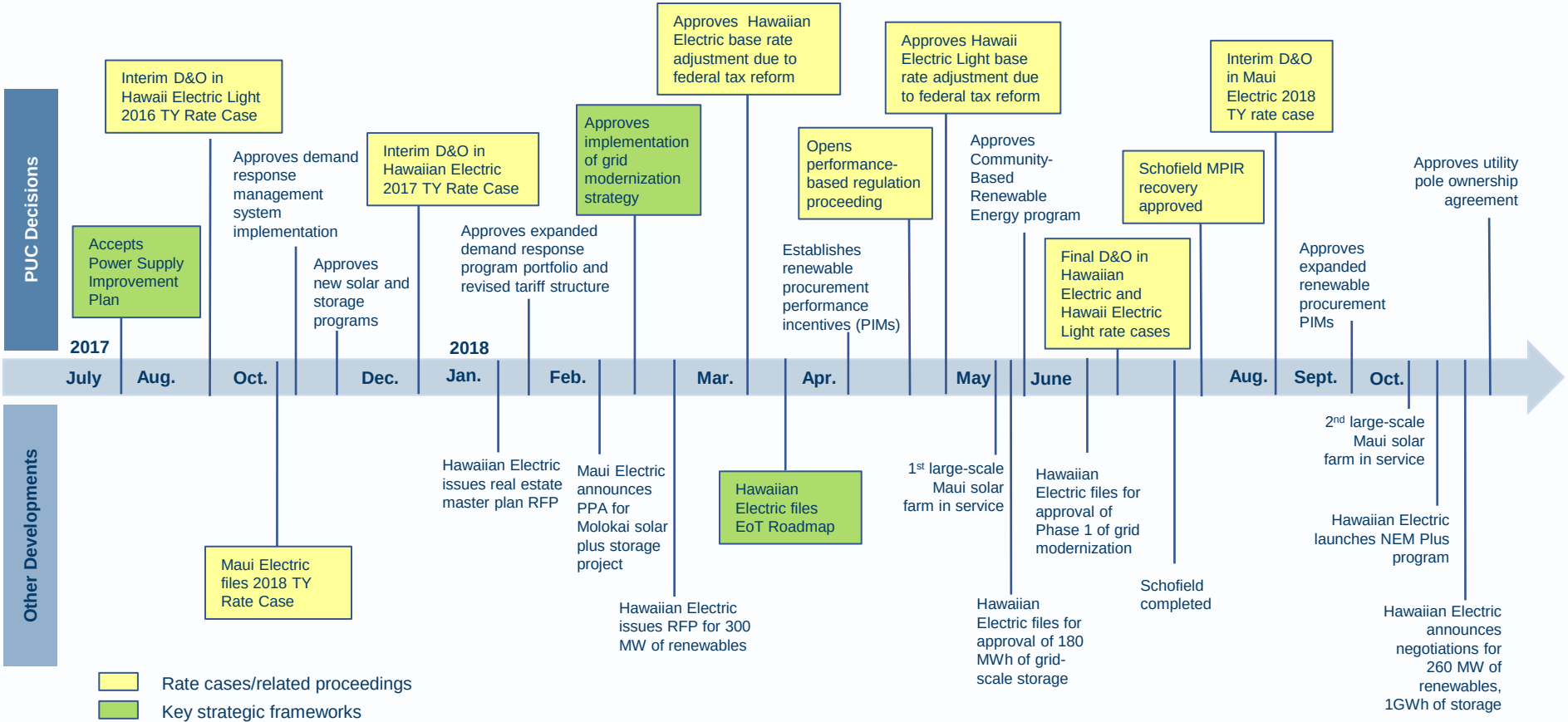


	2017	2018
Utility	GAAP 7.2% / **Core 7.2%**	GAAP 7.2% / **Core 7.7%**
Bank	11.2%	12.7%

See the reconciliation of GAAP to Non-GAAP (Core) measures in appendix to this presentation
Note: All ROEs calculated using net income divided by average GAAP common equity, simple average method

Hawaiian Electric: Advancing Hawaii's clean energy transition

Renewable energy and grid transformations advancing quickly with key frameworks in place



Additional utility updates

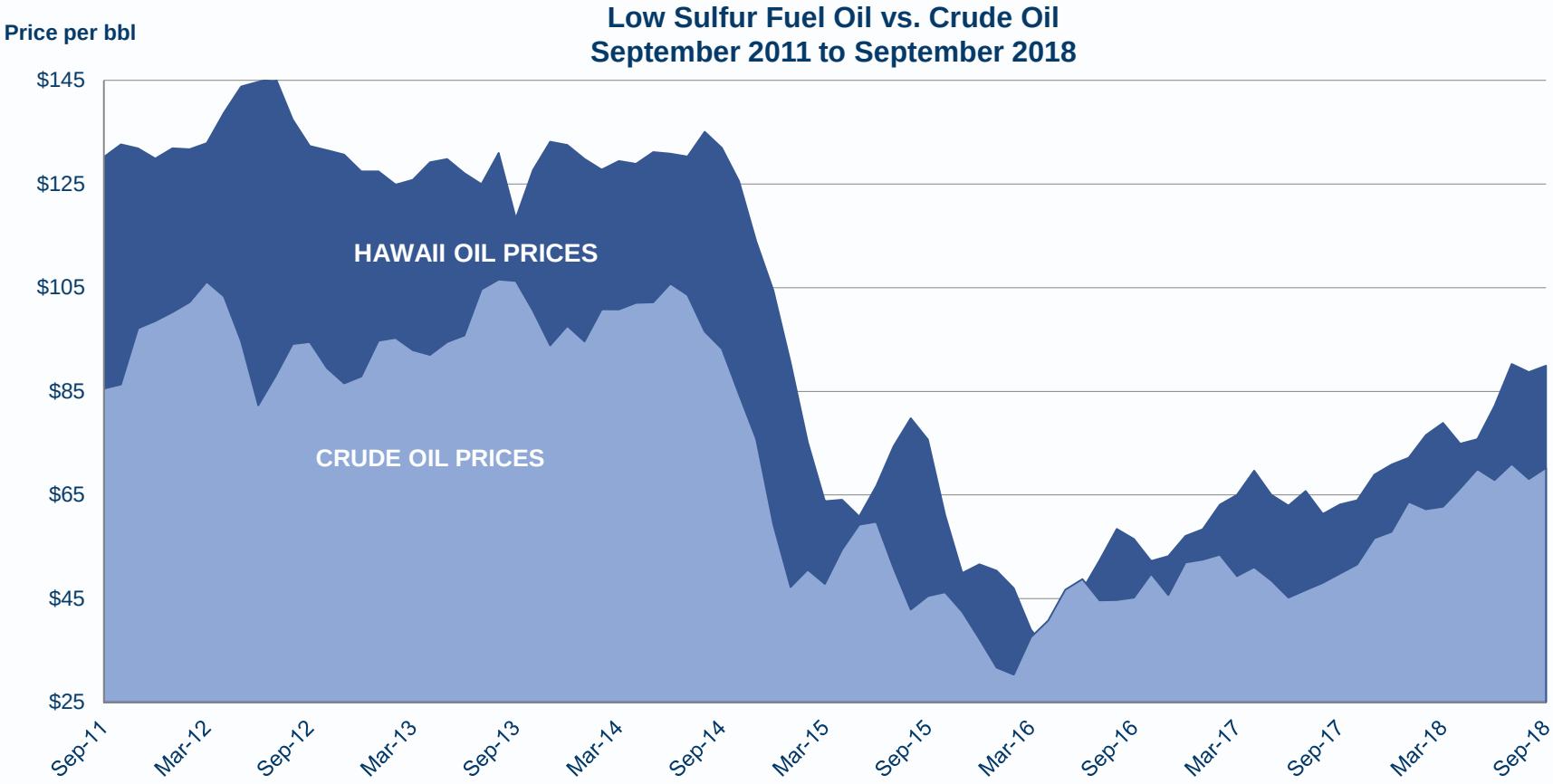
Hawaiian Electric Highlights

- **Implementing initiatives to increase efficiency and provide more customer benefits**
  - Pole ownership agreement to provide greater efficiency and new revenue and technology opportunities
  - Enterprise Resource Planning system went live in October
- **New base rates at all three utilities in resumption of triennial rate cases; still working on timing**
- **Performance-based ratemaking docket continues to proceed**
  - Potential to evolve framework to include incentives for both services and prudent capital investment
- **Collective bargaining agreement extended through 2021**
- **Strong performance in storm, lava response**

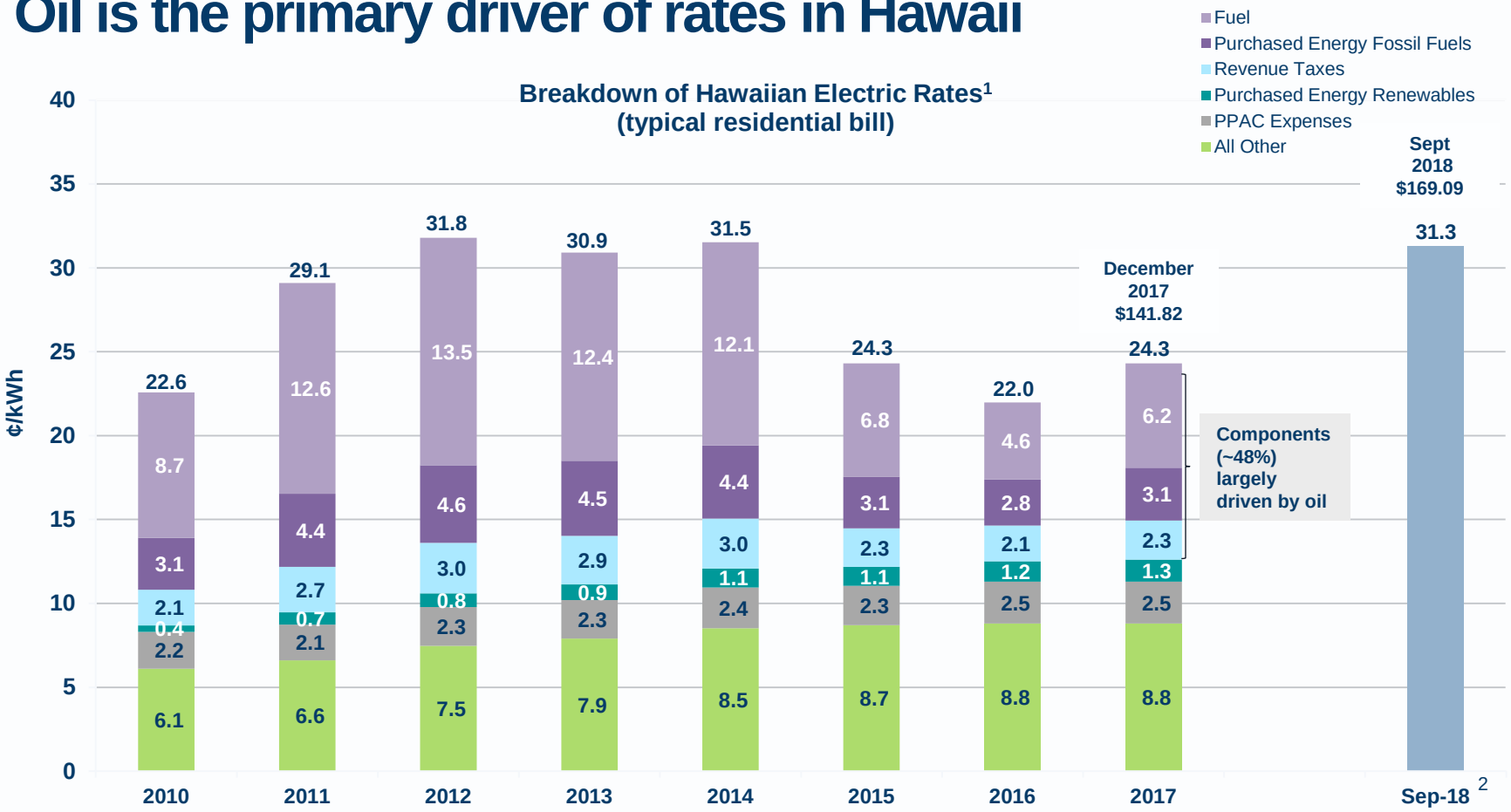
Utility regulatory mechanisms provide financial stability during renewable transition

Mechanisms	What they do
Sales decoupling	Provides predictable revenue stream by fixing net revenues at level approved in last rate case (revenues not linked to kWh sales)
Revenue adjustment mechanism (RAM)	Annually adjusts revenue to recover general “inflation” of operations and maintenance expenses and baseline plant additions between rate cases
Major Projects Interim Recovery adjustment mechanism (MPIR)	Permits recovery through the RBA of costs (net of benefits) for major capital projects including but not restricted to projects to advance transformational efforts
Energy cost and purchased power recovery/adjustment clauses	Allow recovery of fuel and purchased power costs Symmetrical fossil fuel cost risk sharing (98% customer/2% utility) mechanism established for Hawaiian Electric; utility upside/downside capped at $2.5 million
Pension and post-employment benefit trackers	Allow tracking of pension and post-employment benefit costs and contributions above or below the cost included in rates in a separate regulatory asset/liability account
Renewable energy infrastructure program	Permits recovery of renewable energy infrastructure projects through a surcharge

Hawaii oil prices are volatile and exceed mainland U.S.

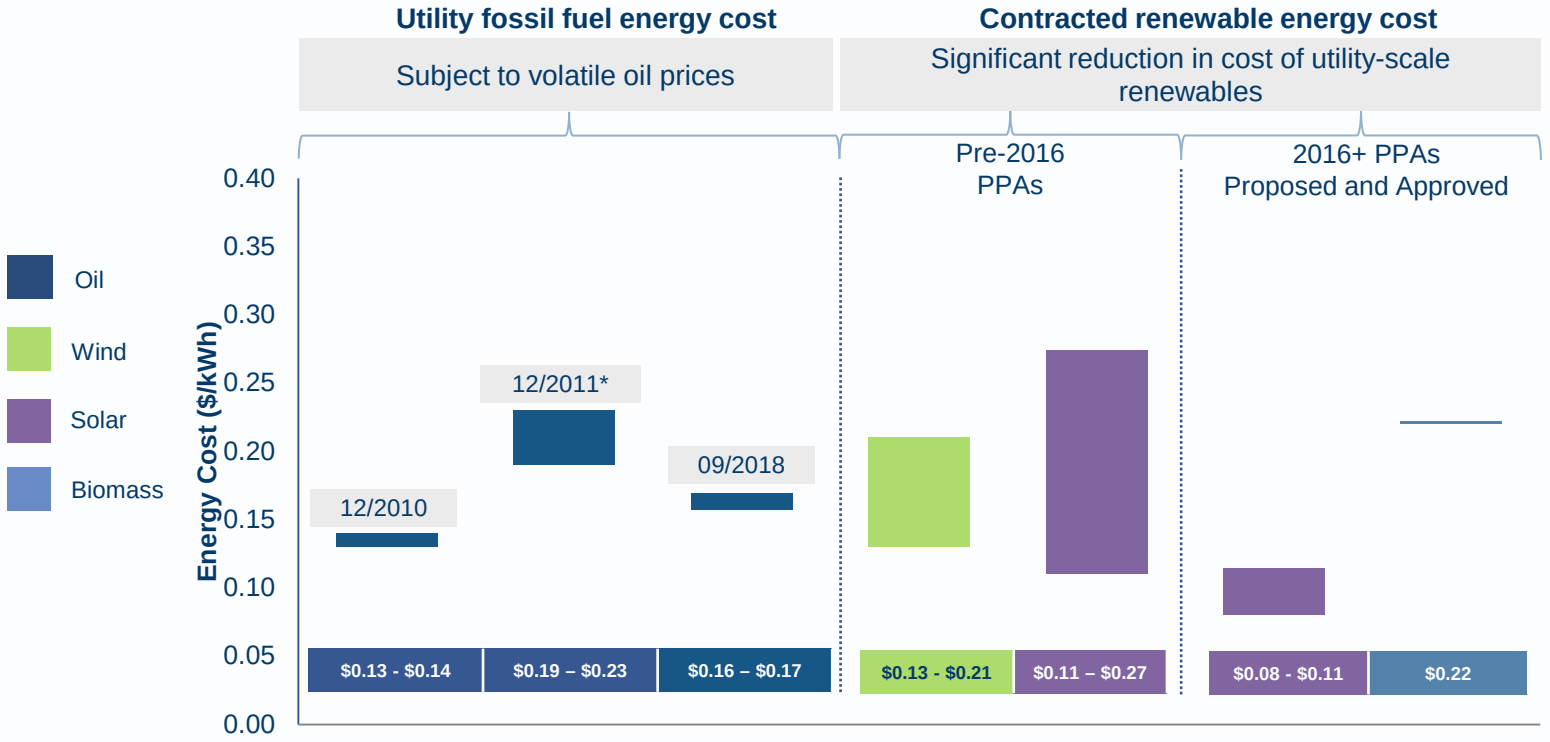


Oil is the primary driver of rates in Hawaii



[1] Hawaiian Electric Oahu average revenue per kWh sold
[2] Based on the September 2018 energy cost adjustment filing for residential customers only

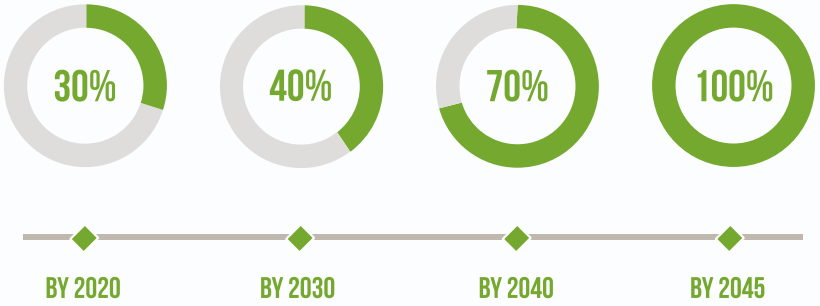
Renewable energy is cost competitive in Hawaii



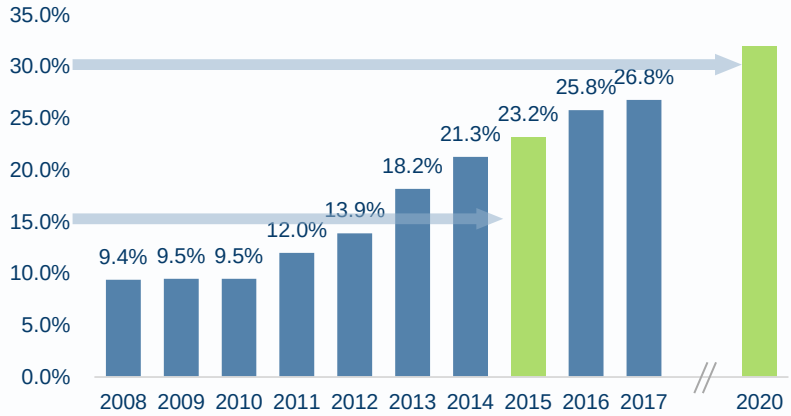
* The 2011 fuel oil increase was largely driven by the nuclear disaster of the Fukushima power plant in March 2011 which increased the price of oil in Hawaii as our fuel oil purchases are largely driven by the Asia Pacific market.

Strong progress toward Hawaii's renewable energy goals

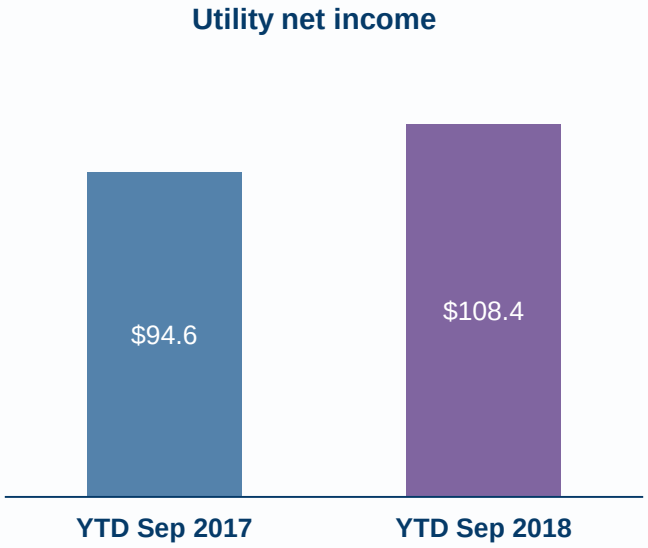
Hawaii's 100% by 2045 RPS goal is among the most ambitious in the nation



On course to exceed 2020 target of 30%



YTD utility financial highlights ($ in millions)

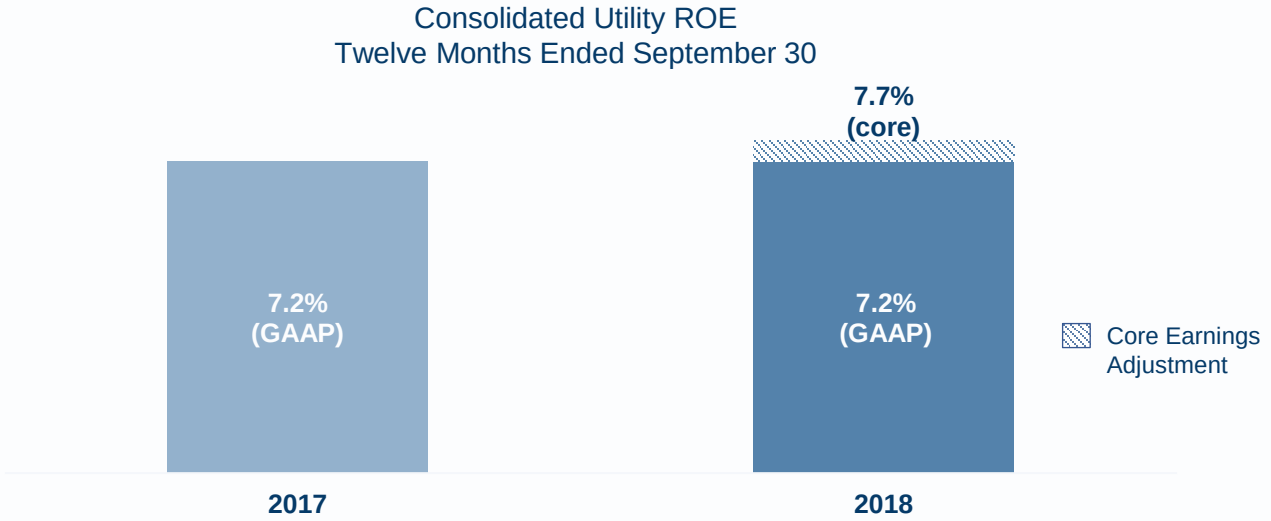


Key utility earnings drivers, after-tax fav/(unfav)	YTD 2018 vs YTD 2017
RAM and MPIR revenues	24(a)
Rate relief for Hawaiian Electric, Hawaii Electric Light and Maui Electric	19
Operation & maintenance, excluding net income neutral items	(25)
Depreciation	(5)
Tax adjustments, net	5
Other	(4)

(a) Reflects the impact of the return, beginning in 2017, to recording Oahu RAM revenues from June 1 to May 31, compared to recording such revenues on a calendar year basis

Note: Columns may not foot due to rounding

Utility LTM ROE

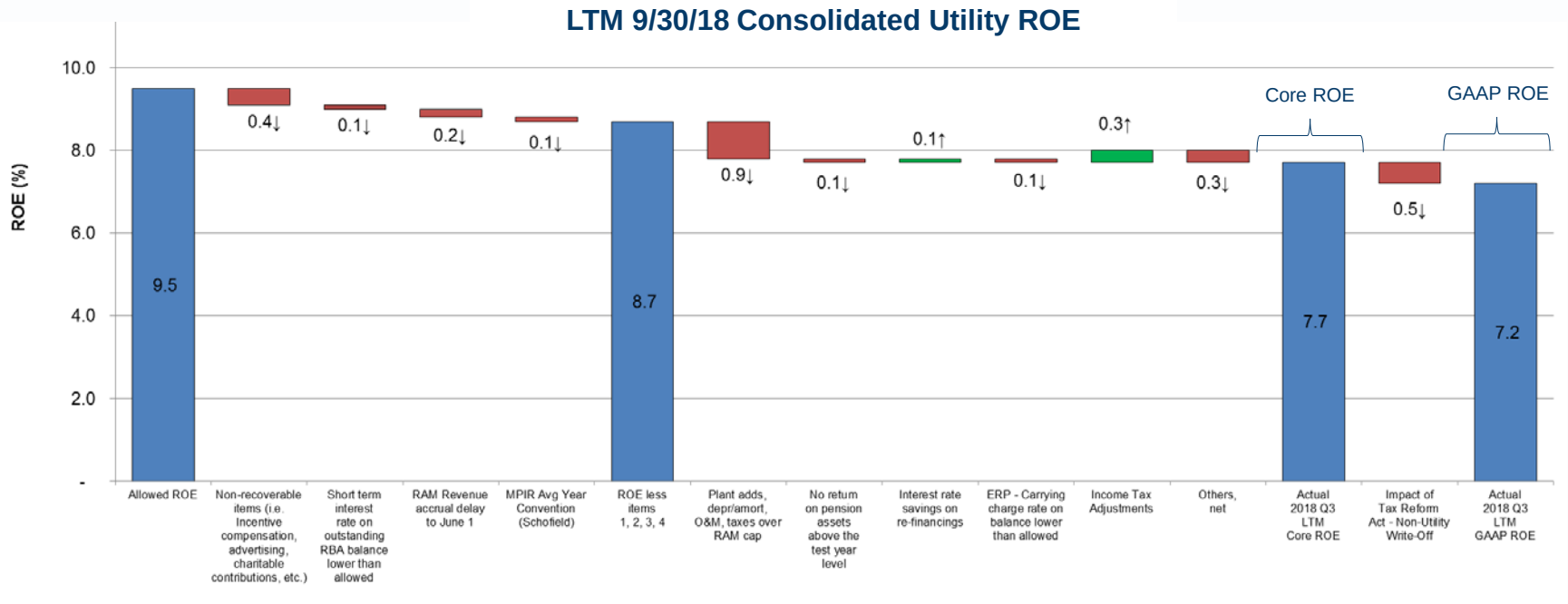


	Consolidated Utility	Hawaiian Electric	Hawaii Electric Light	Maui Electric
2018 GAAP	7.2%	7.0%	8.3%	7.1%
2017 GAAP	7.2%	7.3%	6.5%	7.0%
Allowed[1]	9.5%	9.5%	9.5%	9.5%

Note: Last base revenue increase: Hawaiian Electric: 2017 test year (final eff. 6/22/18); Hawaii Electric Light: 2016 test year (final eff. 6/29/18); Maui Electric: 2018 test year (interim eff. 8/23/18)
All ROEs calculated using net income divided by average GAAP common equity, simple average method

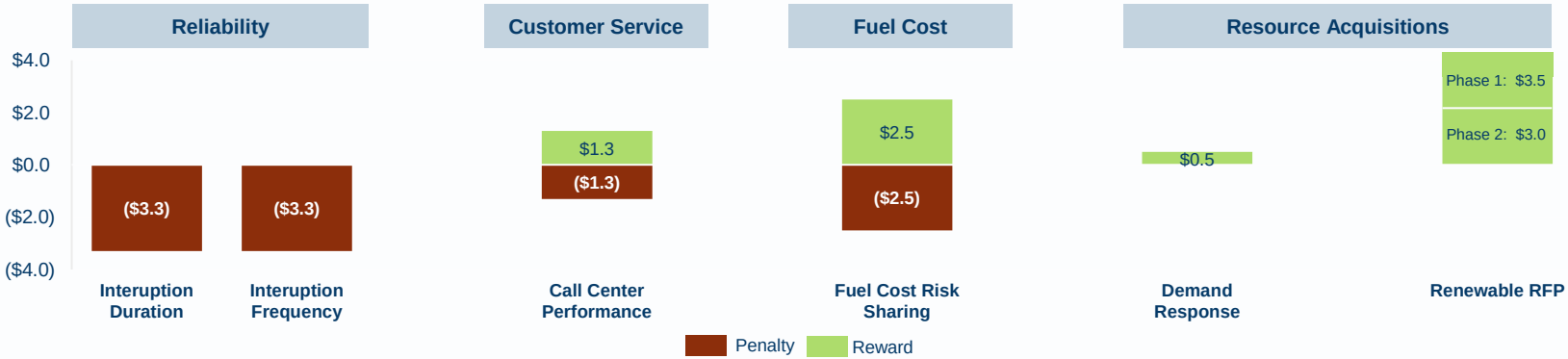
[1] Based on regulatory calculation. Allowed ROEs reflect Public Utilities Commission decisions in effect on September 30, 2018

Utility LTM ROE reflects triennial rate case transition



Performance incentive mechanisms (PIMs)

Current PIMs[1]



PIMs approved by PUC in April 2017 for all three companies

- **Reliability**
  - System Average **Interruption Duration** Index, or "SAIDI"
  - System Average **Interruption Frequency** Index, or "SAIFI"
- **Customer Service Call Center Performance** (% calls answered within 30 seconds)
- Reward/penalty amounts graduated, subject to deadband
- Reward/penalty recovered/credited annually through RBA rate adjustment
- Reward/penalty amounts re-determined upon rate case interim or final orders

Other PIMs[2]

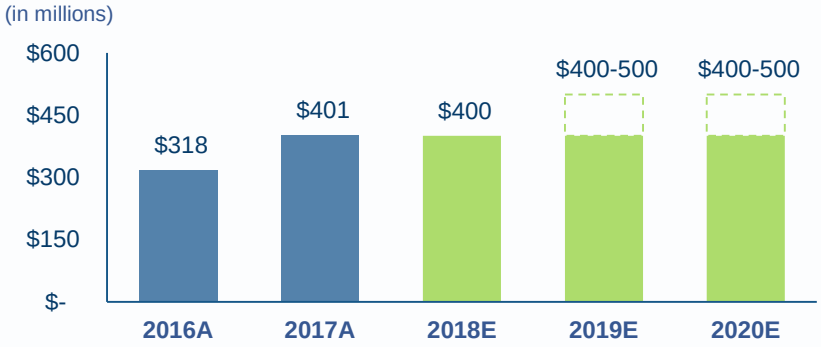
- **Demand Response**
  - One-time incentive for timely acquisition of cost-effective DR from RFP respondents
  - Incentive up to 5% of aggregate annual contract value, capped at $500,000
- **Renewable RFP**
  - Phase 1: For PPAs filed before 12/31/18 and subsequently approved by the PUC, incentive is based on 80% customer/20% utility split of savings, compared to benchmark of 11.5 cents/kWh for renewable plus storage and 9.5 cents/kWh for renewable energy only projects. Capped at $3.5 million.
  - Phase 2: For PPAs filed between 1/1/19 and 3/31/19 and subsequently approved by the PUC, increasing portion of savings goes to customers. Capped at $3 million.
  - Allocation of the PIM amounts over two periods: 1) 50% shortly after the PUC approval of the PPAs and 2) 50% following the first year of commercial operations for each project
- **PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**

1 Apply to all companies, except for fuel cost sharing, which currently applies to Oahu only

2 In addition to the PIMs described here, PUC has established a Heat Rate incentive mechanism designed to incentivize efficient operation of units (and penalize inefficient operation of units). PUC has also established RPS penalties of up to $20/MWh or about $2M for every 1% the company is short of the RPS requirement. The PUC has the discretion to waive, in whole or in part, any applicable penalty to the company for failure to achieve these RPS targets for events or circumstances that are outside the control of the company.

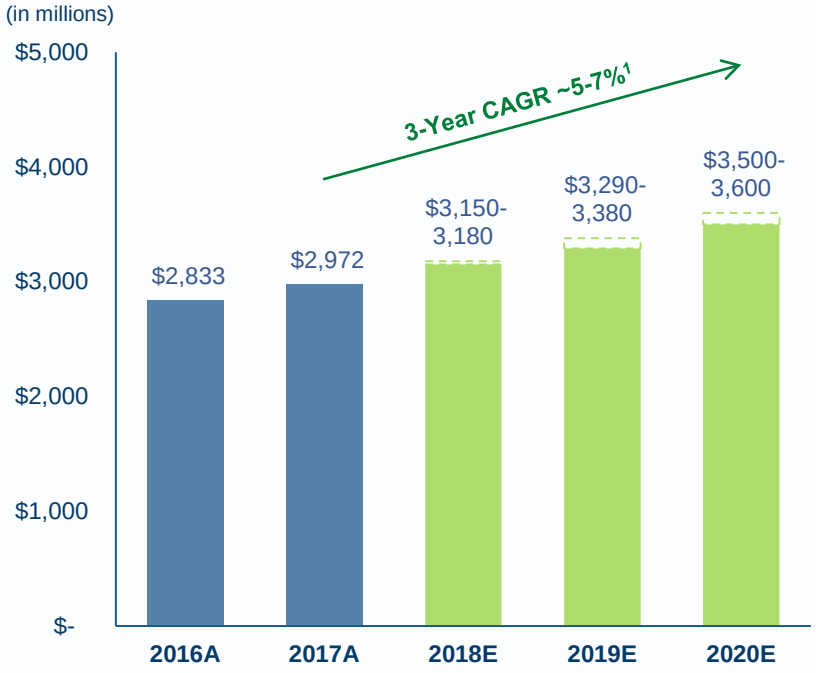
Clean and reliable energy drives capital investment

Capital Expenditures Forecast



Major Capex Projects	Forecast 2018	Forecast 2019	Forecast 2020
Schofield [2]	27	-	-
ERP [2]	32	-	-
West Loch PV [2]	38	8	-
CIP Battery Storage [3]	3	47	54
West Loch Battery Storage [3]	-	37	6
Other Major Projects [3]	31	29	20
Grid Modernization Project Phase 1 [3]	$86 between 2019 and 2023		

Rate Base Forecast



Note: Capex figures are net of CIAC.

1 Rate base is impacted primarily by plant additions but also includes other items (i.e., unamortized contributions in aid of construction, accumulated deferred income taxes, certain regulatory assets, etc.)

2 Schofield Generating Station (Schofield) was placed into service in June 2018; Enterprise Resource Planning (ERP) system was placed into service in 2018; West Loch PV (previously referred to as Joint Base Pearl Harbor-Hickam PV Solar Facility) forecasted to be placed into service in Q2 2019

3 Campbell Industrial Park (CIP) Battery Storage, West Loch Battery Storage, and Grid Modernization Phase 1, as well as other projects, are pending Commission approval

American Savings Bank:
Strong fundamentals and performance

Strong bank financial results

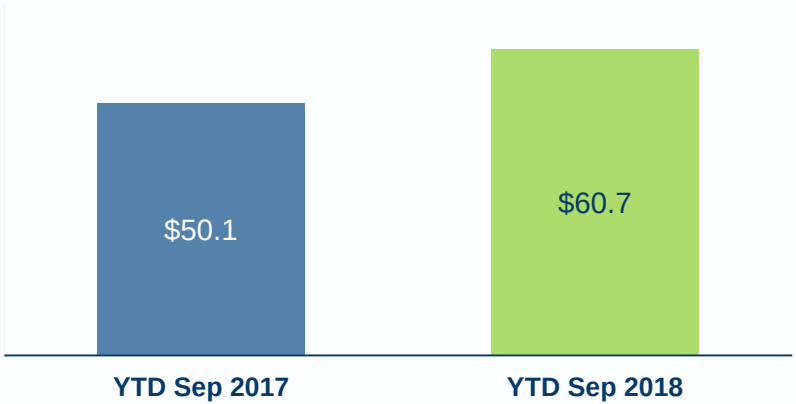
American Savings Bank Highlights

- Continued strong financial performance
- Expanding net interest margin, improving operational efficiency and positive tax reform impact
- Focus on making banking easy, deepening customer relationships
- New campus provides more opportunities to deliver high performance for customers and shareholders

Third consecutive quarter of strong bank net income growth

- Driven by higher net interest income and net positive impact of tax reform

Bank net income ($ in millions)



Key bank earnings drivers, after-tax fav/(unfav)	YTD 2018 vs YTD 2017
Net interest income	**9**
Provision for loan losses	**(4)**
Noninterest income	**(3)**
Noninterest expense	**(1)**
Lower tax expense (primarily driven by tax reform)	**8**

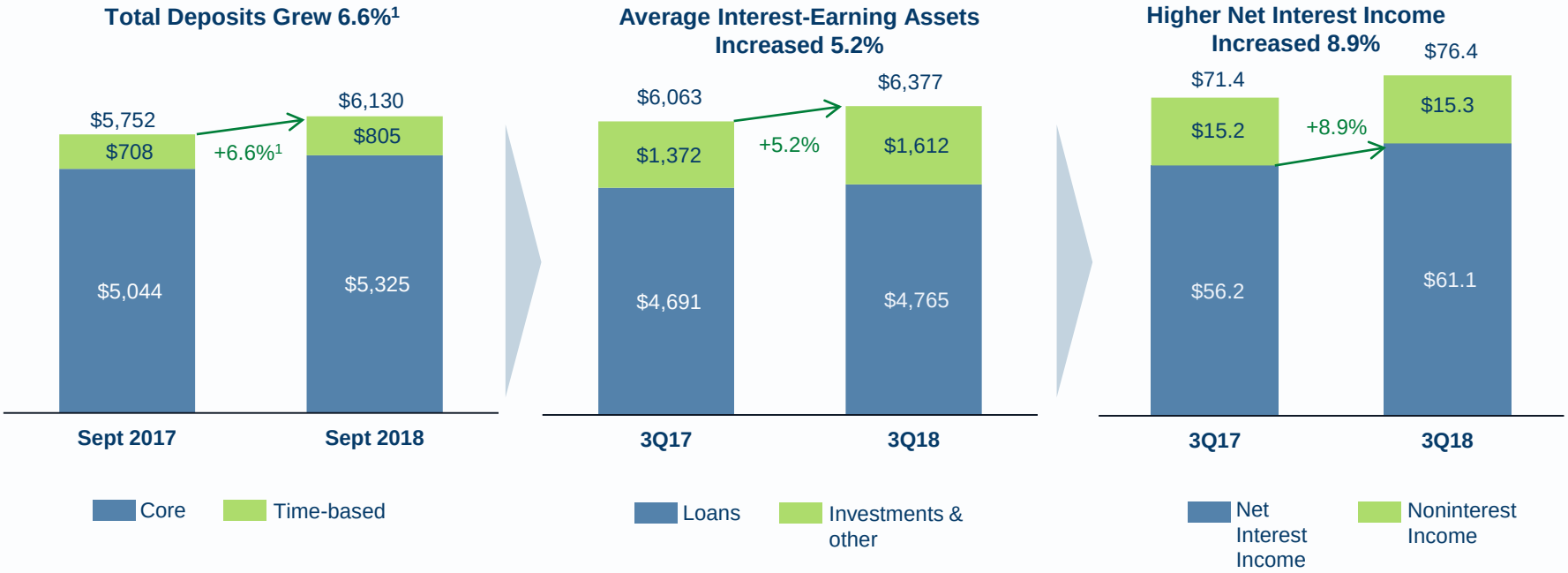
Note: Columns may not foot due to rounding

Summary of ASB Capital Adequacy Ratios (September 30, 2018)

	Common equity tier 1	Tier 1 capital	Total capital	Tier 1 leverage
As of 9/30/18	12.65%	12.65%	13.83%	8.62%
“Well capitalized”	6.50%	8.00%	10.00%	5.00%
Minimum requirements	4.50%	6.00%	8.00%	4.00%
Basel III 2019 minimum + buffers	7.00%	8.50%	10.50%	4.00%

Revenue growth driven primarily by net interest income ($ in millions)

ASB has a track record of converting deposit growth to higher net interest income

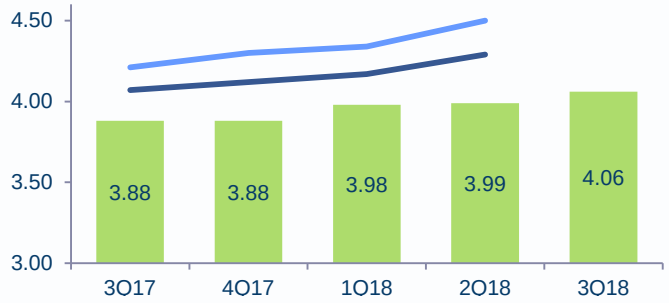


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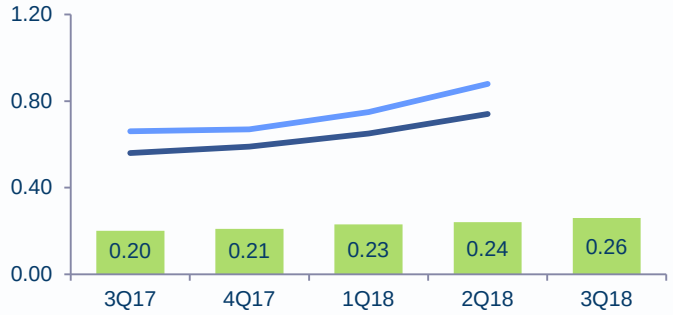
1 Including approximately $100 million in repurchase agreements that were transferred into deposit accounts. Excluding such transfers, deposit growth was 3.1%.

Strong net interest margin

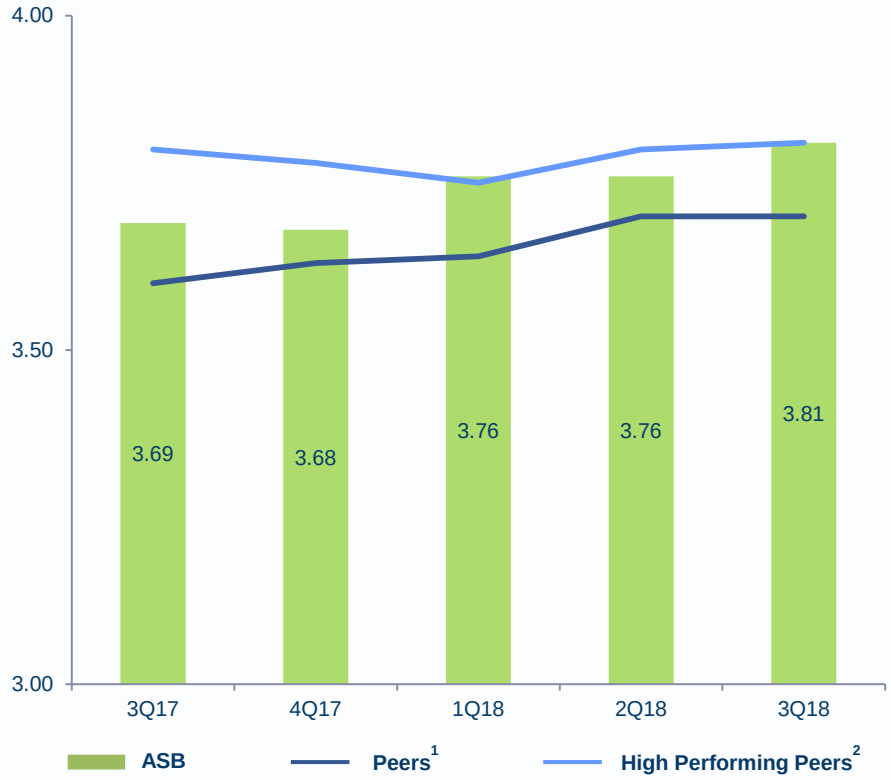
Asset Yield (%)



Cost of Funds (%)



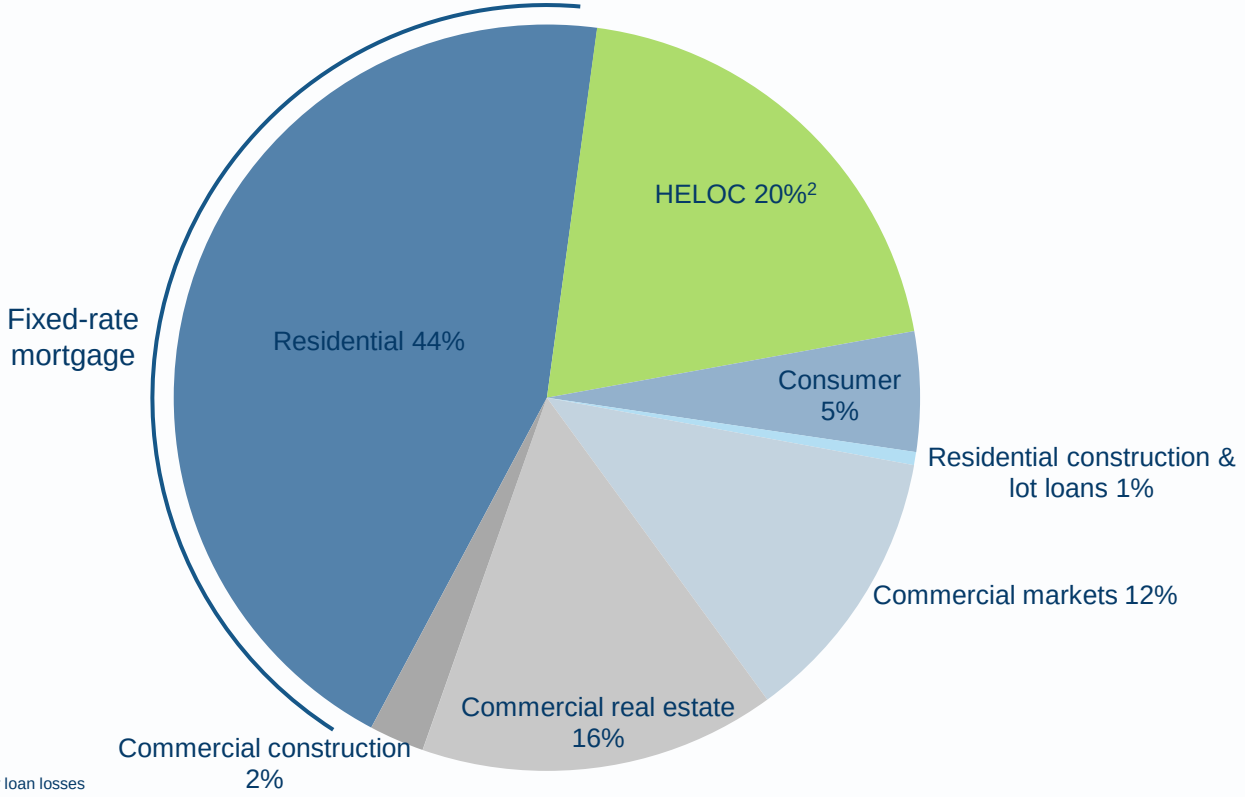
Net Interest Margin (%)



Source for peer data: SNL Financial (based on data available as of 11/5/2018)
Asset Yield: Total interest income as a percentage of average interest-earning assets
Cost of funds: 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 $4B and $9B in total assets
[2] Median for peer group of 17 high performing banks

Low-risk loan mix

Total loans at 9/30/18 - $4.8B[1]



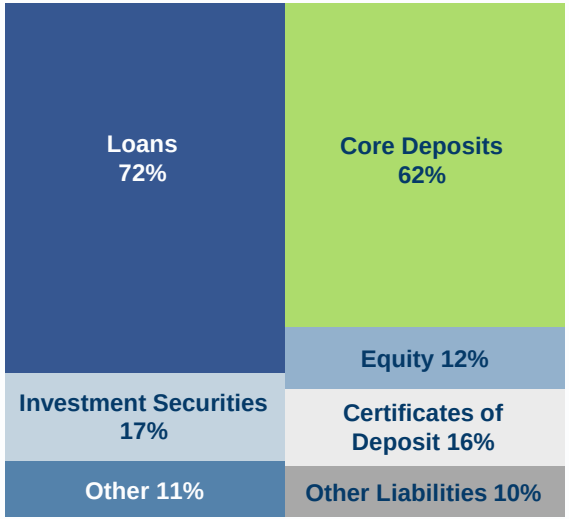
[1] Before deferred fees, discounts and allowance for loan losses

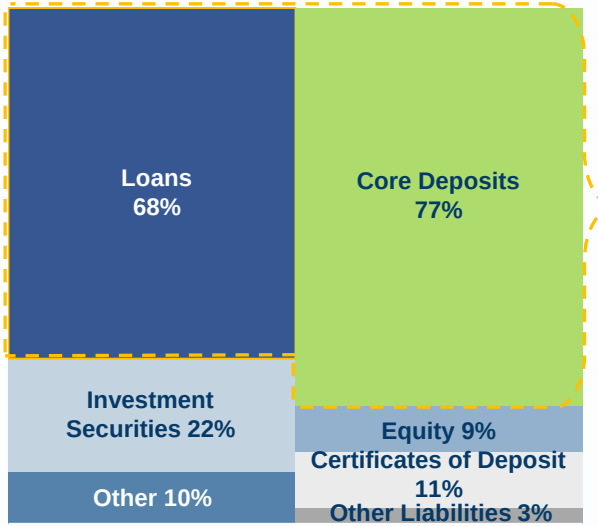
[2] Borrowers have a "Fixed Rate Loan Option" to convert a part of their available line of credit into a 5, 7, or 10-year fully amortizing fixed rate loan with level principal and interest payments. As of 9/30/2018, approximately 22% or ~$207 million of the portfolio balances were amortizing loans under the Fixed Rate Loan Option

Quality balance sheet and strong capital efficiency

Peer Banks[1]	
Median of average yield on earning assets	4.29%
Median of average cost of funds	0.74%
Return on average equity	10.72%

ASB[2]	
Average yield on earning assets	4.06%
Average cost of funds	0.26%
Return on average equity[3]	13.80%





100% of ASB loans funded with low cost core deposits

Source for peer data: SNL Financial (based on data available as of November 5, 2018)
[1] Yields for quarter ending 6/30/2018. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets
[2] Yields for quarter ending 9/30/2018
[3] Bank return on average equity calculated using weighted average daily common equity

Pacific Current:
Significant opportunity in Hawaii’s sustainable infrastructure market

New sustainable infrastructure investment platform

Advancing Hawaii's Energy and Sustainability Goals through Competitive Investments

- Hawaii-based strategic capital
- Commercially viable & proven technology
- Ability to monetize tax credits
- Local relationships / partnerships

Sustainable Investment Strategy

- Invest in non-regulated clean energy and sustainability projects consistent with HEI's risk profile and value proposition
- Maintain investment grade business profile while investing in a portfolio of Hawaii-based infrastructure investments

Highlights

- Near-term focus on organizational build-out
- Strong leadership with broad, relevant experience
- Proof of strategy with first two projects proceeding well
- Initial project's earnings and cash flow helping fund Pacific Current start-up costs

Financial outlook

HEI 2018 EPS guidance (as of November 7, 2018)

HEI EPS: $1.80 - $2.00 per share

Utility EPS: $1.33 - $1.46

Key Assumptions:

- No change to decoupling or recovery mechanisms
- Schofield Generating Station investment recovery under MPIR
- No material impact from new fuel cost risk sharing mechanism
- O&M excluding pension[1]: forecasted at 5% above 2017 levels, exceeding inflationary increases primarily due to one-time items
- Fuel efficiency: similar to rate case levels, subject to changes due to demands on the system
- Rate base growth: 6-7% based on additional bonus depreciation and capex of $400 million
- Equity capitalization at approved rate case levels

Bank EPS: $0.68 - $0.74

Key Assumptions:

- Low to mid-single digit earning asset growth
- NIM: ~3.7% to 3.8%
- Provision expense: $14 million to $18 million
- ROA > 1.10%

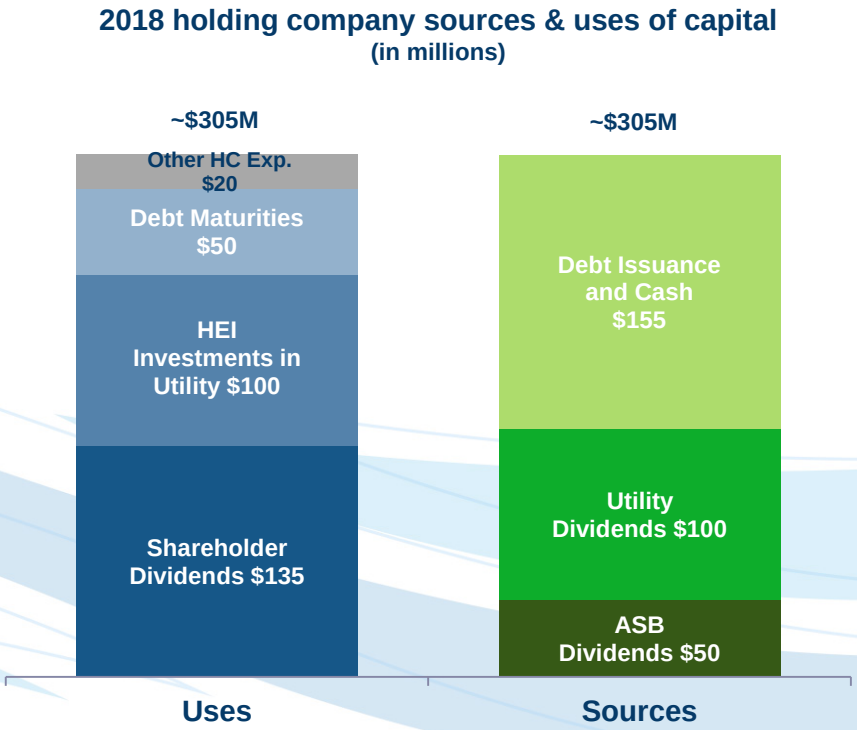
No new equity issuances in 2018

Note: Holding company and other net loss estimated at $0.19 - $0.21.

1 Excludes operations and maintenance (O&M) expenses covered by surcharges or by third parties that are neutral to net income. Includes O&M on Schofield Generating Station pending recovery through MPIR.

Reference the cautionary note regarding forward-looking statements (FLS) accompanying this presentation which provides additional information on important factors that could cause results to differ. The company undertakes no obligation to publicly update or revise FLS, including EPS guidance, whether as a result of new information, future events, or otherwise. See also the FLS and risk factors in HEI's SEC Form 10-K for the year ended December 31, 2017 and SEC Form 10-Q for the quarter ended September 30, 2018.

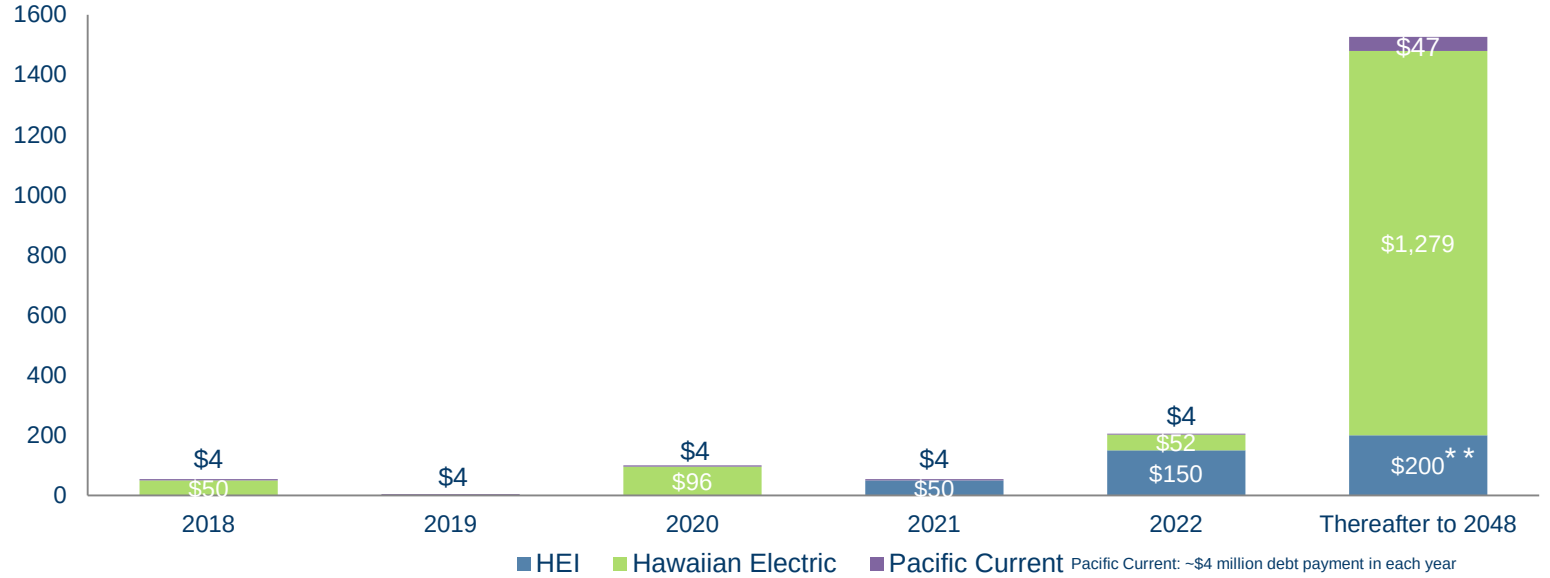
HEI financing outlook 2018*



- Intend to maintain a consolidated investment grade profile
- No new equity required

* Based on October 2018 forecast.

Debt maturities* & credit ratings ($ in millions)



Credit Ratings	HEI	Hawaiian Electric	ASB
S&P[1]	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB/Stable/A-2
Moody's[2]	Unrated/Stable/P-3	Baa2/Stable/P-2	n/a
Fitch[3]	BBB/Stable/F3	BBB+/Stable/F2	n/a

Note: Debt maturities data as of September 30, 2018 except for HEI, which includes private placement closed on October 4, 2018 See** below

[1] Source for ratings: February 2018 (HEI & Hawaiian Electric) & November 2017 (ASB) S&P reports

[2] Source for ratings: August 2018 HEI & Hawaiian Electric Moody's reports; On February 10, 2017, Moody's withdrew ratings of ASB for its own business reasons

[3] Source for ratings: September 2018 (HEI) & August 2018 (Hawaiian Electric) Fitch reports

* Excludes debt expenses of ~ $10 million (does not reflect the adoption of ASU No. 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs)

** Includes $150 million HEI private placement (in two tranches) closed on October 4, 2018 -- $50 million tranche funded at close and $100 million tranche to be funded in December 2018

Appendices

Maui Electric rate case: 2018 test year

Hawaii PUC docket no. 2017-0150

	Application (10/12/17)	Adjustment for Tax Reform (2/26/18)	June 2018 Settlement Approved New Depreciation Rates	Interim D&O (8/9/18) (eff. 8/23/18)
Amount requested	$30.1M (9.3% increase over revenues at current effective rates) [1]	$21.2M (6.5% increase over revenues at current effective rates) Lower tax rate results in reduced requirements	$12.5M (3.8% increase over revenues at current effective rates)	$12.5M (3.8% increase over revenues at current effective rates)
Deprec. & amort. expenses	$24.6M	$23.9M	$29.6M	$29.6M
Return on average common equity	10.60% with mechanisms	10.60% with mechanisms	9.50% with mechanisms	9.50% with mechanisms
Common equity capitalization (%)	56.94%	56.94%	57.02%	57.02%
Return on rate base	8.05%	8.05%	7.43%	7.43%
Average rate base	$473.3M	$482.4M	$462.4M	$462.4M
GWh sales	1,047.0	1,047.0	1,073.2	1,073.2

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC): Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause (PPAC).

1 Revenues at current effective rates include revenues based on the final rates approved in Maui Electric Company's 2012 test year rate case and revenues from the ECAC, PPAC, the estimated RAM Revenue Adjustment for the 2018 RAM period, and the RBA and other operating revenues.

2 In Settlement Agreement, Parties settled on all issues except whether the ROE of 9.75% should be reduced by up to 25 basis points for the impact of decoupling.

3 On August 20, 2018, the Company and the Consumer Advocate notified the Commission that they reached an agreement that the rate of ROE for the Maui Electric 2018 rate case should be 9.50%

Hawaiian Electric rate case: 2017 test year

Hawaii PUC docket no. 2016-0328

	Application (12/16/16)	Settlement (11/15/17)	Interim D&O (12/15/17 as modified)	March 2018 Settlement/ Tax Reform Act Impact (3/5/18)	Final D&O (6/22/18) (eff. 9/1/18)
Amount requested	$106.4M (6.9% increase over revenues at current effective rates) [1]	Approximately $53.7M (at 9.5% ROE)-$58.8M (at 9.75% ROE) (3.5%-3.8% increase over revenues at current effective rates) [2]	Approximately $36.0M (at 9.5% ROE) [3] (2.3% increase over revenues at current effective rates) [4, 5]	Lower tax rate results in reduced requirements over interim D&O; Maintains 9.5% ROE [6]	Commission approves Parties' Stipulated Settlement Agreements filed on November 15, 2017 and March 5, 2018.
Deprec. & amort. expenses	$130.7M	$130.7M	$130.6M	$123.5M [7]	$123.5M
Return on average common equity	10.60% with mechanisms	9.5%-9.75% with mechanisms	9.5% with mechanisms	9.5% with mechanisms	9.5% with mechanisms
Common equity capitalization (%)	57.36%	57.10%	57.10%	57.10%	57.10%
Return on rate base	8.28%	7.57%-7.72%	7.57%	7.57%	7.57%
Average rate base	$2,002M	$1,990M	$1,980M	$1,993M	$1,993M
GWh sales	6,660.2	6,660.2	6,660.2	6,660.2	6,660.2

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC): Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause (PPAC).

1 Revenues at current effective rates include revenues based on the final rates approved in Hawaiian Electric Company's 2011 test year rate case and revenues from the ECAC, PPAC, the estimated RAM Revenue Adjustment for the 2017 RAM period, and the RBA and other operating revenues.

2 In Settlement Agreement, Parties settled on all issues except whether the ROE of 9.75% should be reduced by up to 25 basis points for the impact of decoupling.

3 Interim D&O made 3 adjustments from the Settlement Letter filed by Hawaiian Electric and Consumer Advocate: (i) $6M reduction for customer benefit, (ii) $5M revenue reduction pending further examination of baseline plant additions and (iii) $5 million related to pension contributions in excess of pension expenses. PUC approved company's partial motion for reconsideration to ensure same customer benefits without requiring write off of pension regulatory asset.

4 Hawaiian Electric proposed interim revenue increase of $36.0M (adjusted downward from $38.4M interim) reflects the adjustment to remove the impact of the modifications to the ECAC and aligns with the change in total annual target revenues.

5 Interim rate increase became effective February 16, 2018.

6 In March 2018 Settlement, Parties resolved all issues included in the Amended Statement of Issues set by the Commission, except for the modifications to the ECAC. The settled issues include an ROE of 9.5% and the expedited recognition of Tax Reform Act benefits in addition to the items listed in Note 3 above. The Commission approved the March 2018 Settlement (results in -$0.6 million in revenues), cancelled the evidentiary hearing scheduled in the proceeding. Hawaiian Electric filed its updated tariffs March 16, 2018. PUC approved rates, effective April 13, 2018.

7 Assumes bonus depreciation beginning 4Q17 pending clarification from the Internal Revenue Service and/or Congress.

Hawaii Electric Light rate case: 2016 test year

Hawaii PUC docket no. 2015-0170

	Application (9/19/16)	Settlement (7/11/17)	Interim D&O (eff. 8/31/17)	Adjustment to Interim Increase (eff 5/1/18)	Final D&O (6/29/18) (eff. 10/1/18)
Amount requested	$19.3M (6.5% increase over revenues at current effective rates) [1]	Approximately $9.9M (at 9.5% ROE)-$11.1M (at 9.75% ROE)[2] (3.4%-3.8% increase over revenues at current effective rates)	Approximately $9.9M (at 9.5% ROE)[3] (3.4% increase over revenues at current effective rates)	Lower tax rate results in reduced requirements over interim D&O; Maintains 9.5% ROE[4]	Commission approves Adjustment to Interim Increase as adjusted final revenue requirement
Deprec. & amort. expenses	$37.8M	$37.8M	$37.8M	$37.7M	$37.7M
Return on average common equity	10.60% with mechanisms	9.5%-9.75% With mechanisms	9.5% With mechanisms	9.5% With mechanisms	9.5% With mechanisms
Common equity capitalization (%)	57.12%	56.69%	56.69%	56.69%	56.69%
Return on rate base	8.44%	7.80%-7.94%	7.80%	7.80%	7.80%
Average rate base	$478.8M	$482.1M	$482.1M	$481.3M	$481.3M
GWh sales	1,040.7	1,040.7	1,040.7	1,040.7	1,040.7

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC): Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause (PPAC).

1 Revenues at current effective rates include revenues based on the final rates approved in Hawaii Electric Light's 2010 test year rate case and revenues from the ECAC, PPAC, the RAM Revenue Adjustment for the 2016 RAM period, and the RBA and other operating revenues.

2 In Settlement Agreement, Parties settled on all issues except whether the ROE of 9.75% should be reduced by up to 25 basis points for the impact of decoupling.

3 Interim rate increase became effective on August 31, 2017. Parties filed separate opening and reply briefs on September 20, 2017 and October 5, 2017, respectively.

4 On April 24, 2018, the PUC issued an order approving the Company's Motion to Adjust Interim Increase for tax reform.

Major project infrastructure recovery (MPIR) mechanism

Hawaii PUC docket no. 2013-0141

- MPIR adjustment mechanism established by PUC on April 27, 2017 in decoupling reexamination proceeding
  - Allows recovery for eligible major projects in between rate cases through the revenue balancing account (RBA) rate adjustment
  - Request for MPIR recovery to be included in application for PUC approval of applicable project
  - Accrual of revenues commences upon certification of project in-service date
    - ½ of project's costs included in basis for determining return on investment and associated taxes during year project goes into service
    - Upon January 1 of the year after project is placed in service, may commence accrual of return and associated taxes on full amount of plant investment
  - "Eligible Projects" defined in MPIR Guidelines include, but not limited to:
    - Infrastructure to connect renewable energy projects
    - Projects that make it possible to accept more renewable energy
    - Projects that encourage clean energy choices and/or customer control to shift or conserve energy use
    - Projects implementing PUC approved or accepted plans, initiatives and programs
    - Utility scale renewable generation
    - Grid modernization projects
  - Routine replacements, relocations, restorations of existing facilities or business as usual projects not eligible
  - Recovery offset by all known and measureable net savings or benefits of project
- Recovery of Schofield Generating Station (SGS) project capital costs (cap of $142 million) through MPIR approved June 27, 2018
  - SGS project O&M costs may be recoverable through MPIR upon company's filing of a business case containing acceptable cost estimates
- Pending MPIR applications
  - Joint Base Pearl Harbor Hickam PV project
  - Joint Base Pearl Harbor Hickam Battery Energy Storage System (BESS) project
  - Campbell Industrial Park Generating Station Contingency & Regulating Reserve BESS project
  - Phase 1 Grid Modernization project

Performance-based regulation (PBR) proceeding

Hawaii PUC docket no. 2018-0088 (opened 4/18/18)

- Aspects of traditional PBR already in effect include decoupling, multi-year rate plan (3-year rate case cycle), performance incentives relating to reliability, customer service, demand response, renewable energy procurement, renewable energy portfolio standards (RPS) targets, cost containment and generation unit operational efficiency (heat rate)
- Commission objectives include: Enhance alignment between utility and customer interests, greater cost control and reduced rate volatility, efficient investment and allocation of resources regardless of classification as capital or operating expense, fair distribution of risks between utilities and customers, fulfillment of State policy goals. Commission will follow regulatory principle of gradualism
- Docket to proceed in two phases:
  - Phase 1 (~ 9 months): Examine regulatory framework, identify areas of performance for further focus/performance incentive mechanisms
  - Phase 2 (~12 months): PUC said that it *"…intends to work collaboratively with stakeholders to: streamline and/or refine elements of the existing regulatory framework; develop incentive mechanisms to better address specific objectives or areas of utility performance; and explore regulatory frameworks that result in more incentive-neutral utility investment decisions between capital- and service-based solutions."*
- PUC Staff Report issued 7/10/18 provided initial set of proposed regulatory goals (i.e., enhance customer experience, improve utility performance, advance societal outcomes) and preliminary set of potential associated outcomes for focus in phase 2
- PUC Staff Report dated September 18, 2018 reviewed existing regulatory framework; revised list of potential outcomes; acknowledged "utility's financial integrity is a theme of critical importance."
- Key dates:
  - Initial technical workshop with stakeholders held 7/23-7/24/18 followed by Goals-Outcomes briefs filed 8//24/18
  - Second technical workshop held 9/27/18 followed by Regulatory Assessment briefs filed 10/25/18
  - Third technical workshop scheduled 11/28/18 with Metrics briefs to be filed in December 2018
  - Phase 1 PUC Staff Proposal – January 2019
  - Statements of Position – February 2019
  - Reply Statements of Position – March 2019
  - Phase 1 Decision and Order – Subsequent to Reply Statements of Position
- SB 2939 SD2 (Hawaii Ratepayer Protection Act) signed into law 4/24/18 (Act 5)
  - Requires Commission to implement PBR by 1/1/20

Fossil fuel cost risk sharing

Part of Hawaiian Electric 2017 test year rate case final decision & order (D&O)
Hawaii PUC docket no. 2016-0328

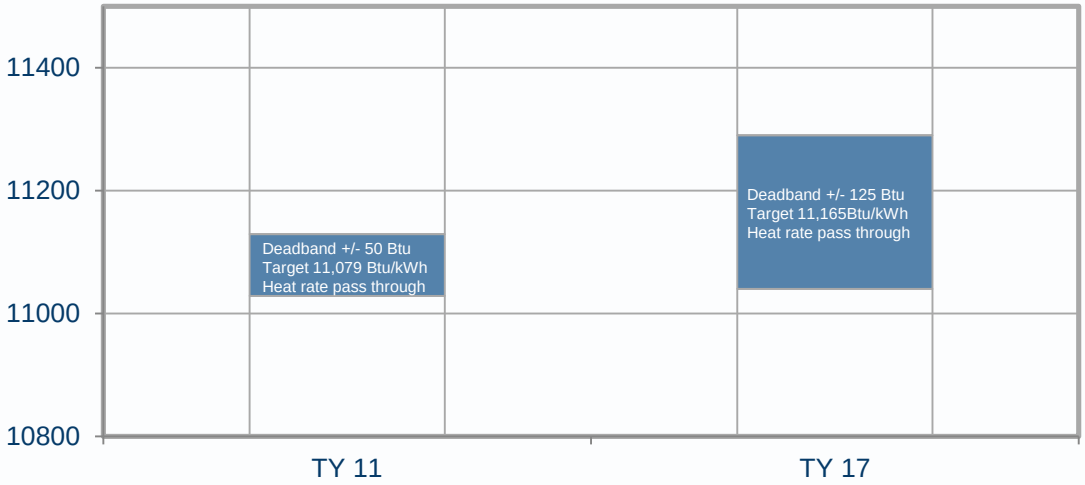
- As part of the final D&O in Hawaiian Electric's 2017 rate case, the Commission established a new fossil fuel cost risk sharing mechanism to be part of the new Energy Cost Recovery Clause (which will replace existing Energy Cost Adjustment Clause)
  - Symmetrical mechanism
  - Applies to utility fossil fuel generation (not IPP generation or non-fossil fuels)
  - Variations in fossil fuel price above or below baseline price shared 98% customers / 2% utility
  - Utility annual upside / downside capped at $2.5 million
- Hawaiian Electric implementation proposal filed July 23, 2018 includes:
  - Baseline Prices: Proposed to be January fuel prices of each year for each fossil fuel type
  - Implementation Date: Proposed to be January 1, 2019
- Technical conference on mechanism implementation held in September with utility, Commission staff, Consumer Advocate and intervenor that proposed fuel cost risk sharing mechanism

Hawaiian Electric 2017 test year changes to fossil target heat rates and deadband

Part of Hawaiian Electric 2017 test year rate case final decision & order (D&O)
Hawaii PUC docket no. 2016-0328

- As part of the final D&O in Hawaiian Electric's 2017 test year rate case, the Commission approved:
  - Increase to the low sulfur fuel oil (LSFO) heat rate to 11,165 from 11,079 Btu/kWh-sales
  - Widened deadband to ±125 from ±50 Btu/kWh-sales
  - Removed target heat rate for diesel and biodiesel (full heat rate pass through)
- Energy Cost Adjustment Clause tariff incorporating these changes filed July 23, approved by the PUC on August 30, and became effective September 1

Target Heat Rate and Deadband, 2011TY vs 2017TY



Power supply improvement plan (PSIP) update

Hawaii PUC docket no. 2014-0183 (closed)
accepted on July 14, 2017

- Anticipates reaching 100% Renewable Portfolio Standard (RPS)[1] by 2040, 5 years ahead of mandate
- On track to meet or exceed 2020 milestone of 30%
- Plan stresses the need to stay flexible and not crowd out future technological advances
- Focus on near-term actions (2017 - 2021)
- Near-term plans to incorporate Distributed Energy Resources, Community-Based Renewable Energy, Demand Response and Energy Efficiency programs
- Includes continued growth of private rooftop solar to an estimated total of 165,000 private systems by 2030
- Includes an addition of ~360 megawatts of grid-scale solar, ~157 megawatts of grid-scale wind and ~115 megawatts from Demand Response (DR) programs
- Describes grid and generation modernization work needed to reliably integrate renewable energy resources while strengthening resilience
- In accepting the PSIP, the Commission required the utilities to file a report that details the planning approach and schedule for the next round of resource planning (i.e., Integrated Grid Planning)

1 Electrical energy generated using renewable resources as a percentage of total sales

Grid modernization strategy update

Hawaii PUC docket no. 2017-0226

- In February 2018 the PUC directed the Companies to implement the grid modernization strategy with project applications to follow
- Customer and stakeholder engagement used to define grid modernization goals; engagement to continue as implementation applications developed
- Enables grid to interconnect distributed energy resources (DER) levels consistent with the accepted PSIP
- Provides customer choice through customer energy options (DER, demand response, time-of-use rates, etc.) and customer portal
- Uses new technologies to increase utilization of DER while improving reliability and resiliency of the grid
- $205 million in upgrades and enhancements to the grid over the next six years included in current capex forecast
- Applied for first phase of implementation ($86.3 million)

Electrification of transportation (EoT) strategic roadmap

Hawaii PUC docket no. 2018-0135

- Proposes role of the utility and identifies partners to increase adoption of electric vehicles (EV) and other electrification activities
- Customer and stakeholder engagement used to define and develop plans; engagement and partnership development to continue
- Initiatives include:
  - Increasing EV adoption by helping lower cost and educating consumers
  - Accelerating buildout of charging infrastructure
  - Supporting electrification of buses and other heavy equipment
  - Incentivizing charging at times that align with grid needs and save customers money
- EoT expansion:
  - Assists with integration of renewable energy to help meet state's 100% RPS goal
  - Increases Hawaii's energy security and reduces greenhouse gas emissions
  - Provides long-term value and benefits to all customers whether or not they own an EV
- Coordinated with other utility initiatives, including grid modernization, power supply improvement plan, integrated grid planning, distributed energy resources and demand response programs
- Related upcoming filings include electric bus tariff application to support early electric bus fleet conversions, network planning for minimum charging backbone infrastructure, and greater public outreach and education
- Overwhelmingly positive response reflected in public comments from residents, commercial customers, private industry and advocacy groups

Distributed energy resources (DER) update

Hawaii PUC docket no. 2014-0192

- In February 2018, the Companies launched two new DER programs:
  - Smart Export: Intended for customers installing a rooftop PV system combined with a battery energy storage system. Customers may export energy between 4pm – 9am for credit, but are not credited for energy exported during daytime hours.
  - CGS+: Intended for customers installing a rooftop PV system only (no storage required). Customers can export energy to the grid during the daytime for credit, but they are required to utilize advanced equipment that allows the utility to control the system to maintain grid stability in a system emergency. The controllability function can be accomplished through a second meter installed by the Companies (“Utility Option”) or through a third-party aggregator (“Aggregator Option”).
- In October 2018, the Commission approved new NEM Plus program for existing Net Energy Metering (NEM) customers to add non-exporting systems to their current systems, and still remain NEM customers
- The Commission has suspended the Market Track of the DER proceeding. The Market Track is expected to address issues relating to rate reform, rate unbundling, cost allocation, secure data sharing, and sunsets and transitions of existing DER programs.

ASB peer group – 2018

*	1st Source Corp.	SRCE
	Ameris Bancorp	ABCB
*	BancFirst Corp.	BANF
	Bancorp Inc	TBBK
	Beneficial Bancorp Inc	BNCL
*	BofI Holding Inc.	BOFI
	Brookline Bancorp Inc.	BRKL
	Cadence Bancorp.	CADE
	Carter Bank & Trust	CARE
	CenterState Bank Corp.	CSFL
	Central Pacific Financial Corp	CPF
	Century Bancorp Inc.	CNBK.A
	ConnectOne Bancorp, Inc.	CNOB
*	CVB Financial Corp.	CVBF
	Dime Community Bancshares Inc.	DCOM
*	Eagle Bancorp Inc	EGBN
*	Enterprise Financial Services	EFSC
	F&M Bank of Long Beach	FMBL
*	FB Financial Corp.	FBK
	Fidelity Southern Corp.	LION
	First Bancorp	FBNC
	First Busey Corp.	BUSE
	First Commonwealth Financial	FCF
	First Financial Bancorp.	FFBC
*	First Financial Bankshares	FFIN
*	First Merchants Corp.	FRME
	Flushing Financial Corp.	FFIC
*	Great Southern Bancorp Inc.	GSBC
*	Hanmi Financial Corp.	HAFC
	Heartland Financial USA Inc.	HTLF
	HomeStreet Inc.	HMST
	Independent Bank Corp.	INDB
	Independent Bk Group Inc.	IBTX
	Kearny Financial Corp.	KRNY
	Lakeland Bancorp	LBAI
*	Lakeland Financial Corp.	LKFN
*	LegacyTexas Finl Group Inc	LTXB
*	Luther Burbank Corp.	LBC
	Mechanics Bank	MCHB
	Meridian Bancorp Inc.	EBSB
	Midland States Bancorp Inc.	MSBI
	National Bank Holdings Corp.	NBHC
	NBT Bancorp Inc.	NBTB
	OceanFirst Financial Corp.	OCFC
	OFG Bancorp	OFG
	Opus Bank	OPB
	Pacific Premier Bancorp	PPBI
*	Park National Corp.	PRK
	Renasant Corp.	RNST
	Republic Bancorp Inc.	RBCA.A
	S&T Bancorp Inc.	STBA
	Sandy Spring Bancorp Inc.	SASR
	Seacoast Banking Corp. of FL	SBCF
*	ServisFirst Bancshares Inc.	SFBS
	Southside Bancshares Inc.	SBSI
	State Bank Finl Corp.	STBZ
	Tompkins Financial Corporation	TMP
	TowneBank	TOWN
	TriCo Bancshares	TCBK
	TrustCo Bank Corp NY	TRST
	United Financial Bancorp	UBNK
	W.T.B. Financial Corp.	WTBF.B
*	Washington Trust Bancorp Inc.	WASH
	Westamerica Bancorp.	WABC
	WSFS Financial Corp.	WSFS

Note: Based on publicly traded banks, savings and thrifts in the U.S. that have a total average assets between $4 billion and $9 billion for the years 2015-2017 (based upon data available in SNL as of April 18, 2018). Any institution whose business is not directly comparable with ASB or did not have data present for all 3 years were excluded. The peer group is updated annually 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 17 banks representing ASB's high performing peer group, based on a 3-year average return on average assets rank equal or above the 75th percentile.

Proven strategy, with two well-structured, valuable projects in portfolio

Hamakua Energy Combined Cycle Power Plant
Honoka‘a, Hawaii Island (Acquired Nov. 2017)

- Critical generation resource for Hawaii Island
- Supplying needed power while third-party owned geothermal plant out of service due to lava activity
- 60 MW; 2 GE LM 2500 gas turbine generators and 1 Mitsubishi steam turbine
- Evaluating conversion to locally sourced biofuels/ biofuel blend
- Redevelopment opportunities with additional land, valuable transmission interconnection at site
- Fully contracted through 12/31/2030 with Hawaii Island electric utility as off-taker
- Contracted cash flows and non-recourse financing support investment-grade profile

University of Hawaii (UH) Solar + Storage
Maui and Oahu (Acquired Mar. 2018)

- Large solar plus battery storage systems at 5 campuses in UH system
- 8.21 MW, SunPower SPR-470 PV capacity and 42.3 MWh, Johnson Controls (JCI) BU-5000 lithium-ion battery storage system
- Pacific Current selected in competitive process
- JCI, investment grade corporate, leader in battery technology and energy service contractor, is project developer
- Systems are in construction phase
- 15 year PPA with UH (AA-rated state entity) as off-taker
- Contracted cash flows and non-recourse financing support investment-grade profile

PACIFIC CURRENT



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 HEI President and Chief Executive Officer (CEO) in May 2006. She also serves as Chairman of HEI subsidiaries Hawaiian Electric Company (Hawaiian Electric) and American Savings Bank (ASB). Born and raised in Honolulu, Ms. Lau joined the HEI companies in 1984 and has served in numerous capacities across HEI and its subsidiaries, including in legal, financial and executive management functions. Her tenure with HEI and its subsidiaries includes serving as Treasurer of each of Hawaiian Electric (1987-98) and HEI (1989-99), as a director, Senior Executive Vice President and Chief Operating Officer of ASB (1999-2001), as ASB President and CEO (2001-06) and ASB Chairman, President and CEO (2006-08). She 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 (JD) from the University of California Hastings College of the Law and a master of business administration (MBA) from the Stanford Graduate School of Business.

Ms. Lau chairs the National Infrastructure Advisory Council, which advises the President of the United States on the security of critical infrastructure sectors and their information systems. Ms. Lau is a member of the federal Electricity Subsector Coordinating Council and serves as a C3E Clean Energy Ambassador appointed by the Secretary of the Department of Energy. She serves on the Executive Committee of the Edison Electric Institute and on the board of Associated Electrical & Gas Insurance Services. She previously served on 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 during her tenure leading ASB. She is also a director of Matson, Inc. (NYSE-MATX), a major shipping carrier to Hawaii, Alaska, Guam and the South Pacific.

Ms. Lau also serves on the boards of the Hawaii Business Roundtable, the Foundation for the Asia-Pacific Center for Security Studies, Punahou School, Consuelo Foundation, Elemental Excelerator, and the Military Affairs Council of the Chamber of Commerce of Hawaii. She also serves on the advisory boards for the University of Hawaii Shidler School of Business and Burns School of Medicine, University of California Hastings College of the Law, and Kamehameha Schools.



Alan M. Oshima

Hawaiian Electric Company
President and Chief Executive Officer

Mr. Oshima was named President and Chief Executive Officer of Hawaiian Electric effective Oct. 1, 2014.

Mr. Oshima first joined Hawaiian Electric as a member of the board of directors in 2008. In 2011, he left the board to serve as HEI's 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, Mr. Oshima 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. Mr. Oshima 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 Hawaii, Mr. Oshima was consistently recognized as one of "America's Best Lawyers" in the field of public utilities.

He has received the Hawaii State Bar Association Pro Bono Service Award and been recognized by the Hawaii Institute of Public Affairs and the Public Schools of Hawaii Foundation for his leadership and commitment to improving public education in Hawaii. Mr. Oshima chairs Hawaii 3Rs, a nonprofit organization that facilitates public-private partnerships to repair, restore and remodel Hawaii's public schools. He serves as a director of the Hawaii 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.

Mr. Oshima also serves as a member of the Governor's Every Student Succeeds Act (ESSA) Team. 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. Mr. Oshima also served as one of the six Hawaii Commissioners on the national Education Commission of the States.

A graduate of Farrington High School, Mr. Oshima received a marketing degree from Northwestern University and a Law Degree from University of California, Hastings College of the Law. He also served as a Supply Corps Officer with the U.S. Navy and among other places was stationed in Pearl Harbor and San Diego.



Richard F. Wacker

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

Mr. Wacker was named President and Chief Executive Officer of ASB in November 2010 and serves 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 CEO 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 Hawaii, serving on several prominent boards including, Child & Family Services (Chair), Hawaii Business Roundtable (Executive Committee), Chaminade University (Board of Regents), University of Hawaii—Pacific Asian Center for Entrepreneurship, University of Hawaii Foundation (Vice-Chair), University of Hawaii—XLR8UH accelerator program and the Hawaii Bankers Association. Mr. Wacker has served as a board member for the Hawaii Chapter of the American Red Cross, director for Junior Achievement Korea and as 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.



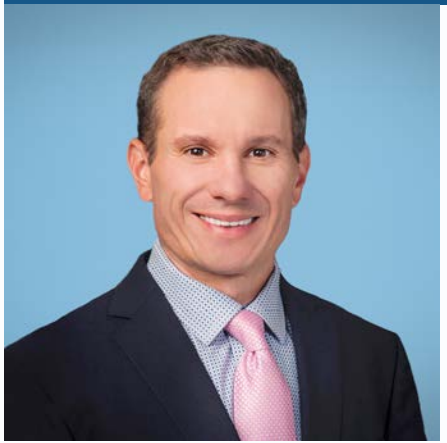
Greg C. Hazelton

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

Mr. Hazelton was appointed HEI's Executive Vice President and Chief Financial Officer (CFO) in April 2017, after serving as Senior Vice President, Finance beginning in October 2016. Mr. Hazelton was NW Natural Gas Company's (NW Natural) Senior Vice President and CFO from June 2015 to September 2016 and also served as its Treasurer from March to September 2016. Before joining NW Natural in June 2015, Mr. Hazelton was Vice President of Finance, Treasurer and Controller at HEI from August 2013 to June 2015. Prior to joining HEI in 2013 he held a number of positions over a thirteen year career in investment banking, most recently as a Managing Director with UBS Investment Bank's Global Power and Utilities Group until May 2013. Mr. Hazelton also held various operational, SEC financial reporting and accounting, financial forecast and analysis, and business development positions at energy companies, including Portland General Electric, from 1989 to 1999.

Mr. Hazelton serves on the boards of Aloha United Way and the Oahu Economic Development Board, and previously served as a director of Entrepreneurs Foundation of Hawaii.

Mr. Hazelton received a Bachelor of Science degree from Warner Pacific College and an MBA from the University of Chicago Graduate School of Business. He received his CPA (currently inactive) from the State of Washington.



Scott Valentino

Pacific Current, LLC
President

Mr. Valentino was named Pacific Current President in October 2018, after serving as Vice President, Finance at AltaGas, a Canadian diversified energy infrastructure company from 2015 to 2018. At AltaGas, Mr. Valentino oversaw the finance, commercial, market assessment and strategy functions for the company's U.S. Power business, including its new energy storage business. From 2005 to 2015, Mr. Valentino served in financial, strategic and business development roles at NRG, a leading power industry company, where he was involved in a variety of projects, including a potential waste-to-energy project in Hawai'i. Mr. Valentino has also advised businesses on implementing economic value-added (EVA®) management systems in energy, food, retail, telecommunications, transportation, logistics, publishing and real estate for nearly a decade while at independent strategy consulting boutique Stern Stewart.

Mr. Valentino earned a B.S. in Economics with a dual concentration in Finance and Accounting at The Wharton School at the University of Pennsylvania.



Tayne S. Y. Sekimura

Hawaiian Electric Company, Inc.
Senior Vice President & Chief Financial Officer

Ms. Sekimura became Hawaiian Electric's Senior Vice President & Chief Financial Officer in September 2009. She has held numerous leadership positions in the company in the areas of Internal Audit, Corporate Accounting, Finance, Budgeting and Customer Service.

Prior to joining Hawaiian Electric, Ms. Sekimura was an audit manager at KPMG and the assistant controller at Long Distance/USA. She has an accounting degree from the University of Hawaii at Manoa and is a certified public accountant.

Ms. Sekimura is on the Boards of the Learning Disabilities Association of Hawaii, Special Olympics Hawaii and the Chamber of Commerce Hawaii.



Joseph Viola

Hawaiian Electric Company, Inc.
Vice President, Regulatory Affairs

Before taking on the role as Vice President of Regulatory Affairs in 2014, Mr. Viola served in Hawaiian Electric's Legal Department for more than thirteen years, beginning as Associate General Counsel and then leading the department. Prior to joining Hawaiian Electric, Mr. Viola was a litigation attorney in California and in Honolulu and was also a law clerk for Hawai'i Supreme Court Chief Justice Ronald Moon. Mr. Viola was also an adjunct professor (pre-trial litigation) at the William S. Richardson School of Law for several years.

Mr. Viola holds a Bachelor of Arts degree from the State University in New York at Binghamton and a Juris Doctor degree from the University of California, Hastings College of the Law.

Mr. Viola serves on the Board of Trustees for the Hawaii Blood Bank, the Board of Directors for the Institute for Human Services, and the Oahu Economic Development Board.



Paul Ito

Hawaiian Electric Industries, Inc.
Vice President – Tax, Controller and Assistant Treasurer

Mr. Ito joined HEI in February 2018. Prior to joining HEI, he worked for Alexander & Baldwin, Inc. (A&B) in various roles, including as chief financial officer from June 2012 to July 2017 and senior vice president and treasurer from June 2012 to January 2018. He was A&B controller from May 2006 through September 2015 and vice president and assistant treasurer from April 2007 to June 2012. He also served as director, internal audit from April 2005 to May 2006. Prior to A&B, Mr. Ito worked for Deloitte & Touch as a Senior Manager in the Accounting Consultation and Research Group of the firm's national office in San Francisco. Mr. Ito is a Certified Public Accountant (not in public practice). He earned a Master's Degree in Professional Accounting (MPA), with a concentration in Managerial Accounting from the University of Texas at Austin and a Bachelor's Degree in Finance and Marketing from the University of Hawaii at Manoa.



Julie R. Smolinski

Hawaiian Electric Industries, Inc.
Director, Investor Relations

Ms. Smolinski joined HEI in 2011, spending several years as in-house counsel focused on transactions, governance and general corporate practice before joining the Investor Relations and Strategic Planning team. Prior to HEI, Ms. Smolinski practiced corporate law at Goodsill Anderson Quinn & Stifel in Honolulu, HI and WilmerHale in Palo Alto, CA. Ms. Smolinski also has previous experience in public affairs with the U.S. Department of State and Powell Tate in Washington, DC.

Ms. Smolinski earned her undergraduate degree from Wellesley College, a JD from Stanford University and an Executive MBA from the University of Hawaii.

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 HEI and the utility. Management believes these non-GAAP measures provide useful information and are a better indicator of the companies' core operating activities than the corresponding GAAP measures given the non-recurring nature of certain items. Non-GAAP core measures presented here may not be comparable to similarly titled measures used by other companies. The accompanying tables provide the return on average common equity (ROACE) and adjusted non-GAAP core ROACE for HEI and the utility.

The reconciling adjustments from GAAP earnings to core earnings used in the calculation of the twelve months ended September 30, 2018 ROACE exclude the impact of the federal tax reform act recorded in the fourth quarter of 2017 due to the adjustment of deferred tax balances and the $1,000 employee bonuses paid by the bank related to federal tax reform. Management does not consider these items to be representative of the company's fundamental core earnings and has shown the non-GAAP (core) ROACE in order to provide better comparability between periods.

The accompanying table also provides the calculation of utility GAAP other operation and maintenance (O&M) expense adjusted for "O&M-related net income neutral items," which are O&M expenses covered by specific surcharges or by third parties. These "O&M-related net income neutral items" are grossed-up in revenue and expense and do not impact net income.

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Industries, Inc. and Subsidiaries (HEI)

(Unaudited)

	Twelve months ended September 30	
	2018	2017
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	8.7%	8.5%
Based on non-GAAP (core)[2]	9.4%	8.5%

Hawaiian Electric Company, Inc. and Subsidiaries

	Twelve months ended September 30	
	2018	2017
HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	7.22%	7.16%
Based on non-GAAP (core)[2]	7.71%	7.16%

	Three months ended September 30		Nine months ended September 30	
($ in millions)	2018	2017	2018	2017
HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&M) EXPENSE				
GAAP (as reported)	$ 113.6	$ 98.7	$ 333.8	$ 302.4
Excluding other O&M-related net income neutral items[3]	0.2	0.7	0.7	2.7
Non-GAAP (Adjusted other O&M expense)	$ 113.3	$ 98.0	$ 333.1	$ 299.7

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

[3] Expenses covered by surcharges or by third parties recorded in revenues

Cautionary note regarding 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 “will,” “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, political 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 and political 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; the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; terrorist acts; 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, monetary policy, trade policy and tariffs, and other policy and regulation changes advanced or proposed by President Trump and his administration;
- 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 (including tax 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, 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 included in their updated Power Supply Improvement Plans (PSIPs), Demand Response Portfolio Plan, Distributed Generation Interconnection Plan, Grid Modernization Plans, and business model changes, which have been and are continuing to be developed and updated in response to the orders issued by the PUC, the PUC's April 2014 statement of its 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 subsequent orders of the PUC;
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation, combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- 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 kilowatthour sales;
- the ability of the Utilities to achieve performance incentive mechanisms currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Senate Bill No. 2939 SD2, including the potential addition of new performance incentive mechanisms, third party proposals adopted by the PUC in its implementation of PBR, and the implications of not achieving performance incentive goals;
- 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 such as the commercial development of energy storage and microgrids and banking through alternative channels;
- cyber security risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (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;
- failure in addressing issues in the stabilization of the ERP/EAM system implementation could adversely affect the Utilities' ability to timely and accurately report financial information and make payments to vendors and employees;
- 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 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 and its subsidiaries, 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/finance lease or on-balance-sheet operating 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 and its subsidiaries;
- 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);
- the ability of the Company's non-regulated subsidiary, Pacific Current, LLC, to achieve its performance and growth objectives, which in turn could affect its ability to service its non-recourse debt;
- the Company's reliance on third parties and the risk of their non-performance; 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 presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI, Hawaiian Electric, ASB, Pacific Current and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether written or oral and whether as a result of new information, future events or otherwise.

Catalyst for a better Hawai'i

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