

**CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
HAWAIIAN ELECTRIC INDUSTRIES, INC.  
ADOPTED AS OF SEPTEMBER 17, 2002  
(AS AMENDED AS OF FEBRUARY 4, 2009)**

**I. PURPOSE OF THE COMMITTEE**

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Hawaiian Electric Industries, Inc. ("HEI" or the "Company") shall be to oversee the Company's employee and director compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans; and to review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") and to prepare the Compensation Committee report as required by the rules of the SEC.

**II. COMPOSITION OF THE COMMITTEE**

The Committee shall consist of three or more directors as determined from time to time by the Board. Each member of the Committee shall be independent and qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE"), and any additional requirements that the Board deems appropriate. A majority of the members of the Committee shall also qualify 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 of 1986, as amended.

The members of the Committee shall be recommended by the Nominating and Corporate Governance Committee and shall be appointed annually to one-year terms by majority vote of the Board at its first meeting following the annual meeting of stockholders or at any such time as the Board may determine. Vacancies shall be filled by majority vote of the Board. A chairperson shall be appointed by the Board. No member shall be removed except by majority vote of the Board.

**III. MEETINGS AND PROCEDURES OF THE COMMITTEE**

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less than twice each year. Special meetings may be called by the chairperson of the Committee or a majority of its members. The Committee may ask members of management or others to attend all or part of any of its meetings and to provide pertinent information as necessary. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all participating persons can hear each other shall constitute a quorum.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. No subcommittee shall consist of fewer than two members. The Committee

shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee shall report to the Board regarding each of its meetings, including a description of all actions taken by the Committee and any recommendations to the Board. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

#### **IV. COMMITTEE RESPONSIBILITIES**

The Committee shall have the following duties, goals and responsibilities with respect to the following:

##### **A. Executive Compensation**

(a) Review at least annually the overall compensation philosophy, goals, policies, and objectives of the Company's executive compensation plans, and amend, or recommend that the Board amend, the philosophy, goals, objectives, and policies if the Committee deems it appropriate.

(b) Review at least annually the Company's executive compensation plans in light of the Company's goals and objectives with respect to such plans, and, if the Committee deems it appropriate, adopt, or recommend to the Board the adoption of new, or the amendment of existing, executive compensation plans.

(c) Evaluate annually, together with the other independent directors of the Board, the performance of the Chief Executive Officer in light of the Company's established goals and objectives and recommend to the Board the Chief Executive Officer's compensation level based on this evaluation. In determining the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including the Company's performance and relative shareholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Company in past years. The Committee may discuss the Chief Executive Officer's compensation with the independent directors of the Board in executive session if it chooses to do so.

(d) Oversee annually the evaluation of the performance of the other senior officers of the Company and make any appropriate recommendations to the Board with respect to the compensation of such other senior officers that it deems appropriate. The Committee shall consider all relevant factors in determining the appropriate level of such compensation, including the factors considered with respect to the Chief Executive Officer as applicable to each other officer.

(e) Evaluate annually the appropriate level of compensation for Board and Committee service by non-employee directors.

(f) Perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive or director compensation plan.

(g) Review perquisites or other personal benefits to the Company's senior officers and directors and recommend any changes to the Board.

(h) Review and discuss with management the Company's CD&A, and based on that review and discussion, recommend to the Board that the compensation discussion and analysis be included in the Company's annual proxy statement or annual report on Form 10-K.

(i) Prepare the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K.

(j) Review the description of the Committee's processes and procedures for the consideration and determination of executive and director compensation to be included in the Company's annual proxy statement.

## **B. Compensation and Benefit Plans**

(a) Review at least annually the goals and objectives of the Company's compensation and benefit plans, including incentive compensation and equity-based plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) Review at least annually the Company's compensation plans and benefit plans in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Committee deems it appropriate.

(c) Review all equity compensation plans that are not subject to shareholder approval under the listing standards of the NYSE and review and, in the Committee's sole discretion, approve all equity-compensation plans that are exempt from such shareholder approval requirement.

(d) Perform such duties and responsibilities as may be assigned to the Committee under the terms of any compensation or benefit plan.

## **C. Nonofficer Compensation**

(a) Review the nonofficer merit budgets, salary structures and general compensation and benefit plans, including annual and long-term incentive plans, and make any appropriate recommendations subject to approval by the the HEI Board.

(b) Approve the participants and grants of equity-based compensation, subject to ratification by the HEI Board.

#### **D. Subsidiary Companies**

(a) Review each subsidiary company's senior officer compensation and benefit plans, and make any appropriate recommendations subject to approval by the respective subsidiary board and ratification by the HEI Board.

(b) Approve the participants and grants of equity-based compensation, subject to ratification by the respective subsidiary board and the HEI Board.

(c) Review the non-senior officer merit budgets, salary structures and general compensation and benefit plans, including annual and long-term incentive plans, and make any appropriate recommendations subject to approval by the respective subsidiary board and ratification by the HEI Board.

#### **E. Non-Employee Director Compensation**

Evaluate annually the appropriate level and form of compensation for Board and Committee service by non-employee directors, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. The Committee will recommend any proposed changes to director compensation for consideration by the Board.

#### **V. ROLE OF CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer may make and the Committee may consider recommendations to the Committee regarding the Company's compensation and employee benefit plans and practices, including its executive compensation plans, its incentive compensation and equity-based plans with respect to executive officers other than the Chief Executive Officer. With the authority and oversight of the Compensation Committee, the policy implementation for non-executive management and employees is delegated to and shall be implemented by the Chief Executive Officer.

#### **VI. EVALUATION OF THE COMMITTEE**

The Committee shall annually 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, the manner in which they were discussed or debated, and whether the number and length of 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 a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

## **VII. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary or appropriate, including compensation consultants to advise the Committee with respect to amounts or forms of senior officer and director compensation. The Committee shall have the sole authority to retain or terminate a compensation consultant, outside counsel and other advisers as the Committee deems appropriate to assist it in carrying out its responsibilities, including authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.

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The responsibilities and duties set forth in this Charter are meant to serve as a guide, with the understanding that the Committee may diverge from the specific duties enumerated as necessary or appropriate given the circumstances, subject to compliance with applicable state and federal law and listing standards of the NYSE. The Committee shall undertake any other action or exercise such other powers, authority and responsibilities as necessary or appropriate to the discharge of the responsibilities and duties set forth in this Charter or the Company's Bylaws, or otherwise required by the listing standards of the NYSE or other applicable laws, rules or regulations, or as shall otherwise be determined by the Board.

While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under the applicable state and federal laws or the listing requirements of the NYSE.