

Hawaiian Electric Industries Inc. 's Ratings Affirmed; Outlook Revised to Negative

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NEW YORK (Standard & Poor's CreditWire) March 7, 2000-- Standard & Poor's today affirmed its ratings on Hawaiian Electric Industries Inc. (HEI), its primary subsidiary, Hawaiian Electric Co. Inc., and its units, Hawaii Electric Light Co. Inc. and Maui Electric Co. Ltd. At the same time, Standard & Poor's revised its credit outlook on the companies to negative from stable. The action reflects HEI's plan to expand its investment in independent power and integrated energy projects in the Asia-Pacific region. Growth of these unregulated operations will weaken the company's consolidated business risk profile.

On March 6, 2000, an indirect subsidiary of HEI Power Corp. (HEI's international power subsidiary) closed its acquisition of 50% interest in EPHE Philippines Energy Co. for \$67 million plus up to an additional \$6 million if certain earnings targets are achieved in 2000 and 2001. HEI plans to eventually fund the transaction with approximately 50% equity and 50% debt. The initial financing of short-term debt will be replaced with common equity through the company's dividend reinvestment plan and medium-term notes. EPHE owns approximately 91.7% of the issued and outstanding common shares of East Asia Power Resources Corp. (EAPRC), a publicly listed holding company incorporated in the Philippines.

The generating capacity of the acquired plants total approximately 390MW. Power prices under the purchase power agreements are generally at a discount to the rates charged by the National Power Corp., a government owned and controlled corporation of the Philippines.

This transaction is the company's second investment in the Philippines. In 1998 and 1999, HEI Power and its subsidiaries acquired an effective 20% interest in Cagayan Electric Power & Light Co. Inc., an electric distribution company. HEI Power has also made investments in China and Guam. To date, the company has invested \$136 million including the acquisition of EAPRC and has committed to invest up to an additional \$92 million. Standard & Poor's will continue to monitor the growth of HEI's unregulated businesses and the impact of financing decisions on the credit quality of the utilities and the consolidated entity. Prospectively, stronger earnings and cash flow will be needed to compensate for a riskier business position.

OUTLOOK: NEGATIVE

The outlook reflects HEI's challenge to maintain bondholder protection commensurate with the higher business

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risk associated with the company's strategy to expand its unregulated generation operations. The ratings outlook incorporates a time horizon of up to three years, Standard & Poor's said. -- CreditWire

RATINGS AFFIRMED

	RATING
Hawaiian Electric Industries Inc.	
Corporate credit rating	BBB/A-2
Commercial paper	A-2
Senior unsecured debt	BBB
Hawaiian Electric Co. Inc.	
Corporate credit rating	BBB+/A-2
Commercial paper	A-2
Senior unsecured debt	BBB+
Hawaii Electric Light Co. Inc.	
Corporate credit rating	BBB+
Senior unsecured debt	BBB+
Preferred stock*	BBB-
Maui Electric Co.	
Corporate credit rating	BBB+
Senior unsecured debt	BBB+
Preferred stock*	BBB-
HECO Capital Trust I Inc.	
Preferred stock*	BBB-
HECO Capital Trust II Inc.	
Preferred stock*	BBB-
Hawaiian Electric Industries Capital Trust I	
Preferred stock¶	BB+

*Guaranteed by Hawaiian Electric Co. Inc.

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