

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
HAWAIIAN ELECTRIC COMPANY, INC.
ADOPTED JANUARY 17, 2003
(AS AMENDED THROUGH SEPTEMBER 8, 2008)**

Purpose

There shall be a committee of the board of directors of Hawaiian Electric Company, Inc. ("HECO" or "Company"), a wholly owned subsidiary of Hawaiian Electric Industries, Inc. ("HEI" or "Parent"), to be known as the audit committee. The audit committee shall assist the board of directors in fulfilling its oversight responsibilities. The audit committee's primary duties and responsibilities are to:

- Monitor the quality and integrity of the Company's financial statements, financial reporting process and systems of internal controls regarding risk management, finance, accounting, and legal and regulatory compliance.
- Monitor the independence and qualifications of the Company's independent auditors and the performance of the independent auditors and the internal auditing department.
- Provide an avenue of communication among the independent auditors, management, the internal auditing department, and the board of directors.

Membership

The audit committee shall be composed of directors who are independent of the management of the Company and Parent and are free of any relationship that, in the opinion of the board of directors of HECO or HEI, might interfere with their exercise of independent judgment as a committee member.

The audit committee will consist of a minimum of three members who shall be appointed annually by the board of directors of HECO. New members will be proposed by the nominating and corporate governance committee of the board of directors of HEI for approval and appointment by the board of directors of HECO.

A chairperson of the audit committee shall be appointed by the board of directors of HECO. The audit committee shall meet no less than four times a year. The chairperson of the committee or a majority of the members of the Committee may also call a special meeting of the committee. The audit committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

Each member of the audit committee shall be qualified to serve thereon under the requirements of the New York Stock Exchange ("NYSE") and the Sarbanes-Oxley Act of 2002 (the "Act") and the rules and regulations promulgated by the SEC pursuant to the Act. Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the board

or for service on the HEI and/or affiliated Company board of directors or Company advisory boards) are the only compensation a member of the audit committee may receive from the Company.

No director may serve as a member of the audit committee if such director serves on the audit committee of more than two other public companies (other than the Parent), unless the board determines that such simultaneous service would not impair the ability of such director to serve effectively on the audit committee.

The audit committee shall also comply with the NYSE's requirements that all members be financially literate, and that at least one member have accounting or related financial management expertise. Further, either (i) at least one member of the audit committee must be a "financial expert," as such term is defined in the rules and regulations promulgated by the SEC pursuant to the Act, or (ii) if no member of the audit committee satisfies such rules and regulations, the committee promptly shall so inform the Company.

Responsibilities

The audit committee shall provide assistance to the board in fulfilling its responsibility to the Company's security holders and potential security holders, and the investment community relating to risk management, corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports of the Company. In so doing it is the responsibility of the audit committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors, and management of the Company.

In carrying out these responsibilities, the audit committee will:

1. Provide input to the HEI audit committee regarding retention and termination of the independent auditors who will audit the books of the Parent and its subsidiaries, including the Company (with the input, if the HEI audit committee so desires, of Parent and Company management and, as appropriate, management and advisory boards of the Company's subsidiaries).
2. Review and approve the independent auditors' fee arrangements and other terms of service for the Company, and approve all Company non-audit engagements of the independent auditors permitted by the Act, including the fees therefore and the terms of service (in each case, with the input, if the audit committee so desires, of Company and Parent management). Approvals of all audit and permitted non-audit services will be made in advance of the provision of such services. The audit committee may delegate the pre-approval of audit and permitted non-audit services to one or more of its members, provided that such members shall report any such approvals to the full committee.
3. At least annually, obtain and review a report by the independent auditors describing:
 - (a) The independent auditors' internal quality-control procedures;

- (b) Any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to address any such issues; and
 - (c) All relationships between the independent auditors and the Company and Parent (in order to assess the independence of the independent auditors).
- 4. Evaluate the qualifications, independence and performance of the Company's independent auditors, including the lead partner of the independent auditors, and make recommendations regarding the replacement or termination of the independent auditors when circumstances warrant. The audit committee will present its conclusions with respect to the independent auditor to the HEI audit committee.
 - (a) In making its evaluation, the audit committee will take into account the opinions of Company and Parent management and the Company's internal auditors.
 - (b) The audit committee shall actively engage in a dialogue with the independent auditors with respect to the disclosed relationships or services that may impact the objectivity and independence of the independent auditors, and recommend that the board take appropriate action to satisfy itself of the auditors' independence.
 - (c) The audit committee shall further ensure the regular rotation of the lead partner and the reviewing partner to the extent required by law, and should further consider whether there should be regular rotation of the Company's independent auditors.
 - (d) The audit committee shall also ensure that the chief executive officer, chief financial officer, chief accounting officer, controller or any person serving in an equivalent position was not, within one year prior to the initiation of the audit, an employee of the independent auditor who participated in any capacity in the Company's audit.
- 5. Meet with the independent auditors, internal auditors and management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, monitor such plan's progress and results during the year, and, at the conclusion thereof, review such audit including any comments or recommendations of the independent auditors. The audit committee should instruct the independent auditors that the audit committee is responsible for providing input to the HEI audit committee regarding the selection evaluation and retention of the Company's independent auditors.
- 6. Review with the independent auditors, internal auditors and Company management the adequacy and effectiveness of the risk, financial, accounting and internal controls of the Company as well as of the disclosure controls of the Company, and elicit any recommendations that they may have for the improvement of such internal and disclosure control procedures or particular areas where new or more detailed controls or procedures are

desirable. Particular emphasis will be given to the adequacy of such internal controls to expose any payments, transactions or procedures which might be deemed illegal or otherwise improper and the adequacy of disclosure controls to identify on a timely basis material information that should be disclosed to current and prospective investors. The audit committee will also periodically discuss the Company's major financial risk exposures and steps management has taken to monitor and control such exposures.

7. Review with the chief executive officer and chief financial officer and independent auditors, periodically, the following:
 - (a) The Company's administrative, operational and auditing internal controls and evaluate whether the Company is operating in accordance with its prescribed policies, procedures and code of conduct.
 - (b) All significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data, including any material weaknesses in internal controls identified by the Company's independent auditors and internal auditors.
 - (c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
 - (d) Any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.
8. Review the reports required by Sections 302, 404 and 906 of the Act, and the rules, if any, promulgated there under, as such time as they become effective. In addition, the Committee will review:
 - (a) The adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Company's internal audit function, through inquiry and discussions with the Company's independent auditors and management of the Company; and
 - (b) As required by applicable law, the yearly report prepared by management, and attested to by the company's independent auditors, assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's annual report.
9. Regularly review the responsibilities, budget and staffing of the internal audit function of the Company, including the proposed programs for the coming year and the coordination of such programs with the independent auditors, with particular attention to maintaining the best possible effective balance between independent and internal auditing resources, and the Manager, Corporate Audit & Compliance's annual performance appraisal. In carrying out

this review the audit committee shall make inquiry and engage in separate discussions with the Company's independent auditors, internal auditors and management of the Company.

10. Review summaries of findings from completed internal audits and a progress report on the proposed internal audit plan with explanations for any deviations from the original plan.
11. Discuss with management, the Company's independent auditors, and, if appropriate, the Company's internal auditors, the following:
 - (a) All critical accounting policies and practices to be used by the Company, and all material accounting policies (and changes therein) of the Company, including any financial reporting issues which could have a material impact on the Company's financial statements, as are deemed appropriate for review by the audit committee, prior to any interim or year-end filings with the SEC or other regulatory body.
 - (b) Major issues regarding the accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
 - (c) Analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the ramifications and effects of alternative Generally Accepted Accounting Principles ("GAAP") methods on the financial statements and all alternative treatments within GAAP of financial information that have been discussed by the independent auditors and management, and the treatment preferred by auditors.
 - (d) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
 - (e) All other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
12. Receive and discuss periodic reports from the independent auditors, management and the Company's internal auditors on significant accounting or financial reporting developments that may have a bearing on the Company in order to assess the impact on the Company.
13. Discuss the disclosures and quarterly financial statements contained in the quarterly reports of HECO on SEC Form 10-Q, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," with management and with the independent auditors to determine that the independent auditors concur with the disclosure and content of the financial statements presented to the security

holders. Any material changes in accounting principles or accounting for new significant items will be reviewed.

14. Prior to the release of the annual report of HECO on SEC Form 10-K, discuss disclosures and the financial statements to be contained in such report, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," with management and with the independent auditors to determine that the independent auditors concur with the disclosure and content of the financial statements to be presented to the security holders. Any material changes in accounting principles or accounting for significant new items will be reviewed.
15. Meet regularly with management, the internal auditors, and the independent auditors in separate executive sessions.
16. At all of its meetings make sufficient opportunity available for the independent auditors to meet with the members of the audit committee without members of management present. The audit committee must regularly review with the independent auditors any difficulties the auditor encountered in the course of the audit work, including any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreements with management, including such matters as:
 - (a) any accounting adjustments that were noted or proposed by the independent auditors but were "passed" (as immaterial or otherwise);
 - (b) any communications between the independent auditors' audit team and national office respecting auditing or accounting issues presented by the engagement; and
 - (c) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company.
17. Attempt to resolve all disagreements between the Company's independent auditors and management regarding financial reporting.
18. With respect to the hiring of employees of the Company's independent auditors, it is the policy of the Company that the hiring of any such employee or former employee of the independent auditors must be approved in advance by the committee, and that no employee of the independent auditor who, within one year prior to the initiation of the audit, participated in any capacity in the Company's audit shall be hired as the chief executive officer, chief financial officer, chief accounting officer, controller or any person serving in an equivalent position.
19. The audit committee shall report regularly to the board of directors and the HEI audit committee and will review with each any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent

auditors, the performance of the internal audit function and other matters of importance to the board of directors and HEI audit committee, as appropriate.

20. Meet with Company legal counsel and/or regulatory management, as appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Company.¹
21. Review the Company's policies (including any applicable policies of the Parent) relating to the avoidance of conflicts of interest and review past or proposed transactions between the Company and members of management, as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The audit committee shall consider the results of any review of these policies and procedures by the Company's independent auditors or internal auditors.
22. At least annually, review the Company's Code of Conduct, as appropriate, including the Company's program to monitor compliance with the Company's Code of Conduct, and meet periodically with the Company's compliance officer to discuss compliance with the code of conduct.
23. Obtain from the Company's independent auditors any information pursuant to Section 10A of the Securities and Exchange Act of 1934.
24. Maintain procedures, as set forth in Annex A hereto, for the receipt, retention and treatment of complaints received by the Company regarding financial statement disclosures, accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
25. Cause to be made an investigation into any appropriate matter brought to its attention within the scopes of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
26. The committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The committee shall address all matters that the committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the committee to the board of directors, the manner in which they were discussed or debated, and whether the number and length of the meetings of the committee were adequate for the committee to complete its work in a thorough and thoughtful manner. The committee shall deliver to the board of directors a report setting

¹ Although this provision is not required, the actions referred to reflect the recommendations of the ABA Task Force on Corporate Governance and inclusion may serve a useful “checklist” function

forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the board of director's policies or procedures.

27. Obtain advice and assistance from outside legal, accounting or other advisors, as appropriate in the course of fulfilling its duties without the necessity of seeking board approval, the cost of such advisors to be borne by the Company.
28. Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the audit committee or the board deems necessary or appropriate.

In carrying out its responsibilities, the policies and procedures of the audit committee should remain flexible in order that it can best react to changing conditions and assure the directors and security holders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Corporation, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee, in either instance absent actual knowledge to the contrary.

Nothing contained in this charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under the applicable state and federal laws or the listing requirements of the NYSE which shall continue to set the legal standard for the conduct of the members of the Committee.

Annex A

Procedures for the Submission of Complaints or Concerns Regarding Financial Statement Disclosures, Accounting, Internal Accounting Controls or Auditing Matters

1. Employees may submit any concerns or complaints regarding financial statement disclosures, accounting, internal accounting controls or auditing matters to their respective controller, chief financial officer, president, compliance officer or the Hawaiian Electric Company (“HECO”) General Counsel, any of whom must promptly notify the HEI Compliance Officer. *The Company is committed to the policy that no one will be subject to retaliation because of a good faith report of a concern or complaint regarding financial statement disclosures, accounting, internal accounting controls or auditing matters or any suspected violation of Company policy or the law.*
2. Non-employees may communicate concerns and complaints regarding financial statement disclosures, accounting, internal accounting controls or auditing matters by regular mail to HEI’s Compliance Officer, P.O. Box 730, Honolulu, HI 96808.
3. The Company shall forward to the HEI Audit Committee of the HEI Board of Directors any complaints that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
4. Any employee of the Company may submit, on a confidential, anonymous basis if the employee so desires, any concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters by setting forth such concerns in writing and forwarding them in a sealed envelop to the Chair of the HEI Audit Committee, in care of the HEI Vice President & Corporate Secretary, such envelope to be labeled with a legend such as: “To be opened by the HEI Audit Committee only.” If an employee would like to discuss any matter with the HEI Audit Committee, the employee should indicate this in the submission and include a telephone number at which he or she might be contacted if the HEI Audit Committee deems it appropriate. Any such envelopes received by the HEI Vice President & Corporate Secretary shall be forwarded promptly to the Chair of the HEI Audit Committee. Upon receipt of any complaint for concerns with respect to HECO or American Savings Bank, F.S.B. (“ASB”), the Chair of the HEI Audit Committee shall promptly forward a copy of the complaint or concern to the Chair of the Audit Committee of HECO or ASB, as appropriate. The Company will maintain the confidentiality of such reports to the extent reasonably possible.
5. The Company informs employees of their obligation to report and the procedures by which to report concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters in the Corporate Code of Conduct, which [is distributed to all employees and] is available on the Company’s Internet website, and in this Annex to the Charter, which is available on the Company’s Internet website.

6. At each of its meetings, including any special meeting called by the Chair of the HEI Audit Committee following the receipt of any information pursuant to this Annex, the HEI Audit Committee shall review and consider any such complaints or concerns that it has received and take any action that it deems appropriate in order to respond thereto, provided, however, that the Chair of the HEI Audit Committee will consult with the Chair of the Audit Committee of HECO or ASB, as appropriate, before any decision is made with respect to the handling of a complaint or concern involving either of those companies.
7. The HEI Audit Committee shall retain any such complaints or concerns for a period of no less than seven years.
8. This Annex A shall appear on the Parent's website as part of this HEI Audit Committee Charter.