HAWAIIAN ELECTRIC INDUSTRIES INC
Form DEF 14A
March 18, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

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Hawaiian Electric Industries, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

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HAWAIIAN ELECTRIC INDUSTRIES, INC. PO BOX 730 HONOLULU, HI 96808-0730

Constance H. Lau
President and
Chief Executive Officer

March 18, 2009

Dear Fellow Shareholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the Annual Meeting of Shareholders of Hawaiian Electric Industries, Inc. (HEI). The meeting will be held on HEI's premises in Room 805 on the eighth floor of the American Savings Bank Tower in Honolulu, Hawaii on May 5, 2009, at 9:30 a.m., local time. A map showing the location of the meeting site appears on page 72 of the Proxy Statement.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the items of business to be conducted during the meeting. In addition, we will review significant events of 2008 and their impact on you. HEI officers and Board members will be available before and after the meeting to talk with you and answer questions.

As a shareholder of HEI, it is important that your views be represented. Please help us obtain the quorum needed to conduct business at the meeting by promptly voting your shares.

The Board and management team of HEI would like to express their appreciation to you for your confidence and support. I look forward to seeing you at the Annual Meeting in Honolulu.

Sincerely,

Recycled

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Hawaiian Electric Industries, Inc.
900 Richards Street
Honolulu, Hawaii 96813

NOTICE OF ANNUAL MEETING

Date and Time	Tuesday, May 5, 2009, at 9:30 a.m., local time.
Place	American Savings Bank Tower, 1001 Bishop Street, 8th floor, Room 805, Honolulu, Hawaii 96813.
Items of Business	1. Elect four Class I directors. 2. Ratify appointment of KPMG LLP, as HEI's independent registered public accounting firm. 3. Amend and restate the HEI Restated Articles of Incorporation.
Proxy Record Date	February 25, 2009.
Annual Report	The 2008 Annual Report to Shareholders (Appendix A) and Summary Report to Shareholders, which are not a part of the proxy solicitation materials, have been mailed or made available electronically along with this Notice and accompanying Proxy Statement.
Proxy Voting	Shareholders of record may appoint proxies and vote their shares in one of four ways: Via the Internet By telephone By mail In person Shareholders whose shares are held by a bank, broker, or other financial intermediary (street name) should follow the voting instruction card included by the intermediary. Any proxy may be revoked in the manner described in the accompanying Proxy Statement.
Attendance at Meeting	If your shares are registered in street name, please bring a letter from your bank or broker or provide other evidence of your beneficial ownership if you plan to attend the Annual Meeting.
Important Notice Regarding the Availability of Proxy Materials for the	The proxy statement, annual report, and summary report to shareholders are available at www.hei.com/proxymatl.html

Shareholders Meeting to Be Held on May 5, 2009

By Order of the HEI Board of Directors.

March 18, 2009

Patricia U. Wong
Vice President-Administration
and Corporate Secretary

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Proxy Statement

HEI is soliciting proxies for the Annual Meeting of Shareholders scheduled for May 5, 2009, at 9:30 a.m., local time, at the American Savings Bank Tower, 1001 Bishop Street, 8th floor, Room 805, Honolulu, Hawaii. The mailing address of the principal executive offices of HEI is P. O. Box 730, Honolulu, Hawaii 96808-0730.

The approximate mailing date for this Proxy Statement, form of proxy, and annual and summary reports to shareholders for the fiscal year ended December 31, 2008, is March 18, 2009. The annual report and summary report are not considered proxy soliciting materials.

About the Meeting

Who can attend the meeting?

Attendance will be limited to:

- shareholders of record;
- beneficial owners of HEI Common Stock having evidence of ownership and entitled to vote at the meeting;
- authorized representatives of absent shareholders; and
- invited guests of management.

If you own shares of HEI Common Stock in the name of a bank, brokerage firm or other holder of record, you must show proof of ownership. This may be in the form of a letter from the holder of record or a recent statement from the bank or broker showing ownership of HEI Common Stock.

Any person claiming to be an authorized representative of a shareholder must produce written evidence of the authorization.

What are shareholders being asked to vote on?

- Election of four Class I directors for a three-year term expiring at the 2012 Annual Meeting of Shareholders.
- Ratification of appointment of KPMG LLP as HEI's independent registered public accounting firm.
- Approval to amend and restate the HEI Restated Articles of Incorporation.

Voting Procedures

Information about the Notice of Internet Availability of Proxy Materials

This year, instead of mailing a printed copy of our proxy materials to each shareholder of record, HEI has decided to provide access to these materials in a fast and efficient manner via the Internet to certain shareholders. In keeping with our efforts to conserve natural resources, this method of delivery will reduce the amount of paper necessary to produce these materials, as well as reduce the costs associated with the printing and mailing of these materials to shareholders. On March 18, 2009, a Notice of Internet Availability of Proxy Materials ("Notice") will be mailed to certain shareholders and our proxy materials posted on the website referenced in the Notice (www.ViewMaterial.com/HEI). As more fully described in the Notice, these shareholders may choose to access our proxy materials on the website referred to in the Notice or may request to receive a printed set of our proxy materials. In

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addition, the Notice and website will provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

Who is eligible to vote?

Only shareholders of record at the close of business on February 25, 2009 (the proxy record date) are entitled to vote.

How many shares are outstanding and entitled to vote?

On February 25, 2009, 90,611,290 shares of HEI Common Stock were outstanding. Each shareholder is entitled to one vote for each share held. Under the Bylaws of HEI, shareholders do not have cumulative voting rights in the election of directors.

What constitutes a quorum?

A quorum is needed to conduct business at the Annual Meeting. A majority of the shares entitled to vote at the meeting constitutes a quorum. Abstentions and broker nonvotes will be counted in the number of shares present, in person or by proxy, for purposes of determining a quorum. A broker nonvote occurs when a broker does not have discretionary voting power to vote on a specific matter (such as nonroutine proposals) and has not received voting instructions from the beneficial owner.

How do shareholders vote?

Whether or not you plan to attend the Annual Meeting, please take the time to vote. You may vote via the Internet, by touchtone telephone or by mail. The Internet and telephone procedures are designed to authenticate and confirm that your voting instructions are followed. If you vote via the Internet or by telephone, follow the instructions on the Notice or card you received by mail. Additionally, if you vote by telephone, you will receive recorded instructions, or if you vote via the Internet, you will receive additional instructions at the Internet website. You will need to have the control number on your Notice or proxy/voting instruction card, as applicable, available.

Shareholders who vote via the Internet or by telephone should not mail the proxy/voting instruction card.

1. BY INTERNET: You may vote on-line by following the instructions in the Notice or accessing the Internet at www.cesvote.com. Specific instructions will be available allowing you to record and confirm your vote.

2. BY TELEPHONE: You may vote by touchtone telephone by following the instructions in the Notice or by calling 1-888-693-8683. Once connected, you will be prompted to record and confirm your vote.

3. BY MAIL: Please mark your vote and sign, date, and promptly return the proxy in a postage-paid envelope. If you return the signed proxy but do not mark the boxes showing how you wish to vote, your votes will be cast following the recommendations of management on all proposals.

4. IN PERSON: You may vote your shares by attending the Annual Meeting and voting in person. If you wish to give your proxy to someone other than the individuals listed on the enclosed proxy, cross out all three names and insert the name of another person to vote your shares at the meeting.

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How do shareholders vote if their shares are held in street name?

If your shares are held in "street name" (that is, through a broker, trustee or other holder of record), you will receive a voting instruction card or other information from your broker seeking instruction as to how your shares should be voted. If no instructions are given, your broker or nominee may vote your shares at its discretion on your behalf on routine matters (such as the election of directors, the ratification of the independent registered public accounting firm, and the amending and restating of the Restated Articles of Incorporation) under New York Stock Exchange rules.

You may not vote shares held in "street name" at the Annual Meeting unless you obtain a legal proxy from your broker or holder of record.

How do shareholders vote if their shares are held in the Dividend Reinvestment and Stock Purchase Plan or the HEI Retirement Savings Plan?

If you own shares held in the Dividend Reinvestment and Stock Purchase Plan or the HEI Retirement Savings Plan (including shares previously received under the Tax Reduction Act Stock Ownership Plan), the respective plan trustees will vote the shares of stock held in these Plans according to your directions. For both the Dividend Reinvestment and Stock Purchase Plan and the HEI Retirement Savings Plan, the respective trustees will vote all the shares of HEI Common Stock for which they receive no voting instructions in the same proportion as they vote shares for which they receive instruction.

Can shareholders change their vote?

If you execute and return a proxy, you may revoke it at any time before the Annual Meeting in one of three ways:

- submit a properly signed proxy with a later date or vote again at a later time by telephone or Internet;
- notify the Corporate Secretary of HEI in writing; or
- vote in person at the Annual Meeting (if your shares are registered directly on HEI's books or, if your shares are held in "street name" and you have a legal proxy from your broker or holder of record).

How many votes are required?

If a quorum is present at the Annual Meeting, then:

- Directors shall be elected by a plurality of the votes cast in the election,
- Appointment of HEI's independent registered public accounting firm shall be ratified if more votes are cast in favor than against, and
- The HEI Restated Articles of Incorporation shall be amended and restated if approved by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote.

Abstentions and broker nonvotes will count in establishing a quorum, but will not otherwise affect the outcome of the election of directors or the ratification of the appointment of HEI's independent registered public accounting firm. Abstentions and broker nonvotes, if any, will have the same effect as voting against the proposal to amend and restate the Restated Articles of Incorporation.

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Who will count the votes and are the votes confidential?

Corporate Election Services will act as tabulator for broker and bank proxies as well as the proxies of the other shareholders of record. Your identity and vote will not be disclosed to persons other than those acting as tabulators except as follows:

- as required by law;
- to verify the validity of proxies and the results of the voting in the case of a contested proxy solicitation; or
- when you write a comment on the proxy form.

Could other matters be decided at the Annual Meeting?

HEI knows of no business to be presented at the 2009 Annual Meeting other than the items set forth in this proxy statement. If other business is properly brought before the Annual Meeting, or any adjournment thereof, the persons named on the enclosed proxy will vote your stock in accordance with their best judgment, unless authority to do so is withheld by you in your proxy.

What happens if the Annual Meeting is postponed or adjourned?

If the Annual Meeting is postponed or adjourned, your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted at the Annual Meeting.

Proposals You May Vote On

1. Election of Class I Directors

The Board of Directors currently consists of 12 directors divided into three classes with staggered terms so that one class of directors must be elected at each Annual Meeting.

The four Class I nominees being proposed for election at this Annual Meeting are:

- Shirley J. Daniel, Ph.D., C.P.A.
- Constance H. Lau
- A. Maurice Myers
- James K. Scott, Ed.D.

Each nominee is currently a member of the Board and has consented to serve for the new term expiring at the 2012 Annual Meeting. If a nominee is unable to stand for election, the proxy holders listed in the proxy may vote in their discretion for a suitable substitute.

YOUR BOARD RECOMMENDS THAT YOU VOTE FOR EACH OF THE NOMINEES FOR CLASS I DIRECTOR.

Detailed information on each Class I nominee and on the Class II and III directors is provided on pages 8-10.

2. Ratification of appointment of Independent Registered Public Accounting Firm

KPMG LLP, an independent registered public accounting firm, has been the auditor of HEI since 1981. The Audit Committee selected KPMG LLP as HEI's independent registered public accounting firm for 2009. The Board, upon the recommendation of its Audit Committee, recommends the ratification of KPMG LLP as the independent registered public accounting firm of HEI for fiscal year

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2009 and thereafter until its successor is appointed. Representatives of KPMG LLP will be present at the Annual Meeting and will be given the opportunity to make a statement and to respond to appropriate questions.

YOUR BOARD AND THE AUDIT COMMITTEE RECOMMEND THAT YOU VOTE FOR THE RATIFICATION OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR HEI.

3. Approval to amend and restate the HEI Restated Articles of Incorporation

The Board of Directors has approved, and recommends to shareholders that they approve, the Amended and Restated Articles of Incorporation of HEI in the form attached as Appendix B to this Proxy Statement. The summary set forth below of the amendments that will be effected by approval of this proposal is qualified by reference to the full text of the Amended and Restated Articles of Incorporation, which is incorporated herein by reference.

HEI last restated its Articles of Incorporation on December 16, 1987 (the "1987 Restated Articles"). Since that time, there have been three amendments to the 1987 Restated Articles recommended by the directors and approved by shareholders and one amendment to the 1987 Restated Articles that occurred by operation of law:

In June of 1990, the 1987 Restated Articles were amended, with the approval of the Board of Directors and shareholders, to add a new Article Fourteenth eliminating the personal liability of directors to the fullest extent permissible under Hawaii law, including "to the fullest extent permissible under Section 415-48.5 of the Hawaii Revised Statutes, as amended from time to time."

In October of 1997, the Board designated and fixed the terms of HEI's Series A Junior Participating Preferred Stock and filed the resolution creating the Series A Junior Participating Preferred Stock with the Hawaii Department of Commerce and Consumer Affairs. Pursuant to Section 415-16 of the Hawaii Revised Statutes (Hawaii Business Corporation Act 1992), which was in effect at the time of the authorization, the filing of the resolution establishing and designating this series of Preferred Stock constituted an amendment to the 1987 Restated Articles.

In May of 2006, the Board and shareholders approved two amendments of the 1987 Restated Articles which

(a) amended the first paragraph of Article Fourth to increase the amount of HEI Common Stock from 100,000,000 shares to 200,000,000 shares and (b) replaced the provisions of Section (b) of Article Sixth with a new provision recognizing the responsibility of the audit committee for the appointment, removal, compensation and oversight of HEI's independent registered public accounting firm.

The proposed Amended and Restated Articles of Incorporation, if approved by shareholders, will:

Incorporate in one document the three amendments to the 1987 Restated Articles previously approved by shareholders in 1990 and 2006, except that the amendment approved in 1990 will be set forth in Article Thirteenth (rather than Article Fourteenth) and the statutory reference included therein will be to Section 414-222 of the Hawaii Revised Statutes, rather than to Section 415-48.5 of the Hawaii Revised Statutes.

Eliminate the designation of HEI's Series A Junior Participating Preferred Stock, with the effect that HEI's authorized capital stock shall be 200,000,000 shares of Common Stock without par value and 10,000,000 shares of Preferred Stock without par value, none of which Preferred Stock will have been designated or issued.

Delete historical information and an outdated provision not required to be included in amended and restated articles of incorporation under Hawaii law, and thereby shorten and simplify HEI's articles of incorporation. These deletions are of (i) the preamble to the 1987 Restated Articles, (ii) information concerning the identity of the initial directors and officers of the corporation in Article Fifth and section (a) of Article Sixth of the 1987 Restated Articles, respectively, (iii) a provision in Article Fifth of the 1987 Restated Articles which permits a provision to be included in the HEI By-laws for filling temporary vacancies caused by the illness, absence from the Island of Oahu, or other disability of directors, (iv) information concerning the initial subscriber for HEI's shares that comprised Article Thirteenth of the 1987 Restated Articles and (v) the final paragraph of the 1987 Restated Articles relating to execution of the articles by the initial incorporators.

Change in Statutory Reference. As noted in the first bullet point above, the 1987 Restated Articles were amended in 1990 by the addition of a new Article Fourteenth, the first sentence of which provides:

> The personal liability of directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under Hawaii law, including, without limitation, to the fullest extent permissible under Section 415-48.5 of the Hawaii Revised Statutes, as amended from time to time.

Since Article Thirteenth of the 1987 Restated Articles has been eliminated as unnecessary historical information, the provision added as Article Fourteenth in 1990 is numbered Article Thirteenth in the proposed Amended and Restated Articles of Incorporation. Article Thirteenth differs from former Article Fourteenth in the 1987 Restated Articles only in that the statutory reference in Article Thirteenth is changed from Section 415-48.5 of the Hawaii Revised Statutes to Section 414-222 of the Hawaii Revised Statutes. Section 415-48.5 was the provision of the Hawaii Business Corporation Act (Chapter 415 of the Hawaii Revised Statutes) in effect in 1990 that related to the ability of a corporation to eliminate or limit the liability of directors by a provision to that effect in its articles of incorporation, and Section 414-222 is the counterpart provision in the current Hawaii Business Corporation Act (Chapter 414 of the Hawaii Revised Statutes), which became effective in July of 2001.

Even without changing the statutory reference, Section 414-222 would determine the extent to which a director's liability has been eliminated by HEI, since Section 414-222 is the statutory provision that currently governs the extent to which a director's liability can be eliminated or limited under Hawaii law. Section 414-222 permits a corporation to eliminate the personal liability of a director in a provision such as Article Thirteenth except for (1) the amount of a financial benefit received by a director to which the director is not entitled, (2) an intentional infliction of harm on the corporation or its shareholders, (3) a violation of Section 414-223 (which relates to the liability of a director for an unlawful dividend or other distribution, such as an unlawful share repurchase) and (4) an intentional violation of criminal law.

Elimination of the Series A Junior Participating Preferred Stock. HEI and Continental Stock Transfer & Trust Company, as Rights Agent, entered into a Rights Agreement, dated October 28, 1997, which was subsequently amended on May 7, 2003 and October 26, 2004. At the time the Rights Agreement was entered into and in accordance with its provisions, the Board authorized a series of 500,000 shares of Preferred Stock designated as Series A Junior Participating Preferred Stock and filed the resolution establishing the terms of this series of preferred stock with the Hawaii Department of Commerce and Consumer Affairs. At its meeting on October 30, 2007, the Board unanimously voted to allow the Rights Agreement to expire in accordance with its terms on November 1, 2007 and the Rights Agreement and related rights created thereby have expired.

No shares of Series A Junior Participating Preferred Stock were ever issued pursuant to the Rights Agreement and, with expiration of the Rights Agreement, none are planned to be issued. Because the resolution establishing the terms of the Series A Junior Participating Preferred Stock is considered part of HEI's Articles of Incorporation, however, elimination of this series of preferred stock requires shareholder approval. By approving the proposed Amended and Restated Articles of Incorporation, which make no reference to the Series A Junior Participating Preferred Stock, shareholders will be approving the elimination of the Series A Junior Preferred Stock effective upon filing the Amended and Restated Articles of Incorporation with the Hawaii Department of Commerce and Consumer Affairs.

YOUR BOARD RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE AMENDED AND RESTATED ARTICLES OF INCORPORATION.

Nominees for Class I directors whose terms expire at the 2012 Annual Meeting

Shirley J. Daniel, Ph.D., C.P.A.
Age 55
Director Since 2002
Professor of Accountancy, Shidler College of Business, University of Hawaii-Manoa since 1986.

Director of American Savings Bank, F.S.B., a subsidiary of HEI.

Constance H. Lau
Age 56
Director 2001 to 2004 and since May 2006
President and Chief Executive Officer of Hawaiian Electric Industries, Inc. since May 2006. Chairman and Chief Executive Officer of American Savings Bank, F.S.B., a subsidiary of HEI, since February 2008. Chairman, President and Chief Executive Officer of American Savings Bank, F.S.B., from May 2006 to January 2008. President, Chief Executive Officer and director of American Savings Bank, F.S.B., from June 2001 to May 2006. Chairman of Hawaiian Electric Company, Inc., a subsidiary of HEI, since May 2006.

Director of Hawaiian Electric Industries Charitable Foundation, Alexander & Baldwin, Inc., Hawaii Bankers Association, Associated Electric and Gas Insurance Services, Ltd., Consuelo Zobel Alger Foundation and Maunalani Foundation. Trustee, Punahou School. Member, Hawaii Business Roundtable.

A. Maurice Myers
Age 68
Director Since 1991
Chairman, President and Chief Executive Officer of Waste Management, Inc. (environmental services), Houston, Texas from November 1999 to November 2004; now retired.

Director of BIS Industries, Ltd. and member of the Oceanic Time Warner Cable advisory board. Chairman Emeritus, Keep America Beautiful.

James K. Scott, Ed.D.
Age 57
Director Since 1995
President of Punahou School since 1994.

Director of American Savings Bank, F.S.B., a subsidiary of HEI, and Hawaii Association of Independent Schools. Chairman, Secondary School Admission Test Board. Trustee, Blood Bank of Hawaii and Barstow Foundation.

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Continuing Class II directors whose terms expire at the 2010 Annual Meeting

Thomas B. Fargo
Age 60
Director Since 2005
President and Chief Executive Officer, Hawaii Superferry, Inc. since April 2008.

President, Trex Enterprises Corporation from April 2005 to April 2008. Commander, U.S. Pacific Command from May 2002 to February 2005. Director of Hawaiian Electric Company, Inc., a subsidiary of HEI; United Services Automobile Association; Northrup Grumman Corporation; and Japan-America Society of Hawaii. Trustee, Hawaii Pacific University and Iolani School board of governors. National Vice Chair, Pearl Harbor Memorial Fund.

Diane J. Plotts
Age 73
Director Since 1987
Business advisor since 2000.

Director of American Savings Bank, F.S.B., a subsidiary of HEI. Trustee, Kamehameha Schools.

Kelvin H. Taketa
Age 54
Director Since 1993
President and Chief Executive Officer of the Hawaii Community Foundation since 1998.

Director of Hawaiian Electric Company, Inc., a subsidiary of HEI; Independent Sector; and Sunrise Capital, Inc., a private equity aquaculture development company.

Jeffrey N. Watanabe
Age 66
Director Since 1987
Honorary Of Counsel in the law firm of Watanabe Ing LLP since July 2007. Senior partner, Watanabe Ing & Komeiji LLP from 1972 to June 2007.

Chairman of Hawaiian Electric Industries, Inc. Director of Hawaiian Electric Company, Inc. and American Savings Bank, F.S.B., each a subsidiary of HEI; Hawaiian Electric Industries Charitable Foundation; Alexander & Baldwin, Inc.; Cellular Bioengineering, Inc.; First Insurance Company of Hawaii, Ltd.; Grace Pacific Corporation; Mid-Week Printing, Inc./Oahu Publications, Inc.; Tissue Genesis, Inc.; and Trex Enterprises Corporation. Trustee, Consuelo Zobel Alger Foundation, Punahou School, and Sesame Workshop.

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Continuing Class III directors whose terms expire at the 2011 Annual Meeting

Don E. Carroll
Age 67
Director Since 1996
Chairman of Oceanic Time Warner Cable Advisory Board from February 2001 to April 2005; now retired. Vice President of Time Warner Cable from 1985 to April 2005.

Director of American Savings Bank, F.S.B., a subsidiary of HEI; Island Insurance Company; Pacific Guardian Life; and The 200 Club. Member of the advisory boards of Oceanic Time Warner Cable and Boy Scouts of America-Aloha Council.

Richard W. Gushman, II
Age 63
Director Since 2007
President and Owner of DGM Group since 1988.

Director of American Savings Bank, F.S.B., a subsidiary of HEI; Outrigger Enterprises; Servco Pacific Inc.; and James Campbell Corp., LLC. Managing Partner of Summit Financial Resources. Trustee of the Estate of James Campbell and Hawaii Community Foundation. Member of advisory boards of Boys and Girls Club of Hawaii and Department of Hawaiian Home Lands.

Victor H. Li, S.J.D.
Age 67
Director Since 1988
Co-chairman, Asia Pacific Consulting Group since 1992. President, Li Xing School Foundation since 1989.

Director of American Saving Bank, F.S.B., a subsidiary of HEI. Trustee, Pan Asian Repertory Theatre.

Barry K. Taniguchi
Age 61
Director Since 2004
President and Chief Executive Officer of KTA Super Stores since 1989.

Director of Hawaiian Electric Company, Inc. and American Savings Bank, F.S.B., each a subsidiary of HEI; Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited, each a subsidiary of Hawaiian Electric Company, Inc.; Hawaii Employers Mutual Insurance Corporation; and Hawaii Island Economic Development Board. Trustee, Hawaii Community Foundation, Public Schools of Hawaii Foundation, Tax Foundation of Hawaii, and Lyman House Memorial Museum. Chair, The Food Basket-Hawaii Island's Foodbank. Vice Chair, Hawaii Health System Corporation Corporate Board.

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Corporate Governance

What are HEI's governance policies and guidelines?

In 2008, the Board and management continued to review and monitor corporate governance trends and best practices to comply with the corporate governance requirements of the New York Stock Exchange Listed Company Manual and Securities and Exchange Commission regulations. As part of an annual review, the HEI Corporate Governance Guidelines, Revised Code of Conduct (which includes the code of ethics for the HEI Chief Executive Officer, Financial Vice President and Controller), and charters for the Audit, Compensation, Executive, and Nominating and Corporate Governance Committees were reviewed and revised as deemed appropriate by the Board. Current copies of these documents may be found on HEI's website at www.hei.com and are available in print to any shareholder who requests them.

How does the Board select nominees for the Board?

The Nominating and Corporate Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as by management and shareholders. The Committee may retain a third-party search firm to help identify candidates from time to time.

Among the qualifications considered in the Nominating and Corporate Governance Committee's assessment of a proposed candidate are knowledge, experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, and absence of conflicts of interest. The Committee believes that the Board should reflect a diversity of experience, gender, ethnicity, and age. The Committee also considers other relevant factors as it deems appropriate including, but not limited to, current composition of the Board, balance of independent and non-independent directors, and need for financial expertise.

Once candidates are identified, the Nominating and Corporate Governance Committee may review publicly available information to assess whether the candidate should be considered further. If the Committee determines that the candidate warrants further consideration, the Chairman of the Committee or another member of the Committee will contact the person and, if the person indicates a willingness to be considered for service on the Board, the candidate will be asked to provide information such as accomplishments and qualifications and one or more interviews may be conducted. The Committee members may contact one or more references provided by the candidate or other members of the business community who may have first-hand knowledge of the candidate's qualifications and accomplishments. The evaluation process does not vary based on whether or not a candidate is recommended by a shareholder.

How can shareholders communicate with the directors?

Shareholders and all interested parties may contact (1) any member of the Board, including the nonemployee Chairman of the Board and any employee director or (2) the nonemployee directors as a group, by mail. To communicate with the Board, any individual director or any group of directors, correspondence should be addressed to the Board or any such individual or group by either name or title. All such correspondence should be sent in care of the Corporate Secretary, Hawaiian Electric Industries, Inc., P. O. Box 730, Honolulu, HI 96808-0730. The mail will be forwarded, unopened, to the named individual director or, in the case of a group, to the Chairman of the Board.

How does the Board evaluate itself?

The Board follows an annual process of evaluating the operations and effectiveness of the Board as a whole, as well as self-evaluations by individual directors up for election. In reviewing the Board as a whole, directors evaluate and comment on board structure, meetings, responsibilities, performance of directors and relationship between the Board and management. Directors who are nominees for reelection evaluate their own individual meeting preparation, participation in meetings, contributions to the group, knowledge of the issues and concerns of HEI and understanding of the role of the Board in the governance of HEI. The Board and self-evaluation forms are submitted to the Nominating and Corporate Governance Committee for its review, after which the Committee recommends to the Board any procedures and practices to be adopted to improve the operations of the Board. The Chairman of the Committee or the nonemployee Chairman of the Board may meet with individual directors to discuss their performance, as appropriate.

As required by the New York Stock Exchange corporate governance listing standards, the Audit, Compensation, and Nominating and Corporate Governance Committees developed a process for self-evaluation whereby committee members reviewed and evaluated their respective committee charters and committee meetings. The Audit Committee also reviewed and evaluated its duties and responsibilities, its relationships with management and the internal and external auditors and the qualifications of its members, including financial expertise.

Who are the independent directors of the Board?

For a director to be considered independent, the Board must affirmatively determine that the director does not have any direct or indirect material relationship with HEI or its consolidated subsidiaries, in compliance with the New York Stock Exchange corporate governance listing standards. The Board has established categorical standards to assist it in determining director independence. In applying these standards, which are set forth in Appendix C to this Proxy Statement and are also available on HEI's website at www.hei.com, the Board considers all relevant facts and circumstances in making a determination of independence.

In its annual reviews of director independence, the Board affirmatively determined that, with the exception of Constance H. Lau, HEI's President and Chief Executive Officer, who is the only employee director of HEI, each director, nominee for director, and each person who served as a director in 2008 has no direct or indirect material relationship with HEI or its consolidated subsidiaries and is independent. In making these determinations, the Board considered the relationships listed below:

with respect to Shirley J. Daniel, Thomas B. Fargo, Richard W. Gushman, II, Victor H. Li, James K. Scott, Kelvin H. Taketa, Barry K. Taniguchi and Bill D. Mills (who resigned as an HEI director in 2008), the amount of electricity purchased from HEI's electric utility subsidiaries by entities for which these nonemployee directors serve or served at any time in 2008 as employees, officers or advisors or in which nonemployee directors have ownership interests or immediate family members who serve as officers of such entities, excluding from the calculation pass-through surcharges for fuel and for Hawaii state revenue taxes,

with respect to Don E. Carroll, Shirley J. Daniel, Thomas B. Fargo, Richard W. Gushman, II, Victor H. Li, Diane J. Plotts and Jeffrey N. Watanabe, loans and other extensions of credit made by HEI's banking subsidiary, American Savings Bank, F.S.B., to these nonemployee directors and entities for which these nonemployee directors serve or served at any time in 2008 as executive officers or in which these nonemployee directors have ownership interests, including the preferential rate loans described under "Are there any related person transactions with HEI or its subsidiaries?" on pages 66-67,

with respect to Don E. Carroll, Shirley J. Daniel, Thomas B. Fargo, Richard W. Gushman, II, Diane J. Plotts, Kelvin H. Taketa, Barry K. Taniguchi, Jeffrey N. Watanabe and Bill D. Mills (who resigned as an HEI director in 2008), the amount of charitable contributions made by HEI and its subsidiaries to tax-exempt organizations and schools for which nonemployee directors or their immediate family members serve as employees, officers, board members or trustees, with respect to Thomas B. Fargo, James K. Scott, Kelvin H. Taketa and Jeffrey N. Watanabe, other directorships, trusteeships or officer positions held by these nonemployee directors at entities for which another director or former executive officer of HEI serves or served at any time during 2008 as an officer, director or trustee,

with respect to Don E. Carroll, the employment of his son at HEI's banking subsidiary, American Savings Bank, F.S.B., in a non-officer capacity,

with respect to Jeffrey N. Watanabe, his status as retired partner and honorary Of Counsel to the law firm of Watanabe Ing LLP, which performs legal services for certain of HEI's subsidiaries, and the retirement benefits he receives from the firm, which were fixed at the time of his retirement in 2007 and are not tied to the firm's profitability, and

with respect to Diane J. Plotts, her service as a trustee of a private trust that leases land and an office building to one of HEI's electric utility subsidiaries and the amount of lease payments under the long-term lease.

None of the relationships described above exceeded the applicable thresholds in HEI's categorical standards for director independence or were determined by the Board to be a direct or indirect material relationship that would impair a nonemployee director's independence.

What other Board practices does HEI have?

The nonemployee directors meet regularly in executive sessions without management present. In 2008, these sessions were chaired by Jeffrey N. Watanabe, who is the Chairman of the Board. Mr. Watanabe may request that other nonemployee directors chair the executive sessions.

Information related to issues to be considered at a Board or Committee meeting and other materials are distributed, to the extent practical, to the directors in advance of the meeting to allow for review prior to the meeting.

Board of Directors

How often did the Board of Directors meet in 2008?

In 2008, there were seventeen regular and two special meetings of the Board of Directors. All directors attended at least 75% of the combined total meetings of the Board and Board committees on which they served (during the periods they served).

Did all directors attend last year's Annual Meeting?

All members of the Board of Directors attended the 2008 Annual Meeting of Shareholders. HEI encourages the directors to attend each year's Annual Meeting of Shareholders.

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Committees of the Board

What committees has the Board established and how often did they meet?

The Board of Directors has four standing committees: Audit, Compensation, Executive, and Nominating and Corporate Governance. Members of these committees are generally appointed annually by the Board taking into consideration the recommendation of the Nominating and Corporate Governance Committee. The names of the current committee members are shown on the table below. In addition, the table below also shows the number of meetings of each committee held in 2008.

Name	Audit	Compensation	Executive	Nominating and Corporate Governance
Don E. Carroll		X		
Shirley J. Daniel	X			
Thomas B. Fargo (1)	X	X (4)		
Richard W. Gushman, II				X
Constance H. Lau (2)			X	
Victor H. Li		X		
Bill D. Mills (3)		X		
A. Maurice Myers		X		
Diane J. Plotts	X (4)	X	X	
James K. Scott	X			X
Kelvin H. Taketa				X (4)
Barry K. Taniguchi	X			

Jeffrey N. Watanabe			X (4)	
Number of Meetings in 2008	4	8	0	6

(1) Admiral Fargo was appointed Compensation Committee Chairman on May 6, 2008.

(2) Ms. Lau is an employee director.

(3) Mr. Mills was Compensation Committee Chairman from 2004 to May 6, 2008. He retired from the Board on July 9, 2008.

(4) Committee Chairman.

What are the primary functions of each of the four committees?

Audit Committee

The Audit Committee operates and acts under a written charter, which was adopted and approved by the Board and may be found on HEI's website at www.hei.com and is available in print to any shareholder who requests it. The Committee provides independent and objective oversight of HEI's (1) financial reporting processes, (2) appointment, compensation and oversight of the independent registered public accounting firm performing audits of HEI's financial statements, (3) internal controls, (4) risk assessment and risk management policies set by management and (5) oversight of related person transactions of officers. The Committee also reviews and approves or disapproves related person transactions for officers and reviews and resolves complaints from any employee regarding accounting, internal controls or auditing matters. All members of the Committee are independent directors as independence for audit committee members is defined in the listing standards of the New York Stock Exchange. Admiral Fargo, a member of the committee, is also a member of the audit committee of Northrop Grumman Corporation, a publicly traded company. See pages 68-69 for the Audit Committee Report.

Compensation Committee

The Compensation Committee operates and acts under a written charter, which was adopted and approved by the Board and may be found on HEI's website at www.hei.com and is available in print to any shareholder who requests it. The Committee oversees HEI's employee and director compensation and employee benefit plans and practices, including its executive compensation plans and its incentive compensation and equity-based plans. See "Compensation Discussion and Analysis Compensation Process," pages 19-20, for additional discussion of the role of the Compensation Committee, including the scope of the authority, the extent to which it may delegate authority and any role of the compensation consultant or executive officers in the compensation process.

The Compensation Committee consists of three or more directors as determined from time to time by the Board. Each member of the Committee is qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange. At least a majority of the members of the Committee qualifies as "nonemployee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code. The Committee may form subcommittees of its members and delegate its authority to the subcommittee. The Nonemployee Director Subcommittee of the Compensation Committee has the authority to make equity grants on behalf of the Committee.

See Compensation Committee Interlocks and Insider Participation on page 67.

Executive Committee

The Executive Committee operates and acts under a written charter, which was adopted and approved by the Board and may be found on HEI's website at www.hei.com and is available in print to any shareholder who requests it. The Committee is authorized to act on matters brought before it when a meeting of the full Board is impractical. It may also consider any other matter concerning HEI that may arise from time to time. The Committee is currently comprised of the Chairman of the Board, the HEI President and Chief Executive Officer and one additional independent director.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee operates and acts under a written charter, which was adopted and approved by the Board and may be found on HEI's website at www.hei.com and is available in print to any shareholder who requests it. All members of the Committee are independent directors as defined in the listing standards of the New York Stock Exchange. Its functions include (1) reviewing the background and qualifications of potential nominees for the board of directors of HEI and its subsidiary companies presented by shareholders, directors and management, (2) recommending to the Board the slate of nominees to be submitted to shareholders for election at the next Annual Meeting, (3) advising the Board with respect to matters of Board composition and procedures, (4) overseeing the annual evaluation of the Board, (5) reviewing nonemployee director related person transactions and (6) overseeing corporate governance matters generally.

See the section on Corporate Governance on pages 11-12 for a discussion concerning the involvement of this Committee on matters relating to corporate governance.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis that follows. Based on that review and discussion, the Compensation Committee recommended, and the Board concurred, that the Compensation Discussion and Analysis be included in this proxy statement.

SUBMITTED BY THE COMPENSATION COMMITTEE OF
THE HEI BOARD OF DIRECTORS
Thomas B. Fargo, Chairman
Don E. Carroll
Victor H. Li
A. Maurice Myers
Diane J. Plotts

Compensation Discussion and Analysis

Who were the named executive officers for HEI in 2008?

For 2008, the named executive officers of HEI were:

1. Constance H. Lau, President and Chief Executive Officer of HEI; Chairman of the Board of Hawaiian Electric Company, Inc. ("Hawaiian Electric Company"); and Chairman of the Board and Chief Executive Officer of American Savings Bank, F.S.B. ("American Savings Bank").

2. Eric K. Yeaman, HEI Financial Vice President, Treasurer and Chief Financial Officer, from January 1, 2008 to January 31, 2008, and Hawaiian Electric Company Senior Executive Vice President and Chief Operating Officer from February 1, 2008 to June 12, 2008.

3. Curtis Y. Harada, HEI Controller, from January 1, 2008 to December 7, 2008. He was promoted to HEI Vice President, Controller and Chief Accounting Officer on December 8, 2008. He served as HEI Acting Financial Vice President, Treasurer and Chief Financial Officer, from February 1, 2008 to January 25, 2009. On January 26, 2009, James A. Ajello joined HEI as Senior Financial Vice President, Treasurer and Chief Financial Officer.

4. Chester A. Richardson, HEI Vice President-General Counsel. He was promoted to HEI Senior Vice President-General Counsel and Chief Administrative Officer on December 8, 2008.

5. T. Michael May, President and Chief Executive Officer of Hawaiian Electric Company. Mr. May retired as of December 31, 2008. On January 1, 2009, Richard M. Rosenblum joined Hawaiian Electric Company as President and Chief Executive Officer.

6. Timothy K. Schools, Senior Executive Vice President and Chief Operating Officer of American Savings Bank, from January 1, 2008 to January 31, 2008, and American Savings Bank President since February 1, 2008.

Summary of Results

In 2006 and 2007, HEI, Hawaiian Electric Company and American Savings Bank did not meet their respective minimum financial thresholds and no annual executive incentive bonuses were paid to executives at HEI, Hawaiian Electric Company or American Savings Bank. For the past three

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long-term performance periods (2003 - 2005, 2004 - 2006, and 2005 - 2007), no HEI (holding company) long-term incentive goals were achieved and no HEI long-term incentive awards were paid to HEI executives (although Ms. Lau did receive long-term incentive awards for subsidiary bank goals that were set when she was American Savings Bank President and Chief Executive Officer).

In 2008, HEI successfully achieved its annual and long-term incentive goals. HEI's stock price and total returns outperformed many of its utility peers. The utility regained financial strength primarily due to interim rate relief for Hawaiian Electric Company in the last quarter of 2007. On October 20, 2008, Hawaiian Electric Company and the State of Hawaii announced an ambitious agreement to speed up the State's move toward renewable energy, positioning Hawaii at the forefront of clean energy leadership and providing the potential to change the utility's business model. In June 2008, American Savings Bank substantially completed the restructuring of its balance sheet through the sale of approximately $1.3 billion of mortgage-related securities and the early extinguishment of $1.2 billion of certain borrowings to strengthen future profitability ratios of net interest margin and return on assets, while remaining "well-capitalized" and without significantly impacting future net income and interest rate risk. The restructuring allowed the bank to pay a dividend to HEI of $54.7 million on September 9, 2008 to fund HEI's third quarter common dividend and reduce HEI's commercial paper levels. Excluding the one-time charge related to the balance sheet restructuring, bank earnings improved, benefitting from a steeper yield curve, good credit quality and lower expenses resulting from performance improvement initiatives. Based on these results, the Compensation Committee decided to award incentives to each of the named executive officers as detailed below.

Summary of Significant Changes

The Compensation Committee has the responsibility for recommending the total compensation program for HEI and its subsidiaries, subject to the approval of the Board. In 2008, the Compensation Committee held eight meetings to approve the overall executive compensation program design. The Committee held lengthy discussions, with and without management present, regarding best pay practices and trends. The Compensation Committee substantially revamped HEI's executive compensation programs to comply with new regulations, to establish leading best practices, and to align executive compensation more directly with shareholder interests. The primary purpose of the changes was to make HEI's executive compensation more performance based.

The following are some of the major revisions made to the executive compensation programs in 2008:

- The HEI Supplemental Executive Retirement Plan was frozen, effective December 31, 2008. The HEI Supplemental Executive Retirement Plan is a noncontributory, nonqualified plan that was adopted by HEI, effective January 1, 1989, for the benefit of its Chief Executive Officer and other executives designated by the Compensation Committee in recognition of the integral role of these critical executives. This enhanced supplemental executive retirement plan gave participants the potential for additional retirement income. The Compensation Committee decided to freeze this plan because of the expense of maintaining these benefits, the recognition of current economic times, and in light of what it considers to be best practices. In deciding to freeze this plan, the Compensation Committee concluded that the inclusion of annual incentive compensation in addition to salary in the calculation of the supplemental pension benefit, while competitive with other utilities at the time the provision was enacted, is not consistent with HEI's philosophy to emphasize performance-based rewards. At the time of the freeze of benefit accruals, Constance Lau, the HEI President and Chief Executive Officer, was the only active employee participating in the HEI Supplemental Executive Retirement Plan. When she retires, Ms. Lau will receive benefits that she accrued and earned under this plan through December 31, 2008. Beginning on January 1, 2009, she will be a participant in the HEI Excess Pay Plan. Because it does not include the value of annual incentive compensation in the calculation of the supplemental pension benefit, the pension Ms. Lau will earn under the HEI Excess Pay Plan is more in line with what other employees and executives receive upon retirement and thus provides for a more equitable compensation program.

The American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan was frozen, effective December 31, 2008 to enhance the focus on performance-based rewards as noted above. This plan included half of a participant's annual incentive compensation in addition to salary in the calculation of the supplemental pension benefit. At the time of the freeze, Timothy Schools, the American Savings Bank President, was the only active named executive officer participating in this plan. Because the American Savings Bank Retirement Plan, a qualified defined benefit plan, was frozen on December 31, 2007, the freezing of the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan aligns the retirement benefits received by American Savings Bank executives with what other American Savings Bank employees receive upon retirement and thus provides for a more equitable compensation program.

The HEI Excess Pay Plan, HEI Supplemental Executive Retirement Plan, American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan, HEI Executives' Deferred Compensation Plan, HEI Non-Employee Directors' Deferred Compensation Plan, and American Savings Bank Select Deferred Compensation Plan, each a nonqualified deferred compensation plan, were amended and restated effective January 1, 2009, to comply with final regulations under Section 409A of the Internal Revenue Code. Benefits paid from all these plans (to the extent not earned and vested as of December 31, 2004) to "specified employees," as defined in Section 409A, on account of separation from service must be delayed until at least six months after the specified employee's separation from service. The plans were also amended so that a participant will forfeit all benefits if terminated for cause, defined as a violation of the HEI Corporate Code of Conduct, which governs HEI and its affiliated companies.

New change-in-control agreements were entered into with the named executive officers. The agreements are intended to provide income protection to officers in the event of a change in control of the company that also results in the named executive officers' loss of employment. Effective January 1, 2009, the severance multiples under these agreements, previously at 2.99 times W-2 average earnings, were changed to multiples of one to three times salary and bonus, depending on the executive's position. The change-in-control agreements continue to require both a change in control and a loss of a job in limited circumstances (i.e., a "double trigger"), as defined in the agreement.

Effective April 2008, a participant forfeits any potential annual or long-term incentive award if the participant terminates employment within the performance period (other than after a change in control) for any reason other than retirement, death or disability.

The following are some of the major revisions that will be made to the executive programs in 2009:

Base salaries for the named executive officers, excluding salary adjustments for executives who have assumed or will assume additional responsibilities, will be frozen in 2009. The salary structure (cost of living adjustments to the executive salary grades) will also be frozen in 2009.

Annual and long-term incentives for performance periods beginning in 2009 will be based on a percentage of an executive's base salary, rather than the salary midpoint of the executive's grade, to better reflect individual contributions. Each incentive metric will have its own threshold.

The 2009-2011 long-term incentive plan will generally be paid 60% in cash and 40% in stock units, with a value determined at the beginning of the performance period, so that the awards will have a stronger linkage to improvements in shareholder value.

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Effective January 1, 2009, company-paid executive physicals and preferential loans to new American Savings Bank employees, including executives, have been eliminated (although existing loans will be grandfathered), in keeping with HEI's philosophy to reduce nonperformance perquisites.

In 2009, restricted stock units will be awarded instead of restricted stock awards. Restricted stock units will allow pro rata vesting upon an executive's retirement, death or disability, while discouraging departures prior to retirement.

The HEI President and Chief Executive Officer will be required to own five times (formerly two and a half times) her salary in stock within five years from the date the policy was changed on January 26, 2009. The policy was changed to be more consistent with what the Compensation Committee believes to be best practices.

Compensation Process

Who is responsible for determining appropriate executive compensation?

The Compensation Committee has the responsibility for recommending the total compensation program for HEI and its subsidiaries, subject to the approval of the Board. The Committee has authority to retain or terminate the services of consultants and advisors to provide advice to the Committee. The Committee approves, modifies or rejects its consultants', advisors' or management's recommendations regarding executive compensation programs, including incentive compensation and equity-based plans. The Committee may delegate authority to a subcommittee of no fewer than two members of the Committee to determine matters such as equity compensation. The Board approves the actions of the Committee, and where the executive works at a subsidiary of HEI, the actions of the Committee are also approved by the subsidiary board.

The Board conducts an evaluation of the performance of the President and Chief Executive Officer, including her performance, in light of corporate goals and objectives relevant to her compensation. The Compensation Committee, with the assistance of its independent compensation consultant, recommends an executive compensation package for the President and Chief Executive Officer based on the Board's evaluation. The independent directors of the Board approve the compensation of the President and Chief Executive Officer.

Can the Compensation Committee modify or terminate executive compensation programs?

The Compensation Committee reserves the right to amend, suspend or terminate incentive programs or any other executive compensation program. The Committee can exercise its discretion to reduce or (except to the extent an award or payout is intended to satisfy the requirements of Section 162(m) of the Internal Revenue Code) increase the size of any award or payout.

In making its compensation determinations, the Compensation Committee will consider financial accounting consequences if appropriate. For instance, the Committee may determine that there should not be any incentive payout that would otherwise result solely from a new way of accounting for a financial measure. The Committee will also consider tax consequences if appropriate. For instance, the Committee will take into account tax deductibility in establishing executive compensation, but it reserves the right to award compensation even when not deductible, if it is reasonable and appropriate.

Does HEI have the right to force executives to return compensation received?

In 2007, the Compensation Committee approved, and the Board ratified, an executive compensation recovery policy for the recoupment of performance-based awards paid to executives who are found to be personally responsible for fraud, gross negligence, or intentional misconduct that causes

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HEI or any of its operating subsidiaries to restate all or a portion of its financial statements. The amount to be recovered from the executive will be the amount by which the performance-based award exceeded the amount that would have been payable to the executive had the financial statements been initially filed as restated, or any other amount (including, but not limited to, the entire award) that the Committee shall determine, but in no event will the amount to be recovered by HEI be less than the amount required to be repaid or recovered as a matter of law. The Committee has the discretion to determine whether HEI shall effect any such recovery (i) by seeking repayment from the executive, (ii) by reducing any other amount payable under any compensatory plan or program maintained by HEI, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards, or (iv) by any combination of the foregoing. In addition, HEI may dismiss an executive found to be personally responsible for the fraud, gross negligence, or intentional misconduct or take such other action to enforce the executive's obligations to HEI as it may deem appropriate based on the particular circumstances of the situation.

What is the role of the compensation consultant?

The Compensation Committee's independent compensation consultant is Towers Perrin. The Committee engages Towers Perrin to provide the Committee with advice and data with respect to compensation benchmarking and market practices. Towers Perrin works with the Compensation Committee Chairman and Committee members in recommending executive compensation initiatives and proposed changes.

In 2008, the Compensation Committee engaged Towers Perrin to provide a comprehensive review of HEI's compensation and benefit policies and practices for executives. This review included HEI's peer group, compensation philosophy, compensation levels, incentive and stock plan design, and other compensation components. The Committee authorized these projects to ensure that all of HEI's compensation and benefit programs align with its strategies, to enhance linkage of rewards to results that support shareholder value, to ensure fairness in the administration of plans, to simplify programs to drive greater understanding, to maintain the competitiveness of the program, and to manage costs within HEI's financial resources.

Towers Perrin does not provide any other services to HEI and its subsidiaries other than the compensation services described above. Actuarial services to HEI, American Savings Bank, and Hawaiian Electric Company are provided by Watson Wyatt Worldwide.

What is the role of executive officers in determining named executive officer compensation?

With the permission of the Compensation Committee, in 2008, the HEI President and Chief Executive Officer, the HEI Senior Vice President-General Counsel and Chief Administrative Officer, the American Savings Bank President and other executives discussed with, and provided perspectives to, Towers Perrin regarding HEI's compensation philosophy and the methodology and metrics for computing executive incentives. Human resources and finance and other personnel provided data in response to the Compensation Committee's and Towers Perrin's requests.

Although the HEI President and Chief Executive Officer is a director on the HEI Board, she did not participate in any Board decisions impacting her own compensation. In April 2008, Ms. Lau recommended to the Compensation Committee base salary increases for her direct reports: Mr. May, Mr. Harada, and Mr. Richardson.

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Compensation Program

What are the objectives of HEI's executive compensation programs?

The following are the primary objectives of HEI's compensation programs:

- Create a competitive advantage to attract, retain and motivate talented executives.
- Emphasize performance-based rewards driven by results within the scope of the executive's role.
- Provide compensation, benefits and perquisites that are designed to be competitive with peer companies.
- Incent and reward performance relative to business plans and strategies that create and preserve shareholder value.
- Provide differentiated reward strategies among HEI and its operating bank and utility subsidiaries to align with specific business needs and talent markets.

What is each element of executive compensation?

To meet the compensation objectives described above, the compensation for named executive officers includes the following elements:

- Base salary.
- Annual performance-based cash incentive compensation.
- Long-term performance-based equity and non-equity incentive compensation.
- Health and welfare benefits, retirement benefits and limited perquisites.

Why does HEI choose to pay each element?

- HEI chooses to pay its executives a base salary because salary for services rendered during the year recognizes the individual's position, responsibilities, experience, and performance.
- HEI provides its executives the opportunity to earn annual cash incentives based on the achievement of goals to build fundamental earnings in a controlled risk manner. The annual incentive goals motivate executives and encourage their commitment to HEI's success. Shareholders benefit from the achievement of these goals.
- HEI provides longer-term incentives to support initiatives to provide long-term growth in shareholder value, to increase HEI's financial and strategic flexibility, and to build the fundamental value of HEI's operating companies in their respective industries. HEI pays its executives in a mix of earned long-term incentives paid partially in HEI stock and service-based

restricted stock or stock units in order to encourage stock ownership and alignment of the interests of executives and shareholders. HEI's long-term incentive plan rewards executives based on HEI's successful financial performance over rolling three-year performance periods. The three-year performance period provides balance with the shorter-term focus of the annual incentive compensation plan.

HEI pays its executives health and welfare benefits, retirement benefits, and limited perquisites to encourage executive retention and to be competitive with its peers.

How does HEI determine the amount for each element?

HEI supplies power to 95% of Hawaii's population through its electric utilities, Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company, Inc. and Maui Electric Company,

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Limited, and provides a wide range of financial services to individuals and businesses through American Savings Bank, one of the state's largest financial institutions based on asset size. Among the objectives of the HEI compensation program are to provide differentiated reward strategies among HEI and its operating bank and utility subsidiaries to align with specific business needs and talent markets and to reward performance relative to strategic plans that support shareholder value.

With the assistance of its compensation consultant, the Compensation Committee targets total compensation and each component at the median of relevant peers. The actual awards are differentiated based upon the performance of HEI and its operating subsidiaries and the individual's contribution. At more senior levels in the organization, a greater emphasis is placed upon the performance-based incentives and the actual compensation received under these plans is determined by the results of HEI and the operating subsidiaries and increases in shareholder value. Above median incentives may be given to individual executives for superior performance.

Peer companies are comprised of companies that, in aggregate, are similar in business focus, financial scope and valuation, are product and service competitors, provide sources for talent, and are similar with respect to cost-of-labor and cost-of-living. The peers also include companies that compete for talent in the same geographic area. The resulting peer companies are used as a reference in determining appropriate pay levels and mix of pay components.

Because HEI is a Hawaii-based holding company with a unique blend of two regulated operating subsidiaries, a bank and electric utilities, the peer groups for holding company and operating unit executives differ. Towers Perrin conducted its 2008 peer selection by considering companies within a range of one-half to two times the size, based on assets, of HEI, American Savings Bank or Hawaiian Electric Company, eliminating companies that had three-year total shareholder returns that were significantly negative.

To screen peer companies for American Savings Bank executives, Towers Perrin reviewed commercial banks, thrifts and mortgage finance companies with $2.7 to $10.8 billion in assets, 665 to 2,600 employees, and a return on assets greater than 1.0%. To screen peer companies for Hawaiian Electric Company executives, Towers Perrin reviewed electric utilities and multi-utilities with $1.0 to $4.2 billion in revenues, 1,070 to 4,300 employees, and a return on average common equity greater than 5%. To screen peer companies for HEI executives, Towers Perrin reviewed electric utilities, multi-utilities, commercial banks, thrifts and mortgage finance companies with $1.25 to $5 billion in revenues, 1,700 to 7,040 employees, and a market cap of $1.0 to $4.2 billion. Not all peers met all of the criteria.

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The following are the American Saving Bank peer group companies:

Financial Services/Banking Peers	
Bank of Hawaii Corp.	Old National Bancorp
Central Pacific Financial Corp.	Pacific Capital Bancorp
Citizens Republic Bancorp, Inc.	Park National Corp.
City National Bank Corp.	Prosperity Bancshares, Inc.
CVB Financial Corp.	Sterling Bancshares, Inc.
First Financial Bankshares, Inc.	SVB Financial Group
F.N.B. Corp.	Trustmark Corp.
Frontier Financial Corp.	Umpqua Holdings Corp.
Glacier Bancorp, Inc.	Washington Federal, Inc.
NBT Bancorp, Inc.	Westamerica Bancorporation

The following are the Hawaiian Electric Company peer group companies:

Utility Peers*	
Allegheny Energy Inc.**	Portland General Electric Co.
Alliant Energy Corp.	PPL Corp.**
Ameren Corp.**	Puget Energy, Inc.
Aquila Inc.	Questar Corp.
Avista Corp.	San Diego Gas & Electric Co.
Entergy Corp.**	Sierra Pacific Resources
Great Plains Energy, Inc.	TECO Energy, Inc.
Mirant Corp.	UIL Holdings Corp.
Northeast Utilities	UniSource Energy Corp.
NSTAR	Vectren Corp.
OGE Energy Corp.	Westar Energy, Inc.
Pinnacle West Capital Corp.	Wisconsin Energy Corp.
PNM Resources, Inc.	

The following are the HEI peer group companies:

Financial Services/Banking Peers	**Utility Peers***
Bank of Hawaii Corp.	Allegheny Energy, Inc.
Central Pacific Financial Corp.	Alliant Energy Corp.
Citizens Republic Bancorp, Inc.	Ameren Corp.
City National Bank Corp.	Entergy Corp.
CVB Financial Corp.	Great Plains Energy, Inc.
F.N.B. Corp.	Mirant Corp.
Old National Bancorp	Northeast Utilities
Pacific Capital Bancorp	NSTAR
Park National Corp.	OGE Energy Corp.
Prosperity Bancshares, Inc.	Pinnacle West Capital Corp.
SVB Financial Group	PNM Resources, Inc.
Trustmark Corp.	Portland General Electric Co.
Umpqua Holdings Corp.	PPL Corp.
Washington Federal, Inc.	Puget Energy Inc.
	Questar Corp.
	Sempra Energy
	Sierra Pacific Resources
	TECO Energy, Inc.
	Vectren Corp.
	Wisconsin Energy Corp.

* Through recent restructurings or name changes, some of the utility peers may no longer exist. These changes will be reflected at the time the compensation peer data is reviewed in the next compensation assessment.

** Utility holding company. Subsidiary benchmarks used for Hawaiian Electric Company executives.

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How does each element fit into HEI's overall compensation objectives?

With the assistance of its compensation consultant, the Compensation Committee reviews each compensation element. The Committee uses this information to consider whether any element should be reduced or increased or whether the mix of elements should be changed.

The Compensation Committee also reviewed internal equity amongst the top executives when developing pay recommendations. The Committee believes that the comparative compensation among the named executive officers is fair, considering job scope, experience, value to the organization, and duties relative to the other named executive officers: Constance H. Lau holds multiple positions, as (i) President and Chief Executive Officer of HEI, (ii) Chairman of the Boards of Hawaiian Electric Company and American Savings Bank, and (iii) Chief Executive Officer of American Savings Bank. Her compensation reflects her leadership of a publicly traded mid-cap holding company and her responsibilities for guiding two diverse and regulated operating subsidiaries. Curtis Y. Harada, the HEI Vice President, Controller, and Chief Accounting Officer, was the certifying officer responsible for overseeing the financial performance of the holding company for eleven months of 2008. Chester A. Richardson is HEI Senior Vice President-General Counsel and Chief Administrative Officer and his compensation is commensurate with that role. The compensation of T. Michael May, former President and Chief Executive Officer of Hawaiian Electric Company who retired on December 31, 2008, and Timothy K. Schools, President of American Savings Bank, reflects their roles as heads of HEI's major operating subsidiaries.

Compensation Elements

What are the base salaries of the named executive officers?

In April 2008, the Board evaluated Ms. Lau's performance for the prior year and the Compensation Committee recommended to the Board a salary increase taking into consideration the Board's evaluation. Also, in April 2008, Ms. Lau recommended to the Compensation Committee base salary increases for Mr. May, Mr. Harada, and Mr. Richardson. After considering these recommendations, the following salary increases for the named executive officers, effective May 1, 2008, were approved by the Board:

Name	% Base Salary Increase	$ Base Salary Increase	Base Salary, Effective May 1, 2008
Constance H. Lau (1)	3.5%	$ 25,800	$ 771,800
Eric K. Yeaman (2)			414,000(HEI) 430,000(HECO)
Curtis Y. Harada (3)	3.2%	6,600	215,600
Chester A. Richardson (4)	3.7%	11,400	321,400
T. Michael May (5)	3.0%	17,900	615,900
Timothy K. Schools (6)			550,000

(1) Ms. Lau voluntarily proposed to forgo a salary increase in 2007 and the Compensation Committee and the Board agreed with her proposal.

(2) Mr. Yeaman served as HEI Financial Vice President, Treasurer and Chief Financial Officer from January 1, 2008 to January 31, 2008 at an annual salary of $414,000. On February 1, 2008, Mr. Yeaman transferred to Hawaiian Electric Company as its Senior Executive Vice President and Chief Operating Officer at an annual salary of $430,000. Because he was so recently promoted and had not served a year in his new role as Hawaiian Electric Company Senior Executive Vice President and Chief Operating Officer, Mr. Yeaman was not eligible for the May 2008 merit increase. He resigned from Hawaiian Electric Company on June 12, 2008.

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(3) Mr. Harada served as HEI Controller and Acting Financial Vice President, Treasurer and Chief Financial Officer from February 1, 2008 to January 25, 2009. Mr. Harada received a $15,000 monthly bonus for every month he served as Acting HEI Financial Vice President, Treasurer and Chief Financial Officer, while retaining his role and compensation as HEI Controller. The bonus for Mr. Harada was based on the increased responsibilities in his new role. Having served 11 months in the role as Acting HEI Financial Vice President, Treasurer and Chief Financial Officer in 2008, his bonus in 2008 was $165,000 in addition to his annualized base salary of $215,600. On December 8, 2008, Mr. Harada was promoted to HEI Vice President, Controller and Chief Accounting Officer. Effective January 26, 2009, James A. Ajello joined HEI as Senior Financial Vice President, Treasurer and Chief Financial Officer.

(4) Mr. Richardson was hired on August 6, 2007 as HEI Vice President-General Counsel. On December 8, 2008, Mr. Richardson was promoted to HEI Senior Vice President-General Counsel and Chief Administrative Officer. At its meeting on February 20, 2009, the Compensation Committee approved a salary adjustment of 8.6% or $27,600 for Mr. Richardson, effective March 2, 2009, in recognition of his increased responsibilities in his new role.

(5) Mr. May retired as of December 31, 2008. In March 2008, Mr. May received a discretionary bonus of $100,000 for the utility's success in meeting project milestones that set the groundwork for improved financial performance in operational areas such as regulatory affairs, demand side management, and distributed and central unit generation, in addition to his annualized base salary of $615,900. Effective January 1, 2009, Richard M. Rosenblum joined Hawaiian Electric Company as President and Chief Executive Officer.

(6) Mr. Schools was hired by American Savings Bank as Senior Executive Vice President & Chief Operating Officer on July 15, 2007 and received an annualized base salary of $450,000. On February 1, 2008, he was promoted to American Saving Bank President and his annual salary was increased to $550,000. Because he was so recently promoted and had not served a year in his new role as President, Mr. Schools was not eligible for the May 2008 merit increase.

Base salaries for the named executive officers, excluding salary adjustments for executives who assume additional responsibilities as has Mr. Richardson, will be frozen in 2009. The salary structure (cost of living adjustments to the executive salary grades) will also be frozen in 2009.

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What was HEI's 2008 annual incentive plan and were there any payouts under this plan?

HEI's annual incentive plan is otherwise known as the Executive Incentive Compensation Plan (EICP). The following were the award ranges, shown as a percentage of the salary midpoint (the middle salary level in a salary range for a particular job grade or position), that the Compensation Committee approved for the 2008 annual incentive plan:

Name	Minimum	Target	Maximum	2008 salary midpoint
Constance H. Lau	42.5%	85%	170%	$ 776,000
Eric K. Yeaman (1)	25.0%	50%	100%	405,000(HEI) 441,000(HECO)
Curtis Y. Harada	20.0%	40%	80%	213,000
Chester A. Richardson	22.5%	45%	90%	334,000
T. Michael May	30.0%	60%	120%	581,000
Timothy K. Schools (2)	30.0%	60%	120%	468,000(COO) 532,000(President)

(1) Because Mr. Yeaman terminated his service with Hawaiian Electric Company on June 12, 2008, he forfeited his participation in the 2008 annual incentive plan, in accordance with revisions to the annual incentive plan adopted by the HEI Compensation Committee, effective April 2008, that provide that a participant generally forfeits any potential annual incentive award if the participant terminates employment within the performance period for any reason other than retirement, death or disability.

(2) For the 2008 annual incentive plan, Mr. Schools' salary midpoint was prorated with one month at his American Savings Bank Senior Executive Vice President and Chief Operating Officer (COO) grade and 11 months at his President grade.

In March 2008, the Compensation Committee set the following minimum financial thresholds that had to be met in order for the 2008 annual incentive awards to be paid:

- HEI earnings per share minimum threshold of $1.26 per share for HEI executives (including Ms. Lau, Mr. Harada and Mr. Richardson),
- Utility* net income minimum threshold of $90.2 million for executives of Hawaiian Electric Company and its subsidiaries (including Mr. May), and
- Bank net income target threshold of $48.1 million for American Savings Bank executives (including Mr. Schools).

* Unless otherwise specified throughout this proxy statement, a reference to utility goals means utility consolidated goals, which include Hawaiian Electric Company and its subsidiaries Maui Electric Company, Limited and Hawaii Electric Light Company, Inc.

In setting these award levels, the Compensation Committee recognized that adjustments would be appropriate in measuring whether these thresholds, as well as specific individual thresholds set for the named executive officers and others, had been met in the event that American Savings Bank implemented the restructuring of its balance sheet that was then under consideration. The restructuring, while beneficial to both the bank and HEI, was expected to entail an adverse impact on 2008 earnings, significantly downsize the assets of the bank, and also reduce the bank's equity, making possible a return of capital to HEI.

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At its meeting on February 20, 2009, the Compensation Committee considered the effects of American Savings Bank's balance sheet restructuring, which was substantially completed in June of 2008, in its determination of annual incentive awards for 2008 performance. The restructuring was successful in that it allowed the bank to reduce the size of its balance sheet by approximately $1.1 billion, while enabling it to maintain its earnings power on a lower capital base. This allowed American Savings Bank to return $54.7 million of capital to HEI, which was used in part to pay down HEI's short-term borrowings. However, to achieve these benefits, American Savings Bank recognized an after-tax loss of $11.6 million on the sale of $1.3 billion of mortgage related securities and incurred an after-tax loss of $24 million on the early repayment of $1.2 billion of interest bearing liabilities, for a total charge of $35.6 million after-tax to 2008 earnings at American Savings Bank and HEI.

The Compensation Committee determined, consistent with its March 2008 determination, that the $35.6 million charge to earnings resulting from the balance sheet restructuring should be excluded to arrive at adjusted earnings for 2008 to be used in determining whether the overall and individual thresholds had been met for 2008. Excluding this charge, HEI's adjusted earnings for 2008 were $125.9 million and ASB's adjusted earnings were $53.4 million. Using these adjusted net income figures for purposes of determining whether thresholds were met, HEI's adjusted earnings per share were $1.49 and American Savings Bank's return on assets (one of the individual metrics described below) was 0.875%. These results exceeded the corresponding general and individual HEI and American Savings Bank thresholds, as shown in the table below.

In addition to the minimum thresholds on the respective company annual incentive programs, the Compensation Committee established minimum thresholds for each of the financial and other operational goals designed to align management decisions with shareholder value. The following table lists the named executive officer performance metrics, weightings, minimum thresholds, target goals, actual/adjusted results achieved, and payouts for the 2008 annual incentive compensation plan:

Name	**Weight**	**Performance Metric**	**Minimum Threshold (1)**	**Target Goal**	**Actual/Adjusted Results**	**Award**
Constance H. Lau	40%	HEI Earnings Per Share	$1.26 per share	$1.47 per share	$1.49 per share (2)	$ 290,224
	30%	Utility Free Cash Flow	($88.0 million)	($77.7 million)	($17.1 million)	395,760
	30%	Bank Return on Assets		0.693%	0.875% (2)	395,760
	100%					$1,081,744
Eric K. Yeaman	35%	Utility Net Income	$90.2 million	$100.2 million		
	35%	Utility Free Cash Flow	($88.0 million)	($77.7 million)		
	10%	Preferred Energy Future	Meet project minimum schedule and minimum threshold	Meet project schedule Not to exceed budget		
	10%	Expand Renewable Generation	Meet project minimum schedule and minimum threshold	Meet project schedule Not to exceed budget		
	10%	Execute Regulatory Strategy	Implement by August 2008	Implement by July 2008		
	100%					

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Name	Weight	Performance Metric	Minimum Threshold (1)	Target Goal	Actual/Adjusted Results	Award
Curtis Y. Harada	40%	HEI Earnings Per Share	$1.26 per share	$1.47 per share	$1.49 per share (2)	$ 37,488
	30%	Utility Free Cash Flow	($88.0 million)	($77.7 million)	($17.1 million)	51,120
	30%	Bank Return on Assets		0.693%	0.875% (2)	51,120
	100%					$ 139,728
Chester A. Richardson	40%	HEI Earnings Per Share	$1.26 per share	$1.47 per share	$1.49 per share (2)	$ 66,132
	30%	Utility Free Cash Flow	($88.0 million)	($77.7 million)	($17.1 million)	90,180
	30%	Bank Return on Assets		0.693%	0.875% (2)	90,180
	100%					$ 246,492
T. Michael May	35%	Utility Net Income	$90.2 million	$100.2 million	$92.0 million	$ 71,833
	35%	Utility Free Cash Flow	($88.0 million)	($77.7 million)	($17.1 million)	244,020
	10%	Preferred Energy Future	Meet project minimum schedule and minimum threshold	Meet project schedule Not to exceed budget	Not met	0
	10%	Expand Renewable Generation	Meet project minimum schedule and minimum threshold	Meet project schedule Not to exceed budget	Achieved at target	34,860
	10%	Execute Regulatory Strategy	Implement by August 2008	Implement by July 2008	Achieved at target	34,860
	100%					$385,573

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Name	Weight	Performance Metric	Minimum Threshold (1)	Target Goal	Actual/Adjusted Results	Award
Timothy K. Schools	35%	Bank Net Income		$48.1 million	$53.4 million (2)	$221,340
	35%	Bank Return on Assets		0.693%	0.875% (2)	221,340
	10%	Achieve regulatory compliance		Meet or exceed standards of well-managed peers	Achieved Maximum results	63,240
	7.5%	Consumer Average Loan Balance (including home equity loans and excluding education loans growth)	$11.5 million	$12.8 million	$36.9 million	47,430
	7.5%	Business banking average loan balance growth	$2.9 million	$3.2 million	$5.8 million	47,430
	5%	Successfully improve Consumer/Business Banking Processing turn time	Meet minimum goal	Meet assigned goal	Achieved Maximum results	31,620
	100%					$632,400

(1) Where there is no minimum threshold, the target threshold is the minimum threshold.

(2) HEI earnings per share and American Savings Bank return on assets were adjusted as described in the text above to exclude the effects of the $35.6 million restructuring charge to HEI and bank net income.

The above goals were set by the Compensation Committee and approved by the Board in 2008 because they were believed to provide the necessary incentives to align executive compensation with shareholder value. Each target goal was based on the budget. The minimum performance reflected what the Compensation Committee believed to be investors' minimum expectations relative to other investment opportunities and the maximum goal provided greater upside potential for out-performance stretch goals. Each goal was aligned with HEI's or the operating company's strategic plan and determined by the Compensation Committee to be sufficiently difficult to be worthy of a bonus.

The HEI executives had the heaviest weighting on earnings per share, which is a general measure of public company performance. The other two measures for HEI executives, utility free cash flow and bank return on assets, are operating measures of subsidiary financial success, which drives HEI performance. Excluding the impact of the bank's previously-disclosed balance sheet restructuring charge of $35.6 million or 42 cents per share, adjusted 2008 earnings at HEI were $125.9 million or $1.49 earnings per share, which was above the target goal. HEI's focus on improved operating performance and financial flexibility helped HEI to continue to post improved results in a year of unprecedented corporate failures, depressed economic conditions, frozen credit markets and a volatile equity market. HEI initiated strategic initiatives during 2008 at both its operating businesses and realized the benefits from those initiatives. Hawaiian Electric Company achieved a negative $17.1 million in utility free cash flow, which was above the maximum goal. The utility free cash flow for 2008 was due to higher net cash from operating activities resulting from lower than budgeted fuel oil costs, as well as scheduling of major capital projects. American Savings Bank also achieved a return on assets of 0.875%, excluding the restructuring charge to net income, which was above the maximum goal. American Savings Bank's balance sheet restructuring reduced the size of the bank's balance sheet by approximately $1.1 billion, while enabling the bank to maintain its earnings power on a lower capital base. The bank was able to maintain its core earnings in the face of a very challenging economic environment. The balance sheet restructuring positioned the bank to deal with the challenges ahead by improving its profitability measures, capital position and liquidity, while enabling the bank to dividend excess capital to HEI. In addition, the bank's efforts on improving efficiency helped buffer financial performance from deteriorating market conditions. Consequently, at its meeting on February 20, 2009, the Compensation Committee awarded Ms. Lau $1,081,744, Mr. Harada $139,728, and Mr. Richardson $246,492 in annual incentives.

Mr. May's goals were focused on the utility. The two heaviest weightings for Mr. May's annual bonus were on utility net income and free cash flow, which were the key drivers of the utility's financial success in 2008; his other goals, based on facilitation of a preferred energy future to expand renewable generation and the execution of a regulatory strategy, were to reward successful execution of operational strategies. The preferred energy future goal involved Hawaiian Electric Company's progress on renewable fuels, such as biodiesel. In order for this goal to be achieved at the target level, Hawaiian Electric Company was required to successfully reach project milestones and submit all required filings with the Hawaii Public Utilities Commission for these activities. The expand renewable generation goal included activities to develop a comprehensive plan and assess strategies that would increase the utility's resources of renewable energy. In order for this goal to be achieved at the target level, Hawaiian Electric Company was required to issue a 100 megawatt renewable energy request for proposal, complete a wind integration study, and perform an assessment of wind integration mitigation strategies. The regulatory strategy execution goal involved the timely execution of Hawaiian Electric Company's rate case filing with the Hawaii Public Utilities Commission to support the financial health of the utility as it makes critical investments in infrastructure to support reliable service for customers and prepares for increased renewable energy production. Because the utility met its goals for net income and free cash flow, its expand renewable generation goal and its regulatory strategy goal, the Compensation Committee at its meeting on February 20, 2009, awarded Mr. May $385,573 in annual incentives.

The Compensation Committee approved the terms of a letter agreement entered into on June 13, 2008, in which Hawaiian Electric Company agreed that if the incentive award for 2008 performance under the annual incentive compensation plan was less than the amount Mr. May would receive if his 2008 goals were achieved at his target levels, then Hawaiian Electric Company would make up that shortfall with an additional payment to Mr. May, in consideration of Mr. May's many years of service with the utility. Because Mr. May's actual annual incentive bonus for 2008 of $385,573 was greater than his potential target bonus of $348,600, no additional discretionary bonus was required to be paid by Hawaiian Electric Company to Mr. May.

Mr. Schools' goals were focused on American Savings Bank. The two heaviest weightings for Mr. Schools' annual incentive were on bank net income and return on assets, which were the key drivers of the bank's financial success in 2008; his other goals were based on bank operational strategies to strengthen regulatory compliance, improve consumer average loan balances, encourage business banking average loan balance growth and successfully improve consumer/business banking turnover time. American Savings Bank had at or above maximum performance for each of Mr. Schools' goals in 2008. Consequently, at its meeting on February 20, 2009, the Compensation Committee awarded Mr. Schools $632,400 in annual incentives.

The 2008 grants of annual incentive awards specific to the named executive officers are summarized in the 2008 Grants of Plan-Based Awards and related notes on page 47.

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What is HEI's 2009 annual incentive plan?

The Compensation Committee substantially revamped HEI's 2009 annual executive incentive compensation plan as a result of Towers Perrin's executive compensation review of practices at peer companies and to provide a competitive program that aligns with current company strategies. The 2009 annual executive incentive compensation plan provides greater emphasis on differentiated reward strategies by company/business unit. The program will encourage HEI executives to focus on results that drive consolidated shareholder value rather than roll-up subsidiary results; encourage American Savings Bank executives to focus on performance improvement; and encourage Hawaiian Electric Company executives to focus on successful rate relief, the Hawaii Clean Energy Initiative and other utility metrics. In 2008, there was a minimum threshold for the entire annual incentive plan in order for awards to be made under the plan, as well as minimum thresholds for applicable metrics. In 2009, each metric will have its own threshold and there will not be an overall plan threshold.

The Committee decided to simplify the program to drive greater understanding of performance measurement and plans. HEI executive goals are limited to two corporate financial measures to maintain focus of the holding company executives on these key metrics. On February 20, 2009, the Compensation Committee established the following performance metrics for the following named executive officers for the 2009 annual incentive plan:

Name	Weight	Performance Metric	Minimum Threshold	Target Goal
Constance H. Lau Curtis Y. Harada Chester A. Richardson	60%	HEI Return on Average Common Equity	7.1%	7.9%
	40%	HEI Net Income	$101.5 million	$112.8 million
	100%			
Timothy K. Schools	100%	Bank Return on Assets	0.85%	0.95%

There are no 2009 goals for Mr. May, who retired on December 31, 2008, or for Mr. Yeaman, whose resignation was effective on June 12, 2008. Mr. Ajello and Mr. Rosenblum are also participants in the 2009 annual incentive plan.

HEI has return on average common equity and net income as its annual incentive compensation goals in 2009 because these are basic measures of financial success at HEI and for its shareholders. American Savings Bank is using a single profitability measure of return on assets in 2009, consistent with the need for the bank to focus on efficient use of assets to generate satisfactory returns. Traditionally, banks have measured returns relative to assets as a primary profitability measure. Banks make loans and take in deposits and the difference between the interest income received on loans, interest expense paid on deposits, less credit and other expenses, is their profit. Since most income is from the balance sheet, the balance sheet is an appropriate benchmark to use in comparing profitability from different banks or different business lines within a bank. Return on assets (net income divided by total average assets) is a simple and widely used benchmark.

In setting Mr. Schools' goals, the Compensation Committee determined to exclude one-time charges such as severance and lease buyouts in light of American Savings Bank's aggressive performance improvement project to reduce its cost structure and improve its efficiency, profitability and go-forward earnings. In addition, in light of the unprecedented volatility, illiquidity, uncertainty and unusually low asset valuations in the capital markets and in the banking industry, the Committee excluded the impact of other-than-temporary impairment charges and goodwill impairment charges and related impacts. The Committee, however, retained the discretion to reduce any such award if the resulting payout is not in the best interest of American Savings Bank and exclude any gain from the sale of securities for which other-than-temporary impairment is excluded in any current or future bonus calculations. In setting HEI executives' goals, the Committee also determined that any adjustments made at American Savings Bank and Hawaiian Electric Company would also be applied for purposes of calculating HEI metrics.

The proposed 2009 annual award will be determined as a percentage of base salary, instead of salary midpoint, which allows for awards to better reflect individual contribution. At its meeting on February 20, 2009, the Compensation Committee approved the following award ranges for the named executive officers, shown as a percentage of salary, for the 2009 annual incentive plan:

Name	Minimum	Target	Maximum	2009 estimated salary
Constance H. Lau	42.5%	85%	170%	$ 771,800
Curtis Y. Harada	20%	40%	80%	215,600
Chester A. Richardson (1)	25%	50%	100%	344,400
Timothy K. Schools	40%	80%	160%	550,000

(1) Mr. Richardson's 2009 annual incentive award, if any, will be prorated based on two months at his HEI Vice President-General Counsel salary and 10 months at his HEI Senior Vice President-General Counsel and Chief Administrative Officer salary.

What was HEI's 2006-2008 long-term incentive plan and were there any payouts under this plan?

HEI's three-year performance incentive plan is otherwise known as the Long-Term Incentive Plan (LTIP). In 2006, the Committee approved the following award ranges, shown as a percentage of the salary midpoint, for the 2006-2008 long-term incentive plan for the following individuals who are currently HEI named executive officers:

Name	Minimum	Target	Maximum	2008 salary midpoint
Constance H. Lau (1)	65%	130%	260%	$ 641,000(ASB) 776,000(HEI)
Eric K. Yeaman (2)	30%	60%	130%	405,000(HEI) 441,000(HECO)
Curtis Y. Harada	20%	40%	80%	213,000
T. Michael May	40%	80%	170%	581,000

(1) For the 2006-2008 long-term incentive plan, Ms. Lau's salary midpoint was prorated with 4 months at her American Savings Bank President and Chief Executive Officer grade and 32 months at her HEI President and Chief Executive Officer grade.

(2) Because Mr. Yeaman terminated his service with Hawaiian Electric Company on June 12, 2008, he forfeited his participation in the 2006-2008 long-term incentive plan, in accordance with revisions to the long-term incentive plan adopted by the HEI Compensation Committee, effective April 2008, which provide that a participant generally forfeits any potential long-term incentive award if the participant terminates employment within the performance period for any reason other than retirement, death or disability.

Mr. Richardson and Mr. Schools did not participate in the 2006-2008 long term incentive plan because they became employed by Hawaiian Electric Industries and American Savings Bank, respectively, midway through this performance period.

Based on the Compensation Committee's view that achievement of these goals would enhance shareholder value during this performance period, HEI executives had three long-term goals: a total shareholder return goal based on performance at HEI, a return on average common equity goal at

American Savings Bank, and a return on average common equity goal at Hawaiian Electric Company (consolidated). Mr. May had a Total Shareholder Return goal, but with a lesser weighting than HEI holding company executives, since his primary focus was on improving utility financial metrics, such as utility return on average common equity and average annual utility net income.

After three long-term incentive performance periods (2003-2005, 2004-2006, 2005-2007) where no HEI (holding company) long-term incentive goals were achieved and no HEI long-term incentive awards were paid to HEI executives (long-term incentive awards were paid to subsidiary executives for the achievement of subsidiary goals during these performance periods), HEI executives received a long-term incentive award for the 2006-2008 performance period. The long-term incentive award for this performance period was paid out 60% in cash and 40% in HEI Common Stock based on the stock value as of the time of the award. The stock component aligns executives' interests with shareholders.

Name	**Weight**	**Performance Metric**	**Minimum Threshold**	**Target Goal**	**Actual Results**	**Payout**
Constance H. Lau	40%	Total Return to Shareholders	30^{th} percentile of the Edison Electric Institute Index (1)	50^{th} percentile of the Edison Electric Institute Index (1)	38.5^{th} percentile of the Edison Electric Institute Index (1), (2)	$281,951
	30%	Bank Return on Average Common Equity	10.39%	11.23%	9.89% (3)	
	30%	Utility Return on Average Common Equity	30^{th} percentile of the Edison Electric Institute Index (1)	50^{th} percentile of the Edison Electric Institute Index (1)	12^{th} percentile of the Edison Electric Institute Index (1), (2)	
	100%					$281,951
Eric K. Yeaman	40%	Total Return to Shareholders	30^{th} percentile of the Edison Electric Institute Index (1)	50^{th} percentile of the Edison Electric Institute Index (1)	38.5^{th} percentile of the Edison Electric Institute Index (1), (2)	
	30%	Bank Return on Average Common Equity	10.39%	11.23%	9.89% (3)	
	30%	Utility Return on Average Common Equity	30^{th} percentile of the Edison Electric Institute Index (1)	50^{th} percentile of the Edison Electric Institute Index (1)	12^{th} percentile of the Edison Electric Institute Index (1), (2)	
	100%					

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Name	Weight	Performance Metric	Minimum Threshold	Target Goal	Actual Results	Payout
Curtis Y. Harada	40%	Total Return to Shareholders	30th percentile of the Edison Electric Institute Index (1)	50th percentile of the Edison Electric Institute Index (1)	38.5th percentile of the Edison Electric Institute Index (1), (2)	$ 24,282
	30%	Bank Return on Average Common Equity	10.39%	11.23%	9.89% (3)	
	30%	Utility Return on Average Common Equity	30th percentile of the Edison Electric Institute Index (1)	50th percentile of the Edison Electric Institute Index (1)	12th percentile of the Edison Electric Institute Index (1), (2)	
	100%					$ 24,282
T. Michael May	40%	Utility Return on Average Common Equity	30th percentile of the Edison Electric Institute Index (1)	50th percentile of the Edison Electric Institute Index (1)	12th percentile of the Edison Electric Institute Index (1), (2)	
	40%	Utility Net Income	$89.465 million	$99.405 million	$73.0 million	
	20%	Total Return to Shareholders	30th percentile of the Edison Electric Institute Index (1)	50th percentile of the Edison Electric Institute Index (1)	38.5th percentile of the Edison Electric Institute Index (1), (2)	66,234
	100%					$ 66,234

(1) The Edison Electric Institute is an association of U.S. investor-owned electric companies that are representative of companies that are comparable investment alternatives to HEI. The Institute's members serve 95% of the ultimate customers in the investor-owned segment of the industry and represent approximately 70% of the U.S. electric power industry. The three-year Edison Electric Institute Index measures performance data for U.S. investor-owned electric utilities. The performance of the companies in the Index is calculated on a noncapitalized weighted basis so as not to give a disproportionate emphasis to the larger companies. Companies are added or deleted to the three-year index through acquisitions or merger or other changes in ownership. The Edison Electric Institute uses a company in the index when it has three years of consistent comparable data. HEI uses its ranking in the Edison Electric Institute Index to determine how well it performed in the three-year performance period for metrics such as return on average common equity

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and total return to shareholders. In 2008, the following companies were in the three-year Edison Electric Institute Index:

Allegheny Energy Inc. Allete Inc. Alliant Energy Corp. Ameren Corp. American Electric Power Co. Avista Corp. Black Hills Corp Centerpoint Energy Inc. Central Vermont Public Service Corp CH Energy Corp CLECO Corp CMS Energy Corp Consolidated Edison Inc. Constellation Energy Group Inc. Dominion Resources Inc. DPL, Inc. DTE Energy Co. Duke Energy Corp	Edison International El Paso Electric Co. Empire District Electric Co. Entergy Corp. Exelon Corp. First Energy Corp. FPL Group Inc. Great Plains Energy Inc. Hawaiian Electric Industries Inc. Idacorp Inc. Integrys Energy Group Maine and Maritimes Corp MDU Resources Group Inc MGE Energy Inc. NISOURCE Inc. Northeast Utilities Northwestern Corp. NSTAR NV Energy, Inc. OGE Energy Corp.	Otter Tail Corp. Pepco Holdings Inc. PG&E Corp. Pinnacle West Capital Corp. PPL Corp. PNM Resources, Inc. Progress Energy, Inc. Public Service Enterprise Group, Inc. Puget Energy, Inc. Scana Corp. Sempra Energy Southern Co. TECO Energy, Inc. UIL Holdings Corp. UniSource Energy Corp. Unitil Corp. Westar Energy, Inc. Xcel Energy Inc Vectren Corp. Wisconsin Energy Corp.

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(2) This metric was determined using a 33-month performance period instead of the usual 36-month performance period in order to determine results compared to peer data in time for the filing of this proxy statement.

(3) American Savings Bank's return on average common equity was adjusted as described in the text above to exclude the effects of the $35.6 million restructuring charge.

The above goals were set by the Compensation Committee and approved by the Board in 2006 because they were believed to provide the necessary incentives to align executive compensation with shareholder value. The minimum performance reflected what the Compensation Committee believed to be investors' minimum expectations relative to other investment opportunities and the maximum goal provided greater upside potential for out-performance stretch goals. Each goal was aligned with HEI's or the operating company's strategic plan and determined by the Compensation Committee to be sufficiently difficult to be worthy of a bonus.

The only goal met in the 2006-2008 long-term performance plan was the minimum goal for HEI Total Return to Shareholders. Consequently, at its meeting on February 20, 2009, the Compensation Committee awarded Ms. Lau $281,951, Mr. Harada $24,282, and Mr. May $66,234 in long-term incentives, payable 60% in cash and 40% in HEI Common Stock.

What is HEI's 2007-2009 long-term incentive plan?

HEI's 2007-2009 long-term incentive plan was explained in its 2007 proxy statement.

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What is HEI's 2008-2010 long-term incentive plan?

In February 2008, the Compensation Committee approved the following long-term incentive award levels for the 2008-2010 period for each of the named executive officers if the following incentive performance goals for that period are met:

Name	Weight	Performance Metric	Minimum Threshold	Target Goal
Constance H. Lau Curtis Y. Harada Chester A. Richardson	40%	HEI Total Return to Shareholders	30th percentile of the Edison Electric Institute Index	50th percentile of the Edison Electric Institute Index
	15%	Utility Free Cash Flow	($24.1 million)	($13.0 million)
	15%	Utility Ratemaking Return on Average Common Equity vs. Allowed Return	90% of consolidated allowed rate of return on equity less 50 basis points	95% of consolidated allowed rate of return on equity less 50 basis points
	15%	Bank Net Income	$55.277 million	$57.053 million
	15%	Bank Return on Assets	0.789%	0.816%
	100%			
T. Michael May Eric K. Yeaman	50%	Utility Free Cash Flow	($24.1 million)	($13.0 million)
	30%	Utility Ratemaking Return on Average Common Equity vs. Allowed Return	90% of consolidated allowed rate of return on equity less 50 basis points	95% of consolidated allowed rate of return on equity less 50 basis points
	20%	HEI Total Return to Shareholders	30th percentile of the Edison Electric Institute Index	50th percentile of the Edison Electric Institute Index
	100%			
Timothy K. Schools	40%	Bank Net Income	$55.277 million	$57.053 million
	30%	Bank Return on Assets	0.789%	0.816%
	30%	Bank Efficiency Ratio	65.47%	64.83%
	100%			

The metrics used in this program are common financial measures for the most part. Utility ratemaking return on average common equity vs. allowed return is a useful measurement for comparing the utility's earnings to the earnings regulators have determined are reasonable in the most recent ratemaking proceeding of each respective utility. It encourages executives to seek to have each utility earn its allowed regulated return. Bank efficiency ratio is a measure of how efficiently the bank spends its funds in relation to the income it generates. The efficiency ratio is calculated as follows:

$$\frac{\text{Noninterest Expense (excluding amortization of intangible assets)}}{\text{Net interest income + noninterest income}}$$

The Committee also determined that the financial impacts (gain and/or loss), if any, of restructuring American Savings Bank's balance sheet in order to return capital to HEI (e.g., sale of investment securities, extinguishment of wholesale funding, sale of merchant services divisions) shall be excluded in calculating net income and return on assets for purposes of determining performance under the 2008-2010 long-term incentive plan.

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The following are the award levels for these incentives:

Name	Minimum	Target	Maximum	Super Maximum	2010 projected salary midpoint of position grade (5)
Constance H. Lau	65%	130%	260%		$ 815,000
Eric K. Yeaman (1)	30%	60%	130%		426,000(HEI) 463,000(HECO)
Curtis Y. Harada	20%	40%	80%		224,000
Chester A. Richardson (2)	30%	60%	120%		351,000
T. Michael May (3)	40%	80%	170%		581,000
Timothy K. Schools (4)	40%	80%	100%	175%	482,000(COO) 559,000(President)

(1) Because Mr. Yeaman resigned from Hawaiian Electric Company, effective June 12, 2008, he forfeited his participation in the 2008-2010 long-term incentive plan.

(2) Mr. Richardson's 2008-2010 long-term incentive award, if any, will be prorated based on 14 months at his HEI Vice President-General Counsel salary midpoint and 22 months at his HEI Senior Vice President-General Counsel and Chief Administrative Officer salary midpoint.

(3) Because Mr. May retired effective December 31, 2008, his 2008-2010 long-term incentive award, if any, will be prorated for the one year that he served in the three-year performance period, but only if the applicable performance goals are achieved. Mr. May's award will be based upon his salary midpoint at retirement.

(4) Mr. Schools' 2008-2010 long-term incentive award, if any, will be prorated based on one month at his American Savings Bank Senior Executive Vice President and Chief Operating Officer salary midpoint and 35 months at his President salary midpoint.

(5) The award payouts will be based upon actual 2010 salary midpoints and not the projected midpoints cited here.

In addition to the minimum, target and maximum levels, the American Savings Bank 2008-2010 long-term incentive plan has a fourth level, a super maximum level. Mr. Schools' estimated future payout under level four would be $974,507. This added level was done for this performance period to focus Mr. Schools and the other American Savings Bank executives on achieving the highest established goals, namely $68 million net income (a 42% increase over 2008 budget), 1.0% return on assets (26 basis points increase over 2008 budget), and a 61% efficiency ratio (832 basis point increase over 2008 budget). This fourth level was established for American Savings Bank executives in recognition for the extraordinary work that needs to be achieved by the bank in a short period to improve its performance.

In addition to the basic long-term incentive plan, the Compensation Committee also approved supplemental long-term incentive award levels for the 2008-2010 period for each named executive officer so that HEI's long-term incentive program would be even more performance-based. Rather than providing restricted stock awards at the levels given in 2007, the Committee reduced the restricted stock awards given to the named executive officers and provided an additional supplemental long-term incentive opportunity, using the same goals, metrics, and exclusion as in the 2008-2010 long-term incentive plan. Payment of any awards that may be made under this supplemental 2008-2010 long-term incentive program will be paid in a combination of 50% cash and 50% stock (versus 60% cash and

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40% stock for the basic long-term incentive plan) to promote greater stock ownership and alignment with shareholder interests. The following are the award levels for these supplemental incentives:

Name	Minimum	Target	Maximum	2010 projected salary midpoint of position grade (5)
Constance H. Lau	13.5%	27.0%	54.0%	$ 815,000
Eric K. Yeaman (1)	7.5%	15.0%	32.5%	426,000(HEI) 463,000(HECO)
Curtis Y. Harada	6.5%	10.0%	20.0%	224,000
Chester A. Richardson (2)	6.5%	10.0%	20.0%	351,000
T. Michael May (3)	9.0%	18.0%	38.0%	581,000
Timothy K. Schools (4)	10.0%	20.0%	42.0%	482,000(COO) 559,000(President)

(1) Because Mr. Yeaman terminated his service with Hawaiian Electric Company on June 12, 2008, he forfeited his participation in the 2008-2010 supplemental long-term incentive plan.

(2) Mr. Richardson's supplemental 2008-2010 long-term incentive award, if any, will be prorated based on 14 months at his HEI Vice President-General Counsel salary midpoint and 22 months at his HEI Senior Vice President-General Counsel and Chief Administrative Officer salary midpoint.

(3) Because Mr. May retired effective December 31, 2008, his supplemental 2008-2010 long-term incentive award, if any, will be prorated for the one year that he served in the three-year performance period, but only if the applicable performance goals are achieved. Mr. May's award will be based upon his salary midpoint at retirement.

(4) Mr. Schools' supplemental 2008-2010 long-term incentive award, if any, will be prorated based on one month at his American Savings Bank Senior Executive Vice President and Chief Operating Officer salary midpoint and 35 months at his President salary midpoint.

(5) The award payouts will be based upon actual 2010 salary midpoints and not the projected midpoints cited here.

The 2008-2010 grant of long term incentive and supplemental long term incentive awards specific to the named executive officers are summarized in the 2008 Grants of Plan-Based Awards and related notes on page 47.

What is HEI's 2009-2011 long-term incentive plan?

The Compensation Committee substantially modified the long-term incentive program for 2009-2011 based on company strategy and recommendations of Towers Perrin after its executive compensation review. The 2009-2011 long-term incentive plan generally will be paid 60% in cash and 40% in stock units with a value determined at the beginning of the performance period. By determining share award levels as of the beginning of the performance period, the awards under the plan have a stronger linkage to improvements in shareholder value. Any award for Mr. Schools, as President of American Savings Bank, will be granted in cash to align his incentive compensation solely with the performance of the bank.

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At its meeting on February 20, 2009, the Compensation Committee approved the following long-term incentive performance metrics for the 2009-2011 period for each of the named executive officers:

Name	Weight	Performance Metric	Minimum Threshold	Target Goal
Constance H. Lau Curtis Y. Harada Chester A. Richardson	60%	HEI Total Return to Shareholders	30th percentile of the Edison Electric Institute Index	50th percentile of the Edison Electric Institute Index
	40%	HEI Return on Average Common Equity	9.1%	10.1%
	100%			
Timothy K. Schools	70%	Bank Return on Assets	1.0%	1.1%
	30%	Bank Net Income	\$51 - \$54 million	\$56 - \$59 million
	100%			

Mr. Ajello and Mr. Rosenblum are also participants in the 2009-2011 long-term incentive plan.

The Compensation Committee approved the HEI metrics because they simplify the program and align performance measurement with the scope of the role and responsibilities of these executive officers. Mr. Schools' long-term metrics, bank return on assets and bank net income, focus performance on the key bank value drivers. In setting Mr. Schools' goals, the Compensation Committee determined to exclude one-time charges such as severance and lease buyouts in light of American Savings Bank's aggressive performance improvement project to reduce its cost structure and improve its efficiency, profitability and go-forward earnings. In addition, in light of the unprecedented volatility, illiquidity, uncertainty and unusually low asset valuations in the capital markets and in the banking industry, the Committee excluded the impact of other-than-temporary impairment charges and goodwill impairment charges and related impacts. The Committee, however, retained the discretion to reduce any such award if the resulting payout is not in the best interest of American Savings Bank and exclude any gain from the sale of securities for which other-than-temporary impairment is excluded in any current or future bonus calculations. In setting HEI executives' goals, the Committee also determined that any adjustments made at American Savings Bank and Hawaiian Electric Company would also be applied for purposes of calculating the HEI metrics.

The Compensation Committee established the following award ranges, shown as a percentage of actual annual salaries on January 1, 2009, for the following named executive officers:

Name	Minimum	Target	Maximum	January 1, 2009 Annual Salary
Constance H. Lau	70%	140%	280%	$ 771,800
Curtis Y. Harada	27.5%	55%	110%	215,600
Chester A. Richardson	35%	70%	140%	321,400
Timothy K. Schools	50%	100%	200%	550,000

Mr. Schools' potential long-term incentive award levels are higher than the other executive officers, except for Ms. Lau, because his long-term incentive is paid entirely in cash and in consideration of the freeze of the American Savings Bank Supplemental Executive Retirement Plan. A portion of the 2009-2011 long-term incentive for other executive officers was awarded in restricted stock units, as described below.

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How does HEI award stock and options to named executive officers?

HEI provides stock awards to executives to strengthen the linkage of executive compensation with improvement in shareholder value. The long-term incentive awards described above are performance-based and generally paid partially in stock. Stock awards granted to the executives increase their total long-term compensation opportunities. The Compensation Committee determines the value and number of additional shares awarded considering individual performance and contribution, as well as competitive practices.

Since 2006, HEI has been utilizing grants of restricted stock to provide executives with ownership of HEI shares. Quarterly dividends on the restricted stock shares are paid in cash to the executives during the vesting period. The primary purpose of restricted stock awards is retention. Any executive who terminates employment from HEI or its operating subsidiaries prior to four years will forfeit the restricted shares, unless the executive is involuntarily terminated without cause or the termination follows a change in control.

At its meeting held on April 15, 2008, the Compensation Committee revised HEI's equity program to make it more performance-based. The Committee transferred the value of half of the shares of restricted stock historically awarded to named executive officers to a new supplemental performance-based long-term incentive plan (described above) so that an approximately equivalent value is paid to participants if the target goals are achieved. This structure provides for an increased value to be awarded if maximum performance goals are achieved, but also a lower value if minimum performance goals are achieved or no award if performance falls short of the minimum goals. For the other half of the shares of restricted stock, the Committee continued HEI's practice of awarding the restricted shares on a four-year cliff-vesting basis to retain key executives. Under the revised equity program, on April 15, 2008, Ms. Lau was granted 8,000 restricted shares, Mr. Yeaman 2,500 shares, Mr. Harada 1,000 restricted shares, Mr. Richardson 1,500 restricted shares, Mr. May 4,000 restricted shares, and Mr. Schools 4,000 restricted shares. These restricted shares will vest for each executive officer who remains with HEI or its operating subsidiaries four years from the date of grant. By resigning from Hawaiian Electric Company on June 12, 2008 and retiring from Hawaiian Electric Company on December 31, 2008, respectively, within the four-year vesting period, Mr. Yeaman and Mr. May forfeited the restricted shares they received in 2006, 2007, and 2008.

For the 2009 equity program, restricted stock units were granted, instead of restricted stock awards. With restricted stock units, no stock is issued or outstanding until the actual release of the shares at vesting. Dividend equivalents will accrue during the vesting period and be payable upon vesting four years from the date of grant. Restricted stock units will allow prorata vesting upon an executive's retirement, death or disability, while discouraging voluntary departures prior to retirement. Unlike previous years, the distribution of equity awards at HEI and its operating subsidiaries in 2009 will be limited. Mr. Schools has 100% of his long-term incentive paid in cash, instead of receiving restricted stock units, to focus his rewards on the performance of the bank.

At its meeting on February 20, 2009, the Compensation Committed awarded annual restricted stock units as follows:

Name (1)	Restricted Stock Units
Constance H. Lau (2)	34,500
Curtis Y. Harada	1,500
Chester A. Richardson	2,500
Timothy K. Schools (3)	0

(1) Mr. Ajello and Mr. Rosemblum are also participants in the 2009 equity program.

(2) Ms. Lau's restricted stock unit award total was determined after review of grants made to chief executive officers at peer companies and in consideration of her future loss in pension value by the freezing of the HEI Supplemental Executive Retirement Plan.

(3) Mr. Schools' entire long-term incentive award is paid in cash and not in stock to align his compensation to American Savings Bank performance.

The 2008 grant of restricted stock awards specific to the named executive officers are summarized in the 2008 Grants of Plan-Based Awards and related notes on page 47.

What retirement benefits do named executive officers have?

HEI provides retirement benefits to all eligible employees, including the named executive officers, through qualified retirement plans as a means of providing financial security in recognition of their years of service. Nonqualified retirement benefits are also provided to certain executives, including the named executive officers. The HEI Excess Pay Plan is a nonqualified retirement plan that provides the portion of benefits that cannot be paid from the qualified plans due to Internal Revenue Code limits applicable to qualified plans. Until December 31, 2008, HEI and American Savings Bank also provided certain named executive officers additional pension benefits through nonqualified supplemental executive retirement plans that allowed all or part of their annual bonuses to be included in the final average compensation upon which their pension benefits were determined. These nonqualified supplemental executive retirement plans were frozen effective December 31, 2008. The Compensation Committee decided to freeze these plans because of the expense of maintaining these benefits, the recognition of current economic times, and in light of what it considered to be best practices. In deciding to freeze these plans, the Compensation Committee concluded that the inclusion of annual incentive compensation in addition to base salary in the calculation of these supplemental pension benefits, while competitive at the time the plans were enacted, was not consistent with HEI's philosophy to emphasize performance-based rewards driven by results that support growth in shareholder value. The primary remaining nonqualified retirement plan that HEI named executive officers, except for Mr. Schools, can participate in is the HEI Excess Pay Plan, which determines pension benefits on base salary and does not include annual bonuses.

The HEI Excess Pay Plan, HEI Supplemental Executive Retirement Plan, ASB Supplemental Executive Retirement, Disability, and Death Benefit Plan, HEI Executives' Deferred Compensation Plan, HEI Non-Employee Directors' Deferred Compensation Plan, and American Savings Bank Select Deferred Compensation Plan were amended and restated effective January 1, 2009, to comply with final regulations under Section 409A of the Internal Revenue Code. Benefits paid from all these plans to "specified employees" (to the extent not grandfathered, as described in Section 409A) on account of separation from service must be delayed until at least six months after the specified employee's separation from service. The plans were also amended so that a participant will forfeit all benefits if terminated for cause, defined as a violation of the HEI Corporate Code of Conduct, which governs HEI and its affiliated companies. Retirement benefits under these plans specific to the named executive officers are discussed in further detail in the Pension Benefits table and related notes on pages 50-53.

Do named executive officers have executive death benefits?

HEI provides HEI and Hawaiian Electric Company executives with death benefits payable to their beneficiaries under the Executive Death Benefit Plan of HEI and Participating Subsidiaries. These benefits are provided for the welfare of an executive's beneficiaries in the traumatic event of an executive's death before or after retirement. Death benefits are discussed in further detail in the Pension Benefits table and related notes on pages 50-53.

Can named executive officers participate in nonqualified deferred compensation plans?

HEI provides named executive officers with the opportunity to participate in deferred compensation plans to allow executives to defer compensation and the resulting tax liability. The HEI Executives' Deferred Compensation Plan, as amended effective January 1, 2009, is a nonqualified deferred compensation plan that allows an HEI or Hawaiian Electric Company executive to defer payment of annual and long-term incentive awards. The American Savings Bank Select Deferred Compensation Plan, as amended effective January 1, 2009, is also a nonqualified deferred compensation plan. The plan allows a select group of American Savings Bank management and certain other highly compensated employees to defer up to 100% of current salary, bonus or commissions based upon annual elections made prior to the beginning of each deferral year. Deferred compensation benefits under these plans specific to the named executive officers are discussed in further detail in the 2008 Nonqualified Deferred Compensation table and related notes on page 54.

Do named executive officers have change-in-control agreements?

Change-in-control agreements can be an appropriate tool to recruit executives as an expected part of the compensation package, to encourage the continued attention of key executives to the performance of their assigned duties without distraction in the event of a potential change in control, and to assist in retaining key executives. Change-in-control agreements can also protect against executive flight during a transaction when key executives might, in the absence of the agreement, accept employment with competitors.

In 2008, with the assistance of Towers Perrin and HEI's external legal counsel, the Compensation Committee substantially revamped HEI's change-in-control agreements for certain HEI and subsidiary executives. The Committee replaced the old agreements with new versions designed to be consistent with best practices and to vary the severance multiplier amongst executives taking into account the executive's expected role in a potential transaction, value to the organization, service to HEI, and fairness. The Compensation Committee provided cash lump sum severance multipliers of three times for Ms. Lau and Mr. Schools, two times for Mr. Richardson, and one time for Mr. Harada. The multiplier is applied to the sum of the executive's base salary and bonus (determined to be the greater of the current target bonus or the largest actual bonus during the preceding three years). The severance benefits are subject to a release of claims by the executive.

The new agreements have terms of two years following execution. They are automatically renewed for one year on each anniversary unless 90 days notice of nonrenewal is provided by either party, so that the protected period is at least one year upon nonrenewal. The agreements remain in effect for two years following a change in control. The change-in-control agreements define a change in control to mean essentially a change in ownership of HEI or substantial change in the voting power of HEI's securities or a change in the majority of the composition of the Board following a consummation of a merger, tender offer or similar transaction. Mr. Schools' agreement also defines a change in control as essentially a change in ownership of American Savings Bank. Mr. Schools has other agreements that involve triggers upon a change in control at American Savings Bank. Mr. Schools was given these agreements in consideration of the volatility of the financial institution environment. Mr. May's change-in-control agreement terminated upon his retirement on December 31, 2008. Mr. Yeaman's change-in-control agreement terminated when he resigned from Hawaiian Electric Company on June 12, 2008. Change in control benefits specific to the named executive officers are discussed in further detail in the Potential Payments upon Termination or Change in Control section and related notes on pages 55-59.

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What perquisites and other benefits do named executive officers have?

HEI provides limited perquisites to the named executive officers that the Compensation Committee believes are appropriate in light of their positions and value to the organization. During 2008, the named executive officers were eligible for business parking, club memberships, and voluntary annual physical exams. Ms. Lau, Mr. Yeaman, Mr. May and Mr. Schools were eligible for reimbursement for their spouses' travel expenses when their spouses accompanied them to meetings where spouse attendance was required or expected for business purposes. Hawaiian Electric Company executives Mr. May and Mr. Yeaman were also eligible to receive a car and gas allowance for business and personal use. As Chairman of the Board of Hawaiian Electric Company, Ms. Lau is eligible to receive a residential electricity discount, which is available to all qualifying Hawaiian Electric Company employees and retirees. Ms. Lau and Mr. Schools are eligible to receive preferential rate loans, which were available to all qualifying American Savings Bank employees and certain former employees in 2008. These loans will no longer be offered to new American Savings Bank employees, including executives, effective January 1, 2009. Existing loans will be grandfathered. New named executive officers Mr. Richardson and Mr. Schools, who joined HEI and American Savings Bank, respectively, in 2007, were also eligible for reimbursement in 2008 for relocation expenses pursuant to their moves from the mainland to Hawaii. Mr. Richardson and Mr. Schools also were eligible for four weeks of vacation, two weeks more than other employees at their respective companies with similar years of service, so that they would have vacation benefits similar to officers in similar positions outside the company and because of the heavy workloads that both carry. Perquisites and other compensation plans specific to the named executive officers are discussed in further detail in the Summary Compensation Table and related notes on pages 44-46.

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Executive Compensation

Summary Compensation Table

The following summary compensation table shows the base salary, annual bonus, stock awards, option awards, non-equity incentive compensation, change in pension value and nonqualified deferred compensation earnings, and all other compensation and benefits earned by the named executive officers during 2006, 2007 and 2008 (as applicable).

SUMMARY COMPENSATION TABLE

Name and 2008 Principal Positions	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($) (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (5)	All Other Compensation ($) (6)	Total ($)
Constance H. Lau	2008	763,200		338,896	50,583	1,363,695	1,302,489	40,727	3,859,590
HEI President & Chief	2007	736,000		273,540	84,562	67,245	499,747	51,326	1,712,420
Executive Officer American Savings Bank Chairman & Chief Executive Officer Hawaiian Electric Company Chair	2006	680,667		143,202	144,312	191,449	2,500,135	41,555	3,701,320
Eric K. Yeaman*	2008	194,890		75,691	57,537				328,118
HEI Financial Vice	2007	398,575		55,267	90,896		69,220	18,277	632,235
President, Treasurer and Chief Financial Officer	2006	382,333		63,240	113,021		44,141	16,606	619,341
Curtis Y. Harada**	2008	213,400	165,000	30,276	10,117	164,010	239,884	555	823,242
HEI Controller &	2007	196,655		22,107	16,490		88,455	15,570	339,277
Acting Financial Vice President, Treasurer and Chief Financial Officer	2006	190,300		9,239	25,362		90,298	15,896	331,095
Chester A. Richardson*** HEI Vice President, General Counsel	2008	317,600		21,188		246,492	89,487	125,768	800,535
T. Michael May****	2008	609,933	100,000	121,105	50,583	451,807	207,934	24,754	1,566,116
Hawaiian Electric	2007	590,650		88,427	84,562			28,757	792,396
Company President and Chief Executive Officer (retired)	2006	571,334		36,955	144,312		389,129	21,317	1,163,047

Timothy K. Schools*** ASB President	2008	541,667	32,125	632,400	19,682	87,339	1,313,213

* Mr. Yeaman served as HEI Financial Vice President, Treasurer and Chief Financial Officer, until January 31, 2008. He was appointed Hawaiian Electric Company Senior Executive Vice President and Chief Operating Officer on February 1, 2008. He resigned from Hawaiian Electric Company on June 12, 2008.

** Mr. Harada served as HEI Acting Financial Vice President, Treasurer and Chief Financial Officer, while retaining his position as HEI Controller, from February 1, 2008 to January 25, 2009. Mr. Harada was promoted to HEI Vice President, Controller and Chief Accounting Officer, on December 8, 2008. James A. Ajello became HEI Senior Financial Vice President, Treasurer and Chief Financial Officer on January 26, 2009.

*** Mr. Richardson joined HEI as Vice President, General Counsel on August 6, 2007. He was promoted to HEI Senior Vice President-General Counsel and Chief Administrative Officer on December 8, 2008.

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Mr. May retired from Hawaiian Electric Company on December 31, 2008. Richard M. Rosenblum became Hawaiian Electric Company President and Chief Executive Officer on January 1, 2009.

*****

Mr. Schools joined American Savings Bank on July 15, 2007 as Senior Executive Vice President, Chief Operating Officer. Mr. Schools was promoted to American Savings Bank President on February 1, 2008.

(1)

On March 14, 2008, the Hawaiian Electric Company Board of Directors approved the recommendation of the Compensation Committee and awarded a discretionary bonus of $100,000 to Mr. May for the utility's success in meeting project milestones that set the groundwork for improved performance in operational areas such as regulatory affairs, demand-side management, and distributed and central unit generation.

Mr. Harada received a $15,000 monthly bonus for every month he served as Acting HEI Financial Vice President, Treasurer and Chief Financial Officer. Having served 11 months in that role during 2008, his bonus was $165,000.

(2)

Represents recognition of Financial Accounting Standard 123R expense in HEI's financial statements for restricted stock awards without reduction for the estimate of forfeitures. However, Mr. Yeaman forfeited 12,500 shares in 2008 due to his resignation and Mr. May forfeited 20,000 shares due to his retirement on December 31, 2008. For a discussion of the assumptions underlying the amounts set out for restricted stock, see Note 9 to HEI's Notes to Consolidated Financial Statements under Item 8 of HEI's Form 10-K for the year ended December 31, 2008.

(3)

Represents recognition of Financial Accounting Standard 123R expense in HEI's financial statements for nonqualified stock options with dividend equivalents granted in 2002 and 2003 and stock appreciation rights with dividend equivalents granted in 2004 and 2005 without reduction for the estimate for forfeitures. However, Mr. Yeaman forfeited 30,000 shares of stock appreciation rights in 2008 due to his resignation on June 12, 2008. For a discussion of the assumptions underlying the amounts set out for option awards, see Note 9 to HEI's Notes to Consolidated Financial Statements under Item 8 of HEI's Form 10-K for the year ended December 31, 2008.

(4)

No annual incentive awards were earned by the named executive officers in 2006 or 2007. At its meeting on February 20, 2009, the Compensation Committee made the following 2008 annual incentive awards to the named executive officers: Ms. Lau, $1,081,744; Mr. Harada, $139,728; Mr. Richardson, $246,492; Mr. May, $385,573 and Mr. Schools, $632,400. Long-term incentive plan awards are generally determined in the first quarter of each year for the three-year cycle ending on December 31 of the previous calendar year. Ms. Lau achieved long-term incentive plan awards for the 2004-2006 and 2005-2007 performance periods for bank goals that were set when she was American Savings Bank President and Chief Executive Officer. At its meeting on February 20, 2009, the Compensation Committee awarded Ms. Lau $281,951; Mr. Harada $24,282; and Mr. May $66,234 in long-term incentives for the 2006-2008 performance period payable 60% in cash and 40% in HEI Common Stock (based on the market price on the date of the award).

(5)

These amounts represent the change in pension and executive death benefit values from December 31, 2005 to December 31, 2006, December 31, 2006 to December 31, 2007, and December 31, 2007 to December 31, 2008, respectively. Ms. Lau participates in the American Savings Bank Select Deferred Compensation Plan. Her individual account in the Plan had aggregate losses of $91,517 in 2008. This loss is included in her change in present value above. The aggregate increases and decreases in value of individual pension and executive death benefit plans resulted in negative changes in pension value for Mr. Yeaman in 2008 and Mr. May in

2007 and are not included in the change in pension value above. For a further discussion of these plans, see the Pension Benefits table and related notes on pages 50-53 and Nonqualified Deferred Compensation table and notes on page 54.

(6) The following discussion relates to certain components of "All Other Compensation" paid with respect to 2008. Ms. Lau received the benefit of preferential mortgage loan interest valued at $26,966, business parking, club memberships, spousal travel expenses, and an electricity discount at her residence. The total value of perquisites and other personal benefits provided by or paid for by HEI and/or Hawaiian Electric Company was less than $10,000 for Mr. Yeaman and Mr. Harada during 2008 and the value of such perquisites and other personal benefits is not included in this column. Mr. Harada received $555 for a tax gross-up for club membership.
Mr. Richardson received $107,370 for relocation expenses, of which $37,579 represents a gross up for taxes, for relocating himself and his family to Hawaii from Wisconsin when he joined HEI. Mr. Richardson was granted four weeks of vacation, retroactive to January 1, 2008, two weeks more than given to HEI employees with equivalent service. He also received business parking and a club membership. Mr. May received an automobile and gas allowance, business parking, club memberships, and a physical exam. These benefits ended when he retired from Hawaiian Electric Company on December 31, 2008. Mr. Schools was reimbursed $27,947 for relocating himself and his family to Hawaii from South Carolina when he joined American Savings Bank. He also received the benefit of preferential mortgage loan interest valued at $29,080, a club membership, business parking, and spousal travel. The total "all other compensation" of $87,339 included a gross up for taxes in the amount of $13,497. Mr. Schools was granted four weeks of vacation, two weeks more than given to non-management American Savings Bank employees with equivalent service.

Additional narrative disclosure about salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value, nonqualified deferred compensation, and other compensation can be found in the Compensation Discussion and Analysis on pages 16-43 and the discussions under Executive Compensation on pages 44-59.

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Grants of Plan-Based Awards

The following table relates to awards to the named executive officers in 2008 under the annual incentive plan tied to performance for 2008 and under the long-term incentive plan tied to performance over the 2008-2010 period. Also shown are the restricted stock awards granted under the Stock Option and Incentive Plan in 2008.

2008 GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards					
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#) (2)**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Grant Date Fair Value of Stock and Option Awards ($) (3)**
Constance H. Lau	2/19/08	329,800	659,600	1,319,200						
	EICP	529,750	1,059,500	2,119,000						
	2/19/08	110,025	220,050	440,100						
	LTIP							8,000		197,640
	4/15/08									
	SLTIP									
	4/15/08 RS									
Eric K. Yeaman	2/19/08									
	EICP	110,250	220,500	441,000						
	2/19/08	138,900	277,800	601,900						
	LTIP	34,725	69,450	150,475						
	4/15/08							2,500		61,763
	SLTIP									
	4/15/08 RS									
Curtis Y. Harada	2/19/08									
	EICP	42,600	85,200	170,400						
	2/19/08	44,800	89,600	179,200						
	LTIP	14,560	22,400	44,800						
	4/15/08							1,000		24,705
	SLTIP									
	4/15/08 RS									
Chester A.	2/19/08									
Richardson	EICP	75,150	150,300	300,600						
	2/19/08	105,300	210,600	421,200						
	LTIP	22,815	35,100	70,200						
	4/15/08							1,500		37,058
	SLTIP									
	4/15/08 RS									
T. Michael May	2/19/08									
	EICP	174,300	348,600	697,200						
	2/19/08	244,000	488,000	1,037,000						
	LTIP	54,900	109,800	231,800						
	4/15/08							4,000		98,820
	SLTIP									
	4/15/08 RS									
Timothy K.	2/19/08									
Schools	EICP	158,100	316,200	632,400						
	2/19/08	222,744	445,489	974,507						
	LTIP (4)	55,686	111,372	233,882						
	4/15/08							4,000		98,820
	SLTIP									
	4/15/08 RS									

EICP
Executive Incentive Compensation Plan (annual incentive)

LTIP
Long-Term Incentive Plan (2008-2010 period)

SLTIP
Supplemental Long-Term Incentive Plan (2008-2010 period)

RS
Restricted stock

(1)
Includes awards under, respectively, HEI's 2008 annual Executive Incentive Compensation Plan, 2008-2010 Long-Term Incentive Plan and 2008-2010 Supplemental Long-Term Incentive Plan based on meeting performance goals at threshold, target and maximum levels. See further discussion of the features of the awards in the Compensation Discussion and Analysis above on pages 26-30 and 36-38. Mr. Yeaman forfeited participation in these plans upon his resignation in June 2008. Because Mr. May retired effective December 31, 2008, his 2008-2010 Long-Term Incentive Plan and 2008-2010 Supplemental Long-Term Incentive Plan award, if any, will be prorated for the one year that he served in the three-year performance period. Mr. May's awards will be based upon his salary midpoint at retirement.

(2)
Represents shares of restricted stock awarded in 2008 that vest 100% after the four-year vesting period, with no incremental vesting. Dividends are payable on the shares prior to and after vesting at the same rate declared on all outstanding shares of HEI Common Stock. Mr. Yeaman and Mr. May forfeited their 2008 restricted grant awards (and certain earlier awards) upon their respective resignation and retirement in 2008.

(3)
Grant date fair value is based on the average price of HEI Common Stock on the New York Stock Exchange on the date of the grant. The primary purpose of the restricted stock awards is retention and there are no conditions to vesting other than the four-year cliff vesting period.

(4)
The amount shown in the table is for Mr. Schools' fourth super maximum level. Mr. School's estimated potential payout at level three (maximum) is $556,861.

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Outstanding Equity Awards at Fiscal Year-End

OUTSTANDING EQUITY AWARDS AT 2008 FISCAL YEAR-END

		Option Awards (1)					Stock Awards (2)			
		Number of Securities Underlying Unexercised Options					Shares or Units of Stock That Have Not Vested		Equity Incentive Plan Awards	
Name	Grant Year	Exer-ciseable (#)	Unexer-ciseable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expira-tion Date	Number (#)	Market Value ($) (3)	Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested ($)
Constance H. Lau	2000	40,000			14.74	4/24/10				
	2000 DE	11,172				4/24/10				
	2001	40,000			17.96	4/23/11				
	2001 DE	9,409				4/23/11				
	2002	50,000			21.68	4/22/12				
	2002 DE	7,985				4/22/12				
	2003	50,000			20.49	4/21/13				
	2003 DE	4,790				4/21/13				
	2004	50,000			26.02	4/19/14				
	2004 DE	2,549				4/19/14				
	2005		50,000		26.18	4/07/15				
	2005 DE		2,523			4/07/15				
	2006						31,000	686,340		
	2007						16,000	354,240		
	2008						8,000	177,120		
	Total	265,905	52,523				55,000	1,217,700		
Eric K. Yeaman	Total									
Curtis Y. Harada	2004	10,000			26.02	4/19/14				
	2004 DE	139				4/19/14				
	2005		10,000		26.18	4/07/15				
	2005 DE		505			4/07/15				
	2006						2,000	44,280		
	2007						2,000	44,280		
	2008						1,000	22,140		
	Total	10,139	10,505				5,000	110,700		
Chester A. Richardson	2007						3,000	66,420		
	2008						1,500	33,210		

	Total				4,500	99,630
T. Michael May	2002	40,000	21.68	4/22/12		
	2002 DE	6,388		4/22/12		
	2004	50,000	26.02	4/19/14		
	2004 DE	2,549		4/19/14		
	2005	50,000	26.18	4/07/15		
	2005 DE	2,523		4/07/15		
	2006				8,000	177,120
	2007				8,000	177,120
	2008				4,000	88,560
	Total	151,460			20,000	442,800
Timothy K. Schools	2007				3,000	66,420
	2008				4,000	88,560
	Total				7,000	154,980

DE
Dividend equivalents

(1)
The 2005 stock appreciation rights grant vests on a cliff basis on April 7, 2009, following a four-year vesting period subject to acceleration of vesting on retirement. Due to Mr. May's retirement on December 31, 2008, his 2005 stock appreciation rights grant became fully vested on that date.

(2)
The 2006 restricted stock award becomes unrestricted on May 13, 2010. The 2007 restricted stock award becomes unrestricted on April 12, 2011 for Ms. Lau and Mr. Harada, and on December 11, 2011 for Mr. Richardson and Mr. Schools. The 2008 restricted stock award becomes unrestricted on April 15, 2012. Mr. May and Mr. Yeaman forfeited their 2006, 2007 and 2008 restricted stock awards upon their respective retirement and resignation.

(3)
Market value is based upon the closing price of HEI Common Stock on the New York Stock Exchange of $22.14 as of December 31, 2008.

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Option Exercises and Stock Vested

2008 OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#) (1)**	**Value Realized on Exercise ($) (2)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Constance H. Lau	43,876	559,504		
Eric K. Yeaman	25,564	267,466		
Curtis Y. Harada	12,291	71,854		
T. Michael May	55,452	444,281		
Timothy K. Schools				
Chester A. Richardson				

(1) Includes shares acquired with respect to dividend equivalents due to changes made to the provisions for the award of dividend equivalents in light of Section 409A of the Internal Revenue Code: Ms. Lau, 662 shares, Mr. Yeaman, 1,015 shares, Mr. Harada, 99 shares, and Mr. May, 662 shares. Also includes Ms. Lau's exercise of 33,300 nonqualified stock options and 9,914 accompanying dividend equivalents, Mr. Yeaman's exercise of 20,000 nonqualified stock options and 479 accompanying dividend equivalents, Mr. Yeaman's exercise of 30,000 stock appreciation rights which were converted into 2,782 shares and 1,288 accompanying dividend equivalents, Mr. Harada's exercise of 12,000 nonqualified stock options and 192 accompanying dividend equivalents, and Mr. May's exercise of 50,000 nonqualified stock options and 4,790 accompanying dividend equivalents.

(2) Includes the value realized on shares acquired with respect to dividend equivalents due to changes made to the provisions for the award of dividend equivalents in light of Section 409A of the Internal Revenue Code: Ms. Lau, $14,826; Mr. Yeaman, $22,710; Mr. Harada, $2,217; and Mr. May, $14,826. Also includes the value realized on exercise of nonqualified stock options, stock appreciation rights, and accompanying dividend equivalents: Ms. Lau, $544,678; Mr. Yeaman, $244,756; Mr. Harada, $69,637; and Mr. May, $429,455.

Pension Benefits

The table below shows the present value as of December 31, 2008 of accumulated benefits for each of the named executive officers and the number of years of service credited to each such executive under the applicable pension plan and executive death benefit plan, determined using the interest rate, mortality rate, and other assumptions set out below, which are consistent with those used in HEI's financial statements. (See Note 8 to HEI's Notes to Consolidated Financial Statements under Item 8 of HEI's Form 10-K for the year ended December 31, 2008.)

2008 PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($) (6)	Payments During the Last Fiscal Year ($)
Constance H. Lau	HEI Retirement Plan (1)	17.8	903,978	
	American Savings Bank Retirement Plan (1)	6.4	125,432	
	HEI Supplemental Executive Retirement Plan (2)	24.3	5,719,769	
	HEI Executive Death Benefit (3)		310,876	
Eric K. Yeaman	HEI Retirement Plan (1)	5.3	52,700	
	HEI Supplemental Executive Retirement Plan (2)	5.3	40,637	
	HEI Executive Death Benefit (3)			
Curtis Y. Harada	HEI Retirement Plan (1)	19.4	662,407	
	HEI Excess Pay Plan (4)	19.4	182,069	
	HEI Executive Death Benefit (3)		75,444	
Chester A. Richardson	HEI Retirement Plan (1)	1.3	77,275	
	HEI Excess Pay Plan (4)	1.3	28,436	
	HEI Executive Death Benefit (3)		42,618	
T. Michael May	HEI Retirement Plan (1)	16.9	964,889	
	HEI Supplemental Executive Retirement Plan (2)	16.9	1,958,024	
	HEI Executive Death Benefit (3)		366,387	
Timothy K. Schools	American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan (5)	1.5	19,682	

(1) Normal retirement benefits under the HEI Retirement Plan are calculated based on a formula of 2.04% × Credited Service (maximum 67%) × Final Average Compensation (average monthly base salary for highest thirty-six consecutive months out of the last ten years). Credited service is generally the same as the years of service with HEI or other participating companies (Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company). Additional credited service of up to eight months is used to calculate benefits for participants who retire at age 55 or later with respect to unused sick leave from the current year and prior two years. Credited service is also granted to disabled participants who are vested at the time of disability for the period of disability. The normal form of benefit is a joint and 50% survivor annuity for married participants and a single life annuity for unmarried participants. Other actuarially equivalent optional forms of benefit are also available. Participants who qualify to receive benefits immediately upon termination may also elect a single sum distribution of up to $50,000 with the remaining benefit payable as an annuity. At early retirement, the single sum distribution option is not actuarially equivalent to the other forms of benefit. Retirement benefits are increased by an amount equal to 3% of the initial benefit every twenty-four months following retirement. The plan provides benefits at early retirement (prior to age 65), normal retirement (age 65), deferred retirement (over age 65) and death. Early retirement benefits

are available for participants who meet the age and service requirements at ages 50-64. Early retirement benefits are reduced for participants who retire prior to age 60, based on the participant's age at the early retirement date. The accrued normal retirement benefit is reduced by an applicable percentage, which ranges from 30% for early retirement at age 50 to 1% at age 59. Accrued or earned benefits are not reduced for eligible employees who retire at age 60 and above. Ms. Lau and Mr. Harada are eligible for early retirement benefits under the HEI Retirement Plan. Mr. Yeaman resigned from Hawaiian Electric Company on June 12, 2008, with a vested benefit payable at age 65 or upon meeting the early retirement provisions of the plan at age 55. Mr. Richardson will become vested upon completion of five years of service. Mr. May retired on December 31, 2008, at age 62, and accordingly his accrued benefits were not reduced.

On December 11, 2007, the HEI Board adopted an amendment to freeze future benefit accruals for all participants under the American Savings Bank Retirement Plan, effective December 31, 2007. Credited service and compensation after December 31, 2007 will not be recognized in calculating retirement benefits under the American Savings Bank Retirement Plan. Normal retirement benefits under the frozen American Savings Bank Retirement Plan are calculated based on a formula of 1.5% × Credited Service to December 31, 2007 (maximum 35 years) × Final Average Compensation at December 31, 2007 (averaged over the highest paying five consecutive calendar years out of the last ten calendar years prior to 2008). Compensation is primarily gross earnings but excludes commissions, stock options and other equity compensation, long-term incentive plan payments, deferrals to and distributions from the American Savings Bank Select Deferred Compensation Plan, and other "fringe benefits" as defined in the American Savings Bank Retirement Plan. Early retirement benefits are available for participants who meet the age and service requirements at ages 55-64, with a minimum of 10 years of service. Early retirement benefits are reduced for participants who retire prior to age 65, based on the participant's age at the early retirement date. The accrued normal retirement benefit is reduced by an applicable percentage which ranges from 59.8% for early retirement at age 55 to 2% at age 64. Ms. Lau is a participant in the frozen American Savings Bank Retirement Plan. At the time of her promotion to HEI President and Chief Executive Officer on May 2, 2006, her credited service under the American Savings Bank Retirement Plan was frozen and she resumed participation in the HEI Retirement Plan. Ms. Lau is eligible for early retirement under the American Savings Bank Retirement Plan. Mr. Schools was not a participant in the plan at the time it was frozen and is not entitled to any benefits under this plan.

(2)

On December 8, 2008, the HEI Board accepted the recommendation of the Compensation Committee and adopted an amendment to freeze the HEI Supplemental Executive Retirement Plan effective December 31, 2008. Benefits under the HEI Supplemental Executive Retirement Plan were determined based on a formula of 2.04% × Credited Service to December 31, 2008 (maximum 60%) × Final Average Compensation at December 31, 2008 (average monthly base salary plus annual executive incentive awards for the three highest calendar years out of the last sixty months prior to 2009). Benefits are reduced by benefits payable by the HEI Retirement Plan, American Savings Bank Retirement Plan, American Savings Bank Supplemental Executive Retirement, Disability and Death Benefit Plan, and social security. Early retirement and death benefits similar to the HEI Retirement Plan are available in the HEI Supplemental Executive Retirement Plan. Ms. Lau is eligible for early retirement benefits under the HEI Supplemental Executive Retirement Plan based on 24 years and 3 months of actual service with all HEI affiliated companies as of December 31, 2008. Upon her retirement, Ms. Lau's benefits from this plan will be based upon benefits earned through December 31, 2008. Mr. Yeaman resigned from his employment with Hawaiian Electric Company on June 12, 2008, with a vested benefit payable on January 1, 2023, based on 5 years and 4 months of actual service with HEI affiliated companies. Mr. May retired as of December 31, 2008, with 16 years and 11 months of credited service at Hawaiian Electric Company. Mr. May will receive benefits under the HEI Supplemental Executive Retirement Plan, beginning six months after his separation from service. The Compensation Committee approved an addendum to the HEI Supplemental Executive Retirement Plan for Mr. May, in consideration of Mr. May's many years of service with the utility, pursuant to which his benefit under the plan would be calculated by including as part of his compensation for 2008 the greater of his annual incentive payout for 2008 or $348,600. However, since Mr. May's actual annual incentive bonus for 2008 was greater than $348,600, no additional compensation was required to be included in his final average compensation determination under the HEI Supplemental Executive Retirement Plan.

(3)

Ms. Lau, Mr. Harada, Mr. Richardson and Mr. May are covered by the Executive Death Benefit Plan of HEI and Participating Subsidiaries. The plan provides death benefits equal to two times the executive's base salary if the executive dies while actively employed or, if disabled, dies prior to age 65, and one times the executive's base salary if the executive dies following retirement. Death benefits are grossed up by the amount necessary to pay income taxes on the grossed up benefit amount. The beneficiaries of Ms. Lau, Mr. Harada and Mr. Richardson are entitled to two times the respective executive's base salary if they die while actively employed, or, if disabled, die prior to age 65. Mr. Yeaman is no longer eligible to receive benefits under this plan since he terminated prior to becoming eligible for early retirement. Mr. May's beneficiaries are entitled to a death benefit equal to Mr. May's base salary at his retirement (grossed up for taxes) upon his death.

(4)

Benefits under the HEI Excess Pay Plan are determined using the same formula as the HEI Retirement Plan, but are not subject to the Internal Revenue Code limits on the amount of annual compensation that can be used for calculating benefits under qualified retirement plans ($230,000 in 2008 as indexed for inflation) and on the amount of annual benefits that can be paid from qualified retirement plans (the lesser of $185,000 in 2008 as indexed for inflation, or the participant's highest average compensation over three years). Benefits payable under the HEI Excess Pay Plan are reduced by the benefit payable from the HEI Retirement Plan. Early retirement, death benefits and vesting provisions are similar to the HEI Retirement Plan. Effective January 1, 2009, Ms. Lau became a participant in this plan. In its meeting on November 7, 2008, the Compensation Committee approved the inclusion of Mr. Harada's $15,000 per month bonus that he received from February 1, 2008 to January 25, 2009 as HEI Acting Financial Vice President, Treasurer and Chief Financial Officer, as part of his final average compensation for determination of his benefits under the HEI Excess Pay Plan. Mr. Harada is eligible for early retirement benefits under the HEI Excess Pay Plan immediately upon termination of employment. As of December 31, 2008, Mr. Harada and Mr. Richardson were participants in the plan.

(5)

On December 8, 2008, the HEI Board accepted the recommendation of the Compensation Committee and adopted an amendment to freeze the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan, effective December 31, 2008. Benefits under the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan were determined based on a formula of 60% × Final Average Compensation (averaged over the highest paying five consecutive calendar years out of the last ten calendar years prior to 2009) × Years of Service to December 31, 2008 (maximum 20) divided by 20. Compensation used to calculate this benefit is the same as compensation used to calculate benefits under the American Savings Bank Retirement Plan, with several exceptions. Compensation is further reduced by 50% of the participant's bonuses paid under the Hawaiian Electric Industries, Inc. Executive Incentive Compensation Plan and American Savings Bank Performance Bonus Plan. In addition, elective deferrals to the American Savings Bank Select Deferred Compensation Plan are included. American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan benefits are reduced by social security, the benefit payable under the frozen American Savings Bank Retirement Plan, and the equivalent single life annuity value of the bank's matching and discretionary, non-elective contributions to the HEI Retirement Savings Plan and American Savings Bank 401(k) Plan, together with any earnings thereon. Early retirement benefits similar to the American Savings Bank Retirement Plan are provided, as well as death and disability benefits. Mr. Schools was a participant in the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan with benefits accrued to December 31, 2008. The present value of Mr. Schools' frozen accrued benefit was paid to him in February 2009 in a lump sum of $19,767, which was the value of his benefit at the time of payment, and he will have no further rights under this plan. In 2009, Mr. Schools will be eligible to participate in a new American Savings Bank 401(k) Plan, a qualified defined contribution retirement plan that enables eligible employees to save for retirement on a tax-deferred basis. Eligible employees elect to reduce their salary in return for a tax-deferred contribution to their account in the plan. American Savings Bank will match contributions to the accounts of eligible employees of American Savings Bank on a dollar-for-dollar basis up to 4% of compensation. American Savings Bank may also make discretionary contributions that are allocated to the accounts of eligible employees.

(6)

The present value of accumulated benefits for the named executive officers included in the Pension Benefits table was determined based on the following:

Methodology: The benefits are calculated as of December 31, 2008 based on the service and pay of the named executive officer as of such date.

Assumptions:

a.

Discount Rate The discount rate is the interest rate used to discount future benefit payments in order to reflect the time value of money. The discount rate used in the present value calculations (for the named executive officers other than Mr. Schools) is 6.625% for retirement benefits and 6.5% for executive death benefits as of December 31, 2008. The discount rate used in the present value calculation (for Mr. Schools) is the minimum present value segment rates under IRC Section 417(e)(3) for the 2009 plan year which is based on a September look back month.

b.

Mortality Table The RP-2000 Mortality Table (separate male and female rates) projected to the date of determination with Scale AA is used to discount future pension benefit payments (for the named executive officers other than Mr. Schools) in order to reflect the probability of survival to any given future date. The mortality table that is used for minimum present values under IRC Section 417(e)(3) as described in Notice 2008-85 is used to discount future pension benefit payments (for Mr. Schools) in order to reflect the probability of survival to any given future date. For the named executive officers except Mr. Schools, mortality is applied post-retirement only.

c.

Retirement Age Each named executive officer is assumed to remain in active employment until, and (for each named executive officer other than Mr. Schools) assumed to retire at, the earliest age when unreduced pension benefits would be payable, but no earlier than attained age as of December 31, 2008. Mr. Schools' present value of pension benefits was valued as the equivalent cash-out amount of his frozen accrued normal retirement benefit payable under the terms of the plan.

d.

Pre-Retirement Decrements Pre-retirement decrements refer to events that could occur between the measurement date and the retirement age (such as withdrawal, early retirement, and death) that would impact the present value of benefits. No pre-retirement decrements are assumed in the calculation of pension benefit table present values for the named executive officers (other than Mr. Schools). Pre-retirement death decrements are inherent in the assumptions prescribed for calculating Mr. Schools' cash out value. Pre-retirement decrements are assumed for financial statement purposes.

e.

Unused Sick Leave Each named executive officer in the HEI Retirement Plan (which does not cover Mr. Schools) is assumed to have accumulated 1,160 unused sick leave hours at retirement age.

Nonqualified Deferred Compensation

2008 NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings/(Losses) in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Constance H. Lau (1)			(91,517)		165,216
Eric K. Yeaman					
Curtis Y. Harada					
Chester A. Richardson					
T. Michael May					
Timothy K. Schools					

(1) As Chairman and Chief Executive Officer of American Savings Bank, Ms. Lau is eligible to participate in the American Savings Bank Select Deferred Compensation Plan, a contributory nonqualified deferred compensation plan. The American Savings Bank Deferred Compensation Plan allows a select group of American Savings Bank management and highly compensated employees to defer up to 100% of current salary, bonus or commissions from current taxation based upon annual elections made prior to the beginning of each deferral year. The deferred amounts are credited with gains/losses of deemed investments chosen by the participant from a designated list of 24 publicly traded mutual funds offering a range of investment styles. Investment allocations can be changed daily via the internet. While the participant is actively employed, the participant can receive an interim distribution of his or her account, but no earlier than the first day of the fourth plan year following the effective date of the initial election to defer. A participant may also request a withdrawal of a certain portion of his or her account to the extent needed to satisfy an unforeseeable emergency, subject to approval by the Total Compensation Administrative Committee, whose members include finance and human resources executives of HEI and its subsidiaries. The distribution of accounts from the American Savings Bank Select Deferred Compensation Plan is triggered by disability, death, or separation from service (including retirement). Upon disability or separation from service other than retirement, the entire account of the participant will be paid out in one lump sum, generally within thirty days according to the participant's distribution elections for each year of deferral. A participant's elections can provide for payment either in a lump sum or in substantially equal annual payments spread over a period not to exceed fifteen years. However, in accordance with Section 409A of the Internal Revenue Code, benefits paid to a "specified employee" on account of separation from service that were not earned and vested as of December 31, 2004, may not be paid until at least six months after the specified employee's separation from service.
Ms. Lau did not elect to defer any amounts for 2008. She elected to defer $100,000 each year from bonuses awarded in 2004 and 2005. Earnings were based upon her personally selected allocation of deemed investments. Earnings were not considered preferential.
Ms. Lau has elected to take distributions upon retirement in 15 annual payments with respect to her current balances. The deferred compensation and investment earnings attributable to Ms. Lau's bonus earned in 2005 will be subject to a six-month delay in payment upon her separation from service. The deferred compensation and investment earnings attributable to Ms. Lau's bonus earned in 2004 will be payable immediately upon her separation from service because they are not subject to the conditions of Section 409A of the Internal Revenue Code.

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Potential Payments Upon Termination or Change in Control

The table below reflects the amount of potential payments to each named executive officer in the event of retirement, voluntary termination, termination for cause, termination without cause, and termination following a change in control, assuming termination occurred on December 31, 2008 (except in the case of Mr. Yeaman and Mr. May, for whom the amounts are only those actually payable by reason of their resignation and retirement, respectively, during 2008). The amounts listed below are estimates (except in the case of Mr. Yeaman and Mr. May); actual amounts to be paid would depend on the actual date of termination and circumstances existing at that time. The amounts shown below for payments made upon a qualifying termination of employment after a change in control relate to the individual change-in-control agreements effective January 1, 2009 as if they had been in effect on December 31, 2008.

TERMINATION/CHANGE-IN-CONTROL PAYMENT TABLE

Name/ Benefit Plan or Program	Retirement on 12/31/08 ($) (1)	Voluntary Termination on 12/31/08 ($) (2)	Termination for Cause on 12/31/08 ($) (3)	Termination without Cause on 12/31/08 ($) (4)	Qualifying Termination after Change in Control on 12/31/08 ($) (5)
Constance H. Lau					
Executive Incentive Compensation Plan (6)					
Long-Term Incentive Plan (7)	1,114,650				
Stock Appreciation Rights (8)					
Restricted Stock (9)				637,881	
Preferential mortgage interest rate (10)	26,966				
Change-in-Control Agreement					4,674,385
TOTAL	1,141,616			637,881	4,674,385
Eric K. Yeaman					
Executive Incentive Compensation Plan (6)					
Long-Term Incentive Plan (7)					
Stock Appreciation Rights (8)					
Restricted Stock (9)					
Change-in-Control Agreement					
TOTAL					
Curtis Y. Harada					
Executive Incentive Compensation Plan (6)					
Long-Term Incentive Plan (7)	95,201				
Stock Appreciation Rights (8)					
Restricted Stock (9)				52,201	
Change-in-Control Agreement					810,215
TOTAL	95,201			52,201	810,215

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Name/ Benefit Plan or Program	Retirement on 12/31/08 ($) (1)	Voluntary Termination on 12/31/08 ($) (2)	Termination for Cause on 12/31/08 ($) (3)	Termination without Cause on 12/31/08 ($) (4)	Qualifying Termination after Change in Control on 12/31/08 ($) (5)
Chester A. Richardson					
Executive Incentive Compensation Plan (6)					
Long-Term Incentive Plan (7)	81,900				
Stock Appreciation Rights (8)					
Restricted Stock (9)				26,067	
Change-in-Control Agreement					986,676
TOTAL	81,900			26,067	986,676
T. Michael May					
Executive Incentive Compensation Plan (6)					
Long-Term Incentive Plan (7)	516,600				
Stock Appreciation Rights (8)					
Restricted Stock (9)				208,806	
Change-in-Control Agreement					
TOTAL	516,600			208,806	
Timothy K. Schools					
Executive Incentive Compensation Plan (6)					
Long-Term Incentive Plan (7)					