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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-8503	**HAWAIIAN ELECTRIC INDUSTRIES, INC., a Hawaii corporation** **900 Richards Street, Honolulu, Hawaii 96813** **Telephone (808) 543-5662**	**99-0208097**
1-4955	**HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation** **900 Richards Street, Honolulu, Hawaii 96813** **Telephone (808) 543-7771**	**99-0040500**

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of each exchange on which registered
Hawaiian Electric Industries, Inc.	**Common Stock, Without Par Value**	**New York Stock Exchange**
Hawaiian Electric Company, Inc.	**Guarantee with respect to 6.50% Cumulative Quarterly Income Preferred Securities Series 2004 (QUIPS SM)**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of each class
Hawaiian Electric Industries, Inc.	**None**
Hawaiian Electric Company, Inc.	**Cumulative Preferred Stock**

Indicate by check mark if Registrant Hawaiian Electric Industries, Inc. is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if Registrant Hawaiian Electric Company, Inc. is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if Registrant Hawaiian Electric Industries, Inc. is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

Indicate by check mark if Registrant Hawaiian Electric Company, Inc. is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

Indicate by check mark whether Registrant Hawaiian Electric Industries, Inc. (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether Registrant Hawaiian Electric Company, Inc. (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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Indicate by check mark whether Registrant Hawaiian Electric Industries, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether Registrant Hawaiian Electric Company, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether Registrant Hawaiian Electric Industries, Inc. is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether Registrant Hawaiian Electric Company, Inc. is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

	Aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrants as of June 30, 2008	**Number of shares of common stock outstanding of the registrants as of**	
		June 30, 2008	**February 20, 2009**
Hawaiian Electric Industries, Inc. (HEI)	$2,093,306,733	84,646,451 (Without par value)	90,608,364 (Without par value)
Hawaiian Electric Company, Inc. (HECO)	None	12,805,843 ($6 2/3 par value)	12,805,843 ($6 2/3 par value)

DOCUMENTS INCORPORATED BY REFERENCE

HEI’s Annual Report to Shareholders (Selected Sections) for the fiscal year ended December 31, 2008—Parts I, II, III and IV

HECO’s Consolidated Selected Financial Data—Part II

HECO’s Management’s Discussion and Analysis of Financial Condition and Results of Operations—Part II

HECO’s Quantitative and Qualitative Disclosures about Market Risk—Part II

HECO’s Consolidated 2008 Financial Statements—Parts I, II, III and IV

Selected sections of Proxy Statement of HEI for the 2009 Annual Meeting of Shareholders to be filed—Part III

This combined Form 10-K represents separate filings by Hawaiian Electric Industries, Inc. and Hawaiian Electric Company, Inc. Information contained herein relating to any individual registrant is filed by each registrant on its own behalf. Neither registrant makes any representations as to the information relating to the other registrant.

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GLOSSARY OF TERMS

Defined below are certain terms used in this report:

Terms	Definitions
2005 Act	Public Utility Holding Company Act of 2005
ASB	American Savings Bank, F.S.B., a wholly-owned subsidiary of HEI Diversified, Inc. and parent company of American Savings Investment Services Corp. (and its subsidiary since March 15, 2001, Bishop Insurance Agency of Hawaii, Inc.). Former subsidiaries include American Savings Mortgage Co., Inc. (dissolved in July 2003), ASB Service Corporation (dissolved in January 2004), ASB Realty Corporation (dissolved in May 2005) and AdCommunications, Inc. (dissolved in May 2007).
BIF	Bank Insurance Fund
Btu	British thermal unit
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
Chevron	Chevron Products Company, a fuel oil supplier
CHP	Combined heat and power
Company	When used in Hawaiian Electric Industries, Inc. sections, the "Company" refers to Hawaiian Electric Industries, Inc. and its direct and indirect subsidiaries, including, without limitation, Hawaiian Electric Company, Inc. and its subsidiaries (listed under HECO); HEI Diversified, Inc. and its subsidiary, American Savings Bank, F.S.B. and its subsidiaries (listed under ASB); Pacific Energy Conservation Services, Inc.; HEI Properties, Inc.; HEI Investments, Inc. (in dissolution); Hawaiian Electric Industries Capital Trust II and Hawaiian Electric Industries Capital Trust III (inactive financing entities); and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.). Former subsidiaries of HEI (other than former subsidiaries of HECO and ASB and former subsidiaries of HEI sold or dissolved prior to 2004) include Hycap Management, Inc. (dissolution completed in 2007); Hawaiian Electric Industries Capital Trust I (dissolved and terminated in 2004)*, HEI Preferred Funding, LP (dissolved and terminated in 2004)*, Malama Pacific Corp. (discontinued operations, dissolved in June 2004), and HEI Power Corp. (discontinued operations, dissolved in 2006) and its dissolved subsidiaries. (*unconsolidated subsidiaries as of January 1, 2004). When used in Hawaiian Electric Company, Inc. sections, the "Company" refers to Hawaiian Electric Company, Inc. and its direct subsidiaries.
Consumer Advocate	Division of Consumer Advocacy, Department of Commerce and Consumer Affairs of the State of Hawaii
D&O	Decision and order
DG	Distributed generation
DOD	Department of Defense – federal
DOH	Department of Health of the State of Hawaii
DRIP	HEI Dividend Reinvestment and Stock Purchase Plan
DSM	Demand-side management
ECAC	Energy cost adjustment clause
EITF	Emerging Issues Task Force
Energy Agreement	Agreement dated October 20, 2008 and signed by the Governor of the State of Hawaii, the State of Hawaii Department of Business, Economic Development and Tourism, the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and HECO, for itself and on behalf of its electric utility subsidiaries committing to actions to develop renewable energy and reduce dependence on fossil fuels in support of the HCEI
EPA	U.S. Environmental Protection Agency
ERL	Environmental Response Law of the State of Hawaii
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
federal	U.S. Government
FERC	Federal Energy Regulatory Commission
FHLB	Federal Home Loan Bank

GLOSSARY OF TERMS *(continued)*

Terms	Definitions
FHLMC	Federal Home Loan Mortgage Corporation
FICO	Financing Corporation
FIN	Financial Accounting Standards Board Interpretation No.
FNMA	Federal National Mortgage Association
GAAP	U. S. generally accepted accounting principles
GHG	Greenhouse gas
GNMA	Government National Mortgage Association
HCEI	Hawaii Clean Energy Initiative
HC&S	Hawaiian Commercial & Sugar Company, a division of A&B-Hawaii, Inc.
HECO	Hawaiian Electric Company, Inc., an electric utility subsidiary of Hawaiian Electric Industries, Inc. and parent company of Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, Renewable Hawaii, Inc., Uluwehiokama Biofuels Corp. and HECO Capital Trust III. Former subsidiaries include HECO Capital Trust I (dissolved and terminated in 2004)* and HECO Capital Trust II (dissolved and terminated in 2004) *. (*unconsolidated subsidiaries as of January 1, 2004)
HECO's Consolidated Financial Statements	Hawaiian Electric Company, Inc.'s Consolidated Financial Statements, which is incorporated by reference into Parts I, II, III and IV of this Form 10-K to HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009
HECO's MD&A	Hawaiian Electric Company, Inc.'s Management's Discussion and Analysis of Financial Condition and Results of Operations, which is incorporated into Part II, Item 7 of this Form 10-K by reference to HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009
HEI	Hawaiian Electric Industries, Inc., direct parent company of Hawaiian Electric Company, Inc., HEI Diversified, Inc., Pacific Energy Conservation Services, Inc., HEI Properties, Inc., HEI Investments, Inc. (in dissolution), Hawaiian Electric Industries Capital Trust II, Hawaiian Electric Industries Capital Trust III and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.). Former subsidiaries are listed under Company.
HEI's Annual Report	Selected sections of Hawaiian Electric Industries, Inc.'s 2008 Annual Report to Shareholders, which are incorporated into various parts of this Form 10-K by reference to HEI Exhibit 13 to HEI's Current Report on Form 8-K dated February 19, 2009
HEI's Consolidated Financial Statements	Hawaiian Electric Industries, Inc.'s Consolidated Financial Statements, which are incorporated into Part II, Item 8 of this Form 10-K by reference to HEI Exhibit 13 to HEI's Current Report on Form 8-K dated February 19, 2009
HEI's MD&A	Hawaiian Electric Industries, Inc.'s Management's Discussion and Analysis of Financial Condition and Results of Operations, which is incorporated into Part II, Item 7 of this Form 10-K by reference to HEI Exhibit 13 to HEI's Current Report on Form 8-K dated February 19, 2009
HEI 2009 Proxy Statement	Selected sections of Hawaiian Electric Industries, Inc.'s 2009 Proxy Statement to be filed, which are incorporated into this Form 10-K by reference
HEIDI	HEI Diversified, Inc., a wholly-owned subsidiary of Hawaiian Electric Industries, Inc. and the parent company of American Savings Bank, F.S.B.
HEIII	HEI Investments, Inc. (formerly HEI Investment Corp.) (in dissolution), a direct subsidiary of Hawaiian Electric Industries, Inc. since January 2007 and formerly a wholly-owned subsidiary of HEI Power Corp.
HEIPI	HEI Properties, Inc., a wholly-owned subsidiary of Hawaiian Electric Industries, Inc.
HEIRSP	Hawaiian Electric Industries Retirement Savings Plan
HELCO	Hawaii Electric Light Company, Inc., an electric utility subsidiary of Hawaiian Electric Company, Inc.
HEP	Hamakua Energy Partners, L.P., formerly known as Encogen Hawaii, L.P.
HITI	Hawaiian Interisland Towing, Inc.
HTB	Hawaiian Tug & Barge Corp. On November 10, 1999, HTB sold substantially all of its operating assets and the stock of Young Brothers, Limited, and changed its name to The Old Oahu Tug Services, Inc.
IPP	Independent power producer
IRP	Integrated resource plan
Kalaeloa	Kalaeloa Partners, L.P.

GLOSSARY OF TERMS *(continued)*

Terms	Definitions
kV	kilovolt
KWH	Kilowatthour
LSFO	Low sulfur fuel oil
MBtu	Million British thermal unit
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MECO	Maui Electric Company, Limited, an electric utility subsidiary of Hawaiian Electric Company, Inc.
MSFO	Medium sulfur fuel oil
MW	Megawatt/s (as applicable)
NA	Not applicable
NM	Not meaningful
OPA	Federal Oil Pollution Act of 1990
OTS	Office of Thrift Supervision, Department of Treasury
PCB	Polychlorinated biphenyls
PECS	Pacific Energy Conservation Services, Inc., a wholly-owned subsidiary of Hawaiian Electric Industries, Inc.
PGV	Puna Geothermal Venture
PPA	Power purchase agreement
PUC	Public Utilities Commission of the State of Hawaii
PURPA	Public Utility Regulatory Policies Act of 1978
QF	Qualifying Facility under the Public Utility Regulatory Policies Act of 1978
QTL	Qualified Thrift Lender
RCRA	Resource Conservation and Recovery Act of 1976
Registrant	Each of Hawaiian Electric Industries, Inc. and Hawaiian Electric Company, Inc.
RHI	Renewable Hawaii, Inc., a wholly owned subsidiary of Hawaiian Electric Company, Inc.
ROACE	Return on average common equity
RPS	Renewable portfolio standards
SAIF	Savings Association Insurance Fund
SARs	Stock appreciation rights
SEC	Securities and Exchange Commission
See	Means the referenced material from HEI Exhibit 13 and/or HECO Exhibit 99 to HEI's and HECO's Current Report on Form 8-K dated February 19, 2009 is incorporated by reference as if fully set forth herein (or means refer to the section in this document or the referenced document)
SFAS	Statement of Financial Accounting Standards
SOIP	1987 Stock Option and Incentive Plan, as amended
ST	Steam turbine
state	State of Hawaii
Tesoro	Tesoro Hawaii Corporation dba BHP Petroleum Americas Refining Inc., a fuel oil supplier
TOOTS	The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.), a wholly-owned subsidiary of Hawaiian Electric Industries, Inc. On November 10, 1999, HTB sold the stock of YB and substantially all of HTB's operating assets and changed its name.
UBC	Uluwehiokama Biofuels Corp., a newly formed, non-regulated subsidiary of Hawaiian Electric Company, Inc.
UST	Underground storage tank
YB	Young Brothers, Limited, which was sold on November 10, 1999, was formerly a wholly-owned subsidiary of Hawaiian Tug & Barge Corp.

Forward-Looking Statements

This report and other presentations made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (HECO) and their subsidiaries contain "forward-looking statements," which include statements that are predictive in nature, depend upon or refer to future events or conditions, and usually include words such as "expects," "anticipates," "intends," "plans," "believes," "predicts," "estimates" or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects and possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic and market factors, among other things. **These forward-looking statements are not guarantees of future performance.**

Risks, uncertainties and other important factors that could cause actual results to differ materially from those in forward-looking statements and from historical results include, but are not limited to, the following:

- the effects of international, national and local economic conditions, including the state of the Hawaii tourist and construction industries, the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value and/or the actual performance of collateral underlying loans and mortgage-related securities held by American Savings Bank, F.S.B. (ASB)), decisions concerning the extent of the presence of the federal government and military in Hawaii, and the implications and potential impacts of current capital and credit market conditions and federal and state responses to those conditions, such as the Emergency Economic Stabilization Act of 2008 (plan for a $700 billion bailout of the financial industry) and American Economic Recovery and Reinvestment Act of 2009 (economic stimulus package);
- the effects of weather and natural disasters, such as hurricanes, earthquakes, tsunamis, lightning strikes and the potential effects of global warming;
- global developments, including the effects of terrorist acts, the war on terrorism, continuing U.S. presence in Iraq and Afghanistan, potential conflict or crisis with North Korea and in the Middle East, Iran's nuclear activities and potential avian flu pandemic;
- the timing and extent of changes in interest rates and the shape of the yield curve;
- the ability of the Company to access credit markets to obtain commercial paper and other short-term and long-term debt financing and to access capital markets to issue preferred stock or hybrid securities (the electric utilities) and common stock (HEI) under volatile and challenging market conditions;
- the risks inherent in changes in the value of and market for securities available for sale and in the value of pension and other retirement plan assets;
- changes in laws, regulations, market conditions and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements and the fair value of ASB used to test goodwill for impairment;
- increasing competition in the electric utility and banking industries (e.g., increased self-generation of electricity may have an adverse impact on HECO's revenues and increased price competition for deposits, or an outflow of deposits to alternative investments, may have an adverse impact on ASB's cost of funds);
- the effects of the implementation of the Energy Agreement with the State of Hawaii and Consumer Advocate (Energy Agreement) setting forth the goals and objectives of a Hawaii Clean Energy Initiative (HCEI), the fulfillment by the utilities of their commitments under the Energy Agreement and revenue decoupling;
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or independent power producer (IPP)-owned) fail or measures such as demand-side management (DSM), distributed generation (DG), combined heat and power (CHP) or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- increased risk to generation reliability as generation peak reserve margins on Oahu continue to be strained;
- fuel oil price changes, performance by suppliers of their fuel oil delivery obligations and the continued availability to the electric utilities of their energy cost adjustment clauses (ECACs);
- the risks associated with increasing reliance on renewable energy, as contemplated under the Energy Agreement, including the availability of non-fossil fuel supplies for renewable generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the ability of the electric utilities to negotiate, periodically, favorable fuel supply and collective bargaining agreements;
- new technological developments that could affect the operations and prospects of HEI and its subsidiaries (including HECO and its subsidiaries and ASB and its subsidiaries) or their competitors;
- federal, state, county and international governmental and regulatory actions, such as changes in laws, rules and regulations applicable to HEI, HECO, ASB and their subsidiaries (including changes in taxation, regulatory changes resulting from the HCEI, environmental laws and regulations, the potential regulation of greenhouse gas emissions (GHG) and governmental fees and assessments); decisions by the Public Utilities Commission of the State of Hawaii (PUC) in rate cases (including decisions on

ECACs) and other proceedings and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, for example with respect to environmental conditions or renewable portfolio standards (RPS)); enforcement actions by the Office of Thrift Supervision (OTS) and other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under the Bank Secrecy Act or other regulatory requirements or with respect to capital adequacy);

- increasing operation and maintenance expenses and investment in infrastructure for the electric utilities, resulting in the need for more frequent rate cases, and increasing noninterest expenses at ASB;
- the risks associated with the geographic concentration of HEI's businesses;
- the effects of changes in accounting principles applicable to HEI, HECO, ASB and their subsidiaries, including the adoption of International Financial Reporting Standards or new accounting principles, continued regulatory accounting under Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," and the possible effects of applying Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, "Consolidation of Variable Interest Entities," and Emerging Issues Task Force (EITF) Issue No. 01-8, "Determining Whether an Arrangement Contains a Lease," to PPAs with IPPs;
- the effects of changes by securities rating agencies in their ratings of the securities of HEI and HECO and the results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage servicing assets of ASB;
- changes in ASB's loan portfolio credit profile and asset quality which may increase or decrease the required level of allowance for loan losses;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- the final outcome of tax positions taken by HEI, HECO, ASB and their subsidiaries;
- the risks of suffering losses and incurring liabilities that are uninsured; and
- other risks or uncertainties described elsewhere in this report and in other reports (e.g., Item 1A. Risk Factors) previously and subsequently filed by HEI and/or HECO with the Securities and Exchange Commission (SEC).

Forward-looking statements speak only as of the date of the report, presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI, HECO, ASB and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

HEI

HEI was incorporated in 1981 under the laws of the State of Hawaii and is a holding company with its principal subsidiaries engaged in electric utility, banking and other businesses operating primarily in the State of Hawaii. HEI's predecessor, HECO, was incorporated under the laws of the Kingdom of Hawaii (now the State of Hawaii) on October 13, 1891. As a result of a 1983 corporate reorganization, HECO became an HEI subsidiary and common shareholders of HECO became common shareholders of HEI.

HECO and its operating utility subsidiaries, Hawaii Electric Light Company, Inc. (HELCO) and Maui Electric Company, Limited (MECO), are regulated electric public utilities. HECO also owns all the common securities of HECO Capital Trust III (Delaware statutory trust), which was formed to effect the issuance of $50 million of cumulative quarterly income preferred securities in 2004, for the benefit of HECO, HELCO and MECO. In December 2002, HECO formed a subsidiary, Renewable Hawaii, Inc., to invest in renewable energy projects. In September 2007, HECO formed another subsidiary, Uluwehiokama Biofuels Corp. (UBC), to invest in a biodiesel refining plant to be built on the island of Maui.

Besides HECO and its subsidiaries, HEI also currently owns directly or indirectly the following subsidiaries: HEI Diversified, Inc. (HEIDI) (a holding company) and its subsidiary, ASB, and the subsidiaries of ASB; Pacific Energy Conservation Services, Inc. (PECS); HEI Properties, Inc. (HEIPI); HEI Investments, Inc.; Hawaiian Electric Industries Capital Trusts II and III (formed in 1997 to be available for trust securities financings); and The Old Oahu Tug Service, Inc. (TOOTS).

ASB, acquired in 1988, is one of the largest financial institutions in the State of Hawaii with assets of $5.4 billion as of December 31, 2008.

HEIPI, whose predecessor company was formed in February 1998, holds venture capital investments (in companies based in Hawaii and the U.S. mainland) with a carrying value of $1.5 million as of December 31, 2008.

HEI Investment Corp. (HEIIC), incorporated in May 1984 primarily to make passive investments in corporate securities and other long-term investments, changed its name to HEI Investments, Inc. (HEIII) in January 2000. HEIII is not an "investment company" regulated under the Investment Company Act of 1940. HEIII's long-term investments previously consisted primarily of investments in leveraged leases, the last of which was sold in November 2007. HEIII has filed articles of dissolution and is winding up its affairs.

PECS was formed in 1994 and currently is a contract services company providing limited support services in Hawaii.

In November 1999, Hawaiian Tug & Barge Corp. (HTB) sold substantially all of its operating assets and the stock of YB for a nominal gain, changed its name to TOOTS and ceased maritime freight transportation operations. TOOTS currently administers certain employee and retiree-related benefits programs and monitors matters related to its former operations and the operations of its former subsidiary.

For additional information about the Company, see HEI's MD&A, HEI's "Quantitative and Qualitative Disclosures about Market Risk" and HEI's Consolidated Financial Statements, which are incorporated by reference into Part II of this Form 10-K.

The Company's website address is www.hei.com . The information on the Company's website is not incorporated by reference in this annual report on Form 10-K unless specifically incorporated herein by reference. HEI and HECO currently make available free of charge through this website their annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports (since 1994) as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

Recent developments and updates (to information incorporated by reference into this Form 10-K from HEI's and HECO's MD&As and HEI's and HECO's Consolidated Financial Statements in HEI Exhibit 13 and HECO Exhibit 99 to the Company's Current Report on Form 8-K dated February 19, 2009) are included in the discussions below, including "HEI—Securities ratings," "Electric utility—Regulation—Environmental regulation—Air quality controls" and "Bank—Regulation—Capital Purchase Program."

Regulation

HEI and HECO are each holding companies within the meaning of the Public Utility Holding Company Act of 2005 and implementing regulations (2005 Act) and filed a required notification of that status on February 21, 2006. The 2005 Act requires holding companies and their subsidiaries to grant the Federal Energy Regulatory Commission (FERC) access to books and records relating to FERC's jurisdictional rates, and also imposes certain record retention, accounting and reporting requirements. However upon application, FERC granted HEI and HECO a waiver of these record retention, accounting and reporting requirements, effective May 2006.

HEI is subject to an agreement entered into with the PUC (the PUC Agreement), which agreement among other things, requires HEI to provide the PUC with periodic financial information and other reports concerning intercompany transactions and other matters. It also prohibits the electric utilities from loaning funds to HEI or its nonutility subsidiaries and from redeeming common stock of the electric utility subsidiaries without PUC approval. Further, the PUC could limit the ability of the electric utility subsidiaries to pay dividends on their common stock. See "Restrictions on dividends and other distributions" and "Electric utility—Regulation" below.

As a result of the acquisition of ASB, HEI and HEIDI are subject to OTS registration, supervision and reporting requirements as savings and loan holding companies. In the event the OTS has reasonable cause to believe that any activity of HEI or HEIDI constitutes a serious risk to the financial safety, soundness or stability of ASB, the OTS is authorized under the Home Owners' Loan Act of 1933, as amended, to impose certain restrictions on HEI, HEIDI and/or any of their subsidiaries. Possible restrictions include limiting: (i) the payment of dividends by ASB; (ii) transactions between ASB, HEI or HEIDI, and their subsidiaries or affiliates; and (iii) the activities of ASB that might expose ASB to the liabilities of HEI and/or HEIDI and their other affiliates. See "Restrictions on dividends and other distributions" below.

OTS regulations generally prohibit savings and loan holding companies and their nonthrift subsidiaries from engaging in activities other than those which are specifically enumerated in the regulations. However, the OTS regulations provide for an exemption which is available to HEI and HEIDI if ASB satisfies the qualified thrift lender (QTL) test discussed under "Bank—Regulation—Qualified thrift lender test." ASB met the QTL test at all times during 2008; however, the failure of ASB to satisfy the QTL test in the future could result in a need to divest ASB. If such divestiture were to be required, federal law limits the type of entities eligible to acquire ASB.

HEI and HEIDI are prohibited, directly or indirectly, or through one or more subsidiaries, from (i) acquiring control of, or acquiring by merger or purchase of assets of another insured institution or holding company without prior written OTS approval; (ii) acquiring more than 5% of the voting shares of another savings association or savings and loan holding company which is not a subsidiary; or (iii) acquiring or retaining control of a savings association not insured by the Federal Deposit Insurance Corporation (FDIC).

Restrictions on dividends and other distributions . HEI is a legal entity separate and distinct from its various subsidiaries. As a holding company with no significant operations of its own, the principal sources of its funds are dividends or other distributions from its operating subsidiaries, borrowings and sales of equity. The rights of HEI and, consequently, its creditors and shareholders, to participate in any distribution of the assets of any of its subsidiaries are subject to the prior claims of the creditors and preferred stockholders of such subsidiary, except to the extent that claims of HEI in its capacity as a creditor are recognized as primary.

The abilities of certain of HEI's subsidiaries to pay dividends or make other distributions to HEI are subject to contractual and regulatory restrictions. Under the PUC Agreement, in the event that the consolidated common stock equity of the electric utility subsidiaries falls below 35% of total electric utility capitalization (including the current maturities of long-term debt, but excluding short-term borrowings), the electric utility subsidiaries would, absent PUC approval, be restricted in their payment of cash dividends to 80% of the earnings available for the payment of dividends in the current fiscal year and preceding five years, less the amount of dividends paid during that period. The PUC Agreement also provides that the foregoing dividend restriction shall not be construed as relinquishing any right the PUC may have to review the dividend policies of the electric utility subsidiaries. As of December 31, 2008, the consolidated common stock equity of HEI's electric utility subsidiaries was 56% of their total capitalization (as calculated for purposes of the PUC Agreement). As of December 31, 2008, HECO and its subsidiaries had common stock equity of $1.2 billion of which approximately $506 million was not available for transfer to HEI without regulatory approval.

The ability of ASB to make capital distributions to HEI and other affiliates is restricted under federal law. Subject to a limited exception for stock redemptions that do not result in any decrease in ASB's capital and would improve ASB's financial condition, ASB is prohibited from declaring any dividends, making any other capital distributions, or paying a management fee to a controlling person if, following the distribution or payment, ASB would be deemed to be undercapitalized, significantly undercapitalized or critically undercapitalized. See "Bank—Regulation—Prompt corrective action." All capital distributions are subject to a prior indication of no objection by the OTS. Also see Note 12 to HEI's Consolidated Financial Statements.

HEI and its subsidiaries are also subject to debt covenants, preferred stock resolutions and the terms of guarantees that could limit their respective abilities to pay dividends. The Company does not expect that the regulatory and contractual restrictions applicable to HEI and/or its subsidiaries will significantly affect the operations of HEI or its ability to pay dividends on its common stock.

Environmental regulation. HEI and its subsidiaries are subject to federal and state statutes and governmental regulations pertaining to water quality, air quality and other environmental factors. See the "Environmental regulation" discussions in the "Electric utility" and "Bank" sections below.

Under the terms of the agreement for the sale of YB, HEI and TOOTS had certain environmental obligations arising from conditions existing prior to the sale of YB, including potential obligations regarding petroleum releases in the Honolulu Harbor area. In 2003, TOOTS paid $250,000 to fund response activities related to the Honolulu Harbor area as a one-time cash-out payment in lieu of continuing with further response activities.

Securities ratings

See the Standard & Poor's (S&P) and Moody's Investors Service's (Moody's) ratings of HEI's and HECO's securities and discussion under "Liquidity and capital resources" (both "HEI Consolidated" and "Electric utility") in HEI's MD&A. These ratings reflect only the view of the applicable rating agency at the time the ratings are issued, from whom an explanation of the significance of such ratings may be obtained. There is no assurance that any such credit rating will remain in effect for any given period of time or that such rating will not be lowered, suspended or withdrawn entirely by the applicable rating agency if, in such rating agency's judgment, circumstances so warrant. Any such lowering, suspension or withdrawal of any rating may have an adverse effect on the market price or marketability of HEI's and/or HECO's securities, which could increase the cost of capital of HEI and HECO. Neither HEI nor HECO management can predict future rating agency actions or their effects on the future cost of capital of HEI or HECO.

Revenue bonds are issued by the Department of Budget and Finance of the State of Hawaii for the benefit of HECO and its subsidiaries, but the source of their repayment are the unsecured obligations of HECO and its subsidiaries under loan agreements and notes issued to the Department, including HECO's guarantees of its subsidiaries' obligations. The payment of principal and interest due on all revenue bonds currently outstanding are insured either by Ambac Assurance Corporation, Financial Guaranty Insurance Company, MBIA Insurance Corporation or Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.). See the discussion of the downgrades of the ratings of these insurers under "Electric Utility—Liquidity and capital resources" in HEI's MD&A. Following MBIA Insurance Corporation's announced restructuring, the revenue bonds issued for HECO and its subsidiaries and insured by MBIA Insurance Corporation have been reinsured by MBIA Insurance Corp. of Illinois (MBIA Illinois), whose financial strength rating by S&P is "AA-" compared to a rating of "BBB+" for MBIA Insurance Corporation. Moody's has announced it will assign ratings to the reinsured municipal securities based on the higher of its insurance financial strength rating of MBIA Illinois or the published underlying rating. The insurance financial strength rating of MBIA Illinois by Moody's is "Baa1," which is the same as Moody's issuer rating for HECO.

Employees

As of December 31, 2008, 2007, 2006, 2005 and 2004 the Company had full-time employees as follows:

December 31	2008	2007	2006	2005	2004
HEI	41	42	41	42	45
HECO and its subsidiaries	2,203	2,145	2,085	2,066	2,013
ASB and its subsidiaries	1,313	1,330	1,318	1,272	1,291
Other subsidiaries	3	3	3	3	5
	3,560	3,520	3,447	3,383	3,354

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The employees of HEI and its direct and indirect subsidiaries, other than the electric utilities, are not covered by any collective bargaining agreement. Of the 2,203 full time employees of HECO and its subsidiaries as of December 31, 2008, 57% were covered by collective bargaining agreements. See the discussion of “Collective bargaining agreements” in Note 3 to HEI’s Consolidated Financial Statements.

Properties

HEI leases office space from nonaffiliated lessors in downtown Honolulu under leases that expire in May 2011. HEI also subleases office space in a downtown Honolulu building leased by HECO under a lease that expires in November 2021, with an option to extend to November 2024.

Electric utility

HECO and subsidiaries and service areas

HECO, HELCO and MECO are regulated operating electric public utilities engaged in the production, purchase, transmission, distribution and sale of electricity on the islands of Oahu; Hawaii; and Maui, Lanai and Molokai, respectively. HECO acquired MECO in 1968 and HELCO in 1970. In 2008, the electric utilities’ revenues and net income amounted to approximately 89% and 102%, respectively, of HEI’s consolidated revenues and net income, compared to approximately 83% and 62% in 2007 and approximately 84% and 69% in 2006, respectively.

The islands of Oahu, Maui, Lanai, Molokai and Hawaii have a combined population estimated at 1.2 million, or approximately 95% of the Hawaii population, and comprise a service area of 5,766 square miles. The principal communities served include Honolulu (on Oahu), Wailuku and Kahului (on Maui) and Hilo and Kona (on Hawaii). The service areas also include numerous suburban communities, resorts, U.S. Armed Forces installations and agricultural operations. The state has granted HECO, MECO and HELCO nonexclusive franchises, which authorize the utilities to construct, operate and maintain facilities over and under public streets and sidewalks. Each of these franchises will continue in effect for an indefinite period of time until forfeited, altered, amended or repealed.

For additional information about HECO, see HECO’s MD&A, HECO’s “Quantitative and Qualitative Disclosures about Market Risk” and HECO’s Consolidated Financial Statements, which are incorporated by reference into Part II of this Form 10-K.

Sales of electricity

The following table sets forth the number of electric customer accounts as of December 31, 2008, 2007 and 2006 and electric sales revenues by company for each of the years then ended:

Years ended December 31	2008		2007		2006	
(dollars in thousands)	Customer accounts*	Electric sales revenues	Customer accounts*	Electric sales revenues	Customer accounts*	Electric sales revenues
HECO	293,740	$1,948,243	294,591	$1,380,726	292,988	$1,361,566
HELCO	79,606	445,214	78,983	360,684	76,417	338,786
MECO	67,065	451,042	66,323	349,138	64,937	343,916
	440,411	$2,844,499	439,897	$2,090,548	434,342	$2,044,268

* As of December 31.

Seasonality. Kilowatthour (KWH) sales of HECO and its subsidiaries follow a seasonal pattern, but they do not experience the extreme seasonal variation due to extreme weather variations like some electric utilities on the U.S. mainland. KWH sales in Hawaii tend to increase in the warmer summer months, probably as a result of increased demand for air conditioning.

Significant customers. HECO and its subsidiaries derived approximately 10% in 2008, 9% in 2007 and 10% in 2006 of their operating revenues from the sale of electricity to various federal government agencies.

Under a new Basic Ordering Agreement (BOA) with the federal Department of Defense (DOD) entered into in 2007, which expires in 2012, and earlier BOAs and other agreements, HECO has completed energy conservation and other projects for federal agencies over the years, although the number of projects completed has decreased through the years.

Executive Order 13123, adopted in 1994, mandated that each federal agency develop and implement a program to reduce energy consumption by 35% by the year 2010 to the extent that these measures are cost

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effective. The 35% reduction was measured relative to the agency's 1985 energy use. The Energy Policy Act of 2005 further mandated that federal buildings reduce energy consumption by up to 20% by fiscal year 2015 relative to base fiscal year 2003 consumption to the extent that these measures are cost effective. The Act also establishes energy conservation goals at the state level for federally funded programs; stricter conservation measures for a variety of large energy consuming products; tax credits for energy efficient homes, solar energy, fuel cells and microturbine power plants; and includes other energy-related provisions. HECO continues to work with various federal agencies to implement DSM programs that will help them achieve their energy reduction objectives. Neither HEI nor HECO management can predict with certainty the impact of federal mandates on HEI's or HECO's future financial condition, results of operations or liquidity.

Selected consolidated electric utility operating statistics

Years ended December 31,	2008	2007	2006	2005	2004
KWH sales (millions)					
Residential	2,924.7	3,035.5	3,022.2	3,008.0	3,000.6
Commercial	3,326.3	3,340.6	3,313.3	3,288.5	3,247.3
Large light and power	3,632.9	3,690.2	3,728.8	3,742.0	3,762.6
Other	52.3	51.8	51.5	51.4	52.8
	9,936.2	10,118.1	10,115.8	10,089.9	10,063.3
KWH net generated and purchased (millions)					
Net generated	6,261.8	6,478.6	6,610.8	6,485.3	6,572.5
Purchased	4,248.2	4,228.0	4,094.4	4,167.5	4,066.5
	10,510.0	10,706.6	10,705.2	10,652.8	10,639.0
Losses and system uses (%)	5.2	5.3	5.3	5.1	5.2
Energy supply (December 31)					
Net generating capability—MW	1,687	1,685	1,669	1,644	1,642
Firm purchased capability—MW	540	538	535	540	529
	2,227	2,223	2,204	2,184	2,171
Net peak demand—MW [1]	1,590	1,635	1,685	1,641	1,694
Btu per net KWH generated	10,700	10,807	10,848	10,873	10,767
Average fuel oil cost per Mbtu (cents)	1,840.0	1,108.2	1,094.1	908.6	684.3
Customer accounts (December 31)					
Residential	383,042	381,964	376,783	372,638	366,217
Commercial	55,243	55,869	55,493	54,647	53,854
Large light and power	543	554	567	559	555
Other	1,583	1,510	1,499	1,472	1,420
	440,411	439,897	434,342	429,316	422,046
Electric revenues (thousands)					
Residential	$ 935,061	$ 713,241	$ 690,425	$ 607,031	$ 527,970
Commercial	973,048	714,218	695,247	611,403	522,230
Large light and power	921,321	652,298	648,066	569,016	483,737
Other	15,069	10,791	10,530	9,200	8,148
	$2,844,499	$2,090,548	$2,044,268	$1,796,650	$1,542,085
Average revenue per KWH sold (cents)	28.63	20.66	20.21	17.81	15.32
Residential	31.97	23.50	22.85	20.18	17.60
Commercial	29.25	21.38	20.98	18.59	16.08
Large light and power	25.36	17.68	17.38	15.21	12.86
Other	28.81	20.81	20.44	17.92	15.44
Residential statistics					
Average annual use per customer account (KWH)	7,640	7,996	8,056	8,141	8,239
Average annual revenue per customer account	$ 2,443	$ 1,879	$ 1,840	$ 1,643	$ 1,450
Average number of customer accounts	382,821	379,621	375,143	369,495	364,225

[1] Sum of the net peak demands on all islands served, noncoincident and nonintegrated.

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Generation statistics

The following table contains certain generation statistics as of, and for the year ended, December 31, 2008. The net generating and firm purchased capability available for operation at any given time may be more or less than shown because of capability restrictions or temporary outages for inspection, maintenance, repairs or unforeseen circumstances.

	Island of Oahu-HECO	Island of Hawaii-HELCO	Island of Maui-MECO	Island of Lanai-MECO	Island of Molokai-MECO	Total
Net generating and firm purchased capability (MW) as of December 31, 2008 [1]						
Conventional oil-fired steam units	1,106.8	62.2	35.9	—	—	1,204.9
Diesel	29.5	30.8	96.8	9.3	9.6	176.0
Combustion turbines (peaking units)	101.8	—	—	—	—	101.8
Other combustion turbines	—	88.9	—	—	2.2	91.1
Combined-cycle unit	—	—	113.6	—	—	113.6
Firm contract power [2]	434.0	90.0	16.0	—	—	540.0
	1,672.1	271.9	262.3	9.3	11.8	2,227.4
Net peak demand (MW)	1,186.0	198.2	194.4	5.2	5.9	1,589.7[3]
Reserve margin	46.3%	37.2%	34.9%	78.8%	100.0%	44.5%
Annual load factor	76.3%	71.5%	73.0%	66.7%	70.9%	75.3%
KWH net generated and purchased (millions)	7,950.6	1,244.8	1,247.4	30.4	36.8	10,510.0

1 HECO units at normal ratings; MECO and HELCO units at reserve ratings.

2 Nonutility generators—HECO: 208 MW (Kalaeloa Partners, L.P., oil-fired), 180 MW (AES Hawaii, Inc., coal-fired) and 46 MW (HPower, refuse-fired); HELCO: 30 MW (Puna Geothermal Venture, geothermal) and 60 MW (Hamakua Energy Partners, L.P., oil-fired); MECO: 16 MW (Hawaiian Commercial & Sugar Company, primarily bagasse-fired).

3 Noncoincident and nonintegrated.

Generating reliability and reserve margin

HECO serves the island of Oahu and HELCO serves the island of Hawaii. MECO has three separate electrical systems—one each on the islands of Maui, Molokai and Lanai. HECO, HELCO and MECO have isolated electrical systems that are not interconnected to each other or to any other electrical grid and, thus, each maintains a higher level of reserve generation than is typically carried by interconnected mainland U.S. utilities, which are able to share reserve capacity. These higher levels of reserve margins are required to meet peak electric demands, to provide for scheduled maintenance of generating units (including the units operated by IPPs relied upon for firm capacity) and to allow for the forced outage of the largest generating unit in the system. Although the planning for, and installation of, adequate levels of reserve generation have contributed to the achievement of generally high levels of system reliability, HECO is below preferred levels of total firm generating capacity and has made several public calls for energy conservation when reserves were especially narrow. See "Integrated resource planning, requirements for additional generating capacity and adequacy of supply" in HEI's MD&A under "Electric utility."

Integrated resource planning and clean energy scenario planning

The PUC issued an order in 1992 requiring the energy utilities in Hawaii to develop integrated resource plans (IRPs), which may be approved, rejected or modified by the PUC. The goal of integrated resource planning is the identification of demand- and supply-side resources and the integration of these resources for meeting near- and long-term consumer energy needs in an efficient and reliable manner at the lowest reasonable cost. In November 2008, the parties to the Energy Agreement filed requests with the PUC to move from the IRP process to a new Clean Energy Scenario Planning (CESP) process intended to be used to determine future investments in transmission, distribution and generation that will be necessary to facilitate high levels of renewable energy production. In November and December 2008, the PUC closed the utilities' IRP dockets and directed them to suspend all activities pursuant to the IRP framework to allow for resources to be diverted to the development of CESP frameworks. See "Integrated resource planning, requirements for additional generating capacity and adequacy of supply" in HEI's MD&A under "Electric utility."

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Nonutility generation

The Company has supported state and federal energy policies which encourage the development of renewable energy sources that reduce the use of fuel oil. The Company's renewable energy sources range from wind, geothermal and hydroelectric power, to energy produced by the burning of bagasse (sugarcane waste) and municipal waste.

HECO PPAs . HECO currently has three major PPAs. In March 1988, HECO entered into a PPA with AES Barbers Point, Inc. (now known as AES Hawaii, Inc. (AES Hawaii)), a Hawaii-based, indirect subsidiary of The AES Corporation. The agreement with AES Hawaii, as amended, provides that, for a period of 30 years beginning September 1992, HECO will purchase 180 megawatts (MW) of firm capacity. The AES Hawaii 180 MW coal-fired cogeneration plant utilizes a "clean coal" technology and is designed to sell sufficient steam to be a "Qualifying Facility" (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA). On December 28, 2007, AES Hawaii filed an application with the FERC for a limited waiver of FERC's operating standard for a qualifying cogeneration facility for 2007, because it determined that it will be unable to meet the QF operating standard for 2007. Under the PPA between HECO and AES Hawaii, any change in QF status does not affect either HECO's or AES Hawaii's obligations. In 2003, HECO consented to AES Hawaii's proposed refinancing and received consideration for its consent, primarily in the form of a PPA amendment that reduced the cost of firm capacity retroactive to June 1, 2003, which benefit is being passed on to ratepayers through a reduction in rates. AES Hawaii also granted HECO an option, subject to certain conditions, to acquire an interest in portions of the AES Hawaii facility site that are not needed for the existing plant operations, and which potentially could be used for the development of another coal-fired facility.

In October 1988, HECO entered into an agreement with Kalaeloa Partners, L.P. (Kalaeloa), a limited partnership, which, through affiliates, contracted to design, build, operate and maintain the facility. The agreement with Kalaeloa, as amended, provided that HECO would purchase 180 MW of firm capacity for a period of 25 years beginning in May 1991. The Kalaeloa facility is a combined-cycle operation, consisting of two oil-fired combustion turbines burning low sulfur fuel oil (LSFO) and a steam turbine that utilizes waste heat from the combustion turbines, and is designed to sell sufficient steam to be a QF. After two additional amendments, effective in 2005, Kalaeloa currently supplies HECO with 208 MW of firm capacity.

HECO also entered into a PPA in March 1986 and a firm capacity amendment in April 1991 with the City and County of Honolulu with respect to a refuse-fired plant (HPower). The HPower facility currently supplies HECO with 46 MW of firm capacity. Under the amendment, HECO will purchase firm capacity until mid-2015.

HECO purchases energy on an as-available basis from two nonutility generators, which are qualifying cogeneration facilities at two oil refineries, Chevron USA, Inc. (10 MW) and Tesoro Hawaii Corporation (19 MW). Both contracts continue unless either party wants to terminate with 90 days notice. In addition, HECO has a contract to purchase as-available energy from Hoku Solar's photovoltaic facility (up to 300 kWdc) to be located on the roof of HECO's Archer Substation and expects to purchase energy by June 2009.

The PUC has allowed rate recovery for the purchased energy costs related to HECO's as-available energy PPAs and for the firm capacity and purchased energy costs related to HECO's three major PPAs that provide a total of 434 MW of firm capacity, representing 26% of HECO's total net generating and firm purchased capacity on Oahu as of December 31, 2008.

HELCO and MECO PPAs . As of December 31, 2008, HELCO has PPAs for 90 MW and MECO has PPAs for 16 MW (includes 4 MW of system protection) of firm capacity, which PPAs have been approved by the PUC.

HELCO has a 35-year PPA with Puna Geothermal Venture (PGV) for 30 MW of firm capacity from its geothermal steam facility expiring on December 31, 2027.

In October 1997, HELCO entered into an agreement with Encogen, which has been succeeded by Hamakua Energy Partners, L. P. (HEP). The agreement provides that HELCO will purchase up to 60 MW (net) of firm capacity for a period of 30 years, expiring on December 31, 2030. The dual-train combined-cycle DTCC facility, which primarily burns naphtha, consists of two oil-fired combustion turbines and a steam turbine that utilizes waste heat from the combustion turbines.

MECO has a PPA with Hawaiian Commercial & Sugar Company (HC&S) for 16 MW of firm capacity. The HC&S generating units primarily burn bagasse (sugar cane waste) along with secondary fuels of diesel oil or coal through December 31, 2014, and from year to year thereafter, subject to termination on or after December 31, 2014 on not less than two years prior written notice by either party.

HELCO and MECO purchase energy on an as-available basis from a number of nonutility generators, including hydroelectric facilities, windfarms and photovoltaic systems. The PUC has allowed rate recovery for the firm capacity and purchased energy costs for HELCO's and MECO's approved firm capacity and as-available energy PPAs.

Fuel oil usage and supply

The rate schedules of the Company's electric utility subsidiaries include ECACs under which electric rates (and consequently the revenues of the electric utility subsidiaries generally) are adjusted for changes in the weighted-average price paid for fuel oil and certain components of purchased power, and the relative amounts of company-generated power and purchased power. See discussion of rates and issues relating to the ECAC below under "Rates," and "Electric utility—Certain factors that may affect future results and financial condition—Regulation of electric utility rates" and "Electric utility–Material estimates and critical accounting policies–Revenues" in HEI's MD&A.

HECO's steam power plants burn LSFO. HECO's combustion turbine peaking units burn No. 2 diesel fuel (diesel). MECO's and HELCO's steam power plants burn medium sulfur fuel oil (MSFO) and their combustion turbine and diesel engine generating units burn diesel.

In March and April of 2004, HECO executed 10-year extensions of the existing contracts, commencing January 1, 2005, for the purchase of LSFO with Chevron Products Company (Chevron) and Tesoro Hawaii Corporation (Tesoro) with no material changes in the primary commercial arrangements including volumes and pricing formulas. HECO pays market-related prices for fuel supplies purchased under these agreements. In December 2004, HECO executed long-term contracts with Chevron for the continued use of certain Chevron fuel distribution facilities and for the operation and maintenance of certain HECO fuel distribution facilities.

In March and April of 2004, HECO, HELCO and MECO executed 10-year extensions of existing contracts with Chevron and Tesoro, commencing January 1, 2005, for the purchase of diesel and MSFO, including the use of certain petroleum storage and distribution facilities, with no material changes in the primary commercial arrangements including volumes and pricing formulas. The electric utilities pay market-related prices for diesel and MSFO supplied under these agreements.

The diesel supplies acquired by the Lanai Division of MECO are purchased under the provisions of a contract with a local petroleum wholesaler, Lanai Oil Co., Inc., which provides for automatic one-year term extensions unless terminated by either party with 180 days notice.

See the fuel oil commitments information set forth in the "Fuel contracts" section in Note 3 to HEI's Consolidated Financial Statements.

The following table sets forth the average cost of fuel oil used by HECO, HELCO and MECO to generate electricity in the years 2008, 2007 and 2006:

	HECO		HELCO		MECO		Consolidated	
	$/Barrel	¢/MBtu	$/Barrel	¢/MBtu	$/Barrel	¢/MBtu	$/Barrel	¢/MBtu
2008	110.89	1,763.0	108.89	1,758.8	132.25	2,216.2	114.50	1,840.0
2007	64.13	1,017.4	70.24	1,135.9	89.31	1,496.8	69.08	1,108.2
2006	63.33	1,004.9	70.21	1,138.7	85.46	1,431.9	68.13	1,094.1

The average per-unit cost of fuel oil consumed to generate electricity for HECO, HELCO and MECO reflects a different volume mix of fuel types and grades. In 2008, 99% of HECO's generation fuel consumption consisted of LSFO. The balance of HECO's fuel consumption was diesel. Diesel made up approximately 25% of HELCO's and 76% of MECO's fuel consumption. MSFO made up the remainder of the fuel consumption of HELCO and MECO. During 2008, the prices of LSFO, MSFO and diesel rose with crude oil prices, peaked in the August-September period, and gradually fell to end the year below the January 2008 level. In 2007, over 98% of HECO's generation fuel consumption consisted of LSFO. The balance of HECO's fuel consumption was diesel. Diesel made up approximately 26% of HELCO's and 76% of MECO's fuel consumption. MSFO made up the remainder of the fuel consumption of HELCO and MECO. In 2006, over 99% of HECO's generation fuel consumption consisted of LSFO. The balance of HECO's fuel consumption was diesel. Diesel made up approximately 30% of HELCO's and 75% of MECO's fuel consumption. MSFO made up the remainder of the fuel consumption of HELCO and MECO. In general, MSFO is the least costly fuel, diesel is the most expensive fuel and the price of LSFO falls between the two on a per-barrel basis. During 2006, the prices of LSFO, MSFO and diesel rose with crude oil prices during the first half of the year, peaked in the May-June period and gradually fell in the year's second half to end relatively close to the January 2006 level.

In December 2000, HELCO and MECO executed contracts of private carriage with Hawaiian Interisland Towing, Inc. (HITI) for the shipment of MSFO and diesel supplies from their fuel suppliers' facilities on Oahu to storage locations on the islands of Hawaii and Maui, respectively, commencing January 1, 2002. The contracts were extended for a second 5-year term commencing January 1, 2007 and contain options for two additional 5-year extensions. On August 14, 2007 the equity interest of Smith Maritime, Ltd., the parent company of HITI, was acquired by a subsidiary of K-Sea Transportation Partners L.P., which provides refined petroleum products marine transportation, distribution and logistics services in the U.S. domestic marine transportation industry.

HITI never takes title to the fuel oil or diesel fuel, but does have custody and control while the fuel is in transit from Oahu. If there were an oil spill in transit, HITI is generally contractually obligated to indemnify HELCO and/or MECO for resulting clean-up costs, fines and damages. HITI has liability insurance coverage for oil spill related damage of $1 billion. State law provides a cap of $700 million on liability for releases of heavy fuel oil transported interisland by tank barge. In the event of a release, HELCO and/or MECO may be responsible for any clean-up, damages, and/or fines that HITI or its insurance carrier does not cover.

The prices that HECO, HELCO and MECO pay for purchased energy from nonutility generators are generally linked to the price of oil. The AES Hawaii energy prices vary primarily with an inflation indicator. The energy prices for Kalaeloa, which purchases LSFO from Tesoro, vary primarily with world LSFO prices. The HPower, HC&S and PGV energy prices are based on the electric utilities' respective PUC-filed short-run avoided energy cost rates (which vary with their respective composite fuel costs), subject to minimum floor rates specified in their approved PPAs. HEP energy prices vary primarily with HELCO's diesel costs.

The Company estimates that 76% of the net energy generated and purchased by HECO and its subsidiaries in 2009 will be generated from the burning of oil. HECO generally maintains an average system fuel inventory level equivalent to 35 days of forward consumption. HELCO and MECO generally maintain an average system fuel inventory level equivalent to approximately one month's supply of both MSFO and diesel. The PPAs with AES Hawaii and HEP require that they maintain certain minimum fuel inventory levels.

Rates

HECO, HELCO and MECO are subject to the regulatory jurisdiction of the PUC with respect to rates, issuance of securities, accounting and certain other matters. See "Regulation" below.

All rate schedules of HECO and its subsidiaries contain ECACs as described previously. Under current law and practices, specific and separate PUC approval is not required for each rate change pursuant to automatic rate adjustment clauses previously approved by the PUC. All other rate increases require the prior approval of the PUC after public and contested case hearings. PURPA requires the PUC to periodically review the ECACs of electric and gas utilities in the state, and such clauses, as well as the rates charged by the utilities generally, are subject to change. Further, Act 162 may impact the ECACs. See Act 162 discussion in “Energy cost adjustment clauses” in Note 3 to HEI’s Consolidated Financial Statements.

See “Electric utility–Results of operations–Most recent rate requests,” “Electric utility–Certain factors that may affect future results and financial condition–Regulation of electric utility rates” and “Electric utility–Material estimates and critical accounting policies–Revenues” in HEI’s MD&A and “Energy cost adjustment clauses” in Note 3 to HEI’s Consolidated Financial Statements.

Public Utilities Commission and Division of Consumer Advocacy of the State of Hawaii

Serving as Chairman of the PUC is Carlito P. Caliboso (whose term expires in June 2010), an attorney previously in private practice. Also serving as commissioners are: (1) John E. Cole (whose term expires in June 2012), who previously served as the Executive Director of the Division of Consumer Advocacy and, prior to holding that position, served as a member of the Governor of the State of Hawaii’s Policy Team, and (2) Leslie Kondo (whose term expires in June 2014), an attorney previously in private practice and who previously served as the Director of the State of Hawaii Office of Information Practices.

Serving as Executive Director of the Division of Consumer Advocacy is Catherine P. Awakuni, an attorney formerly with the PUC staff.

Competition

See “Electric utility–Certain factors that may affect future results and financial condition–Competition” in HEI’s MD&A.

Electric and magnetic fields

Research on potential adverse health effects from exposure to electric and magnetic fields (EMF) continues. To date, no definite relationship between EMF and health risks has been clearly demonstrated. In 1996, the National Academy of Sciences examined more than 500 studies and stated that “the current body of evidence does not show that exposure to EMFs presents a human-health hazard.” An extensive study released in 1997 by the National Cancer Institute and the Children’s Cancer Group found no evidence of increased risk for childhood leukemia from EMF. In 1999, the National Institute of Environmental Health Sciences (NIEHS) Director’s Report concluded that while EMF could not be found to be “entirely safe,” the evidence of a health risk was “weak” and did not warrant “aggressive” regulatory actions. In 2002, the NIEHS further stated that for “most health outcomes,” there is “no evidence that EMF exposures have adverse effects,” and also that there “is some evidence from epidemiology studies that exposure to power-frequency EMF is associated with an increased risk for childhood leukemia.” In the same brochure, the NIEHS further concluded that this association is “difficult to interpret in the absence of reproducible laboratory evidence or a scientific explanation that links magnetic fields with childhood leukaemia.” In 2007, the World Health Organization issued a fact sheet stating that “the evidence related to childhood leukemia is not strong enough to be considered causal.” Regarding studies of a number of other health effects including childhood cancers, cancers in adults, developmental disorders and neurobehavioral effects, among others, the World Health Organization’s fact sheet concluded “that scientific evidence supporting an association between ELF (extremely low frequency) magnetic field exposure and all of these health effects is much weaker than for childhood leukemia.”

While EMF has not been established as a cause of any health condition by any national or international agency, EMF remains the subject of ongoing studies and evaluations. EMF has been classified as a possible human carcinogen by more than one public health organization. In 2004, the U.K. National Radiological Protection Board published a report that supported a precautionary approach and recommended adoption of guidelines for limiting exposure to EMF. In the U.S., there are no federal standards limiting occupational or residential exposure to 60-Hz EMF.

The implications of the foregoing reports have not yet been determined. However, HECO and its subsidiaries are monitoring the research and continue to participate in utility industry funded studies on EMF and, where technically feasible and economically reasonable, continue to pursue a policy of prudent avoidance, in the design and installation of new transmission and distribution facilities. Management cannot predict the impact, if any, the EMF issue may have on HECO, HELCO and MECO in the future.

Global warming

The Company shares the concerns of many regarding the potential effects of global warming and the human contributions to the phenomenon, including burning of fossil fuels for electricity production, transportation, manufacturing, agricultural activities and deforestation. Recognizing that effectively addressing global warming requires commitment by the private sector, all levels of government, and the public, the Company is committed to taking direct action to mitigate greenhouse gas (GHG) emissions from its operations.

In July 2007, Act 234 of the 2007 Hawaii State Legislature became law and requires a statewide reduction of GHG emissions by January 1, 2020 to levels at or below the statewide GHG emission levels in 1990. It also establishes a task force (including HECO and its subsidiaries), which is charged with preparing a work plan and regulatory approach for “implementing the maximum practically and technically feasible and cost-effective reductions in greenhouse gas emissions from sources or categories of sources of greenhouse gases” to achieve 1990 statewide GHG emission levels. HECO and its subsidiaries have been tracking carbon dioxide emissions, the primary greenhouse gas emitted by fossil fuel combustion for electricity production, since 1996 and reporting them to the federal Department of Energy. HECO and its subsidiaries have taken and continue to identify opportunities to take direct action to reduce such emissions from their operations, including, but not limited to, creating a DSM program that fosters energy efficiency, using renewable resources for energy production and purchasing power from IPPs generated by renewable resources, committing to burn renewable biodiesel in HECO’s next unit, and using biodiesel for startup and shutdown of selected MECO generation units. HECO seeks to identify and support viable technology for electricity production that will increase energy efficiency and reduce or eliminate GHG emissions. Implementation of actions included in the Energy Agreement under the Hawaii Clean Energy Initiative can further help achieve reduction or elimination of GHG emissions.

Legislation

See “Electric utility–Results of operations–Legislation and regulation” in HEI’s MD&A.

Commitments and contingencies

See “HEI Consolidated–Selected contractual obligations and commitments” and “Electric utility–Certain factors that may affect future results and financial condition–Other regulatory and permitting contingencies” in HEI’s MD&A, Item 1A. Risk Factors, and Note 3 to HEI’s Consolidated Financial Statements for a discussion of important commitments and contingencies, including (but not limited to) fuel contracts, PPAs, interim increases, HCEI, ECACs, major projects and the Honolulu Harbor environmental investigation and response.

Regulation

The PUC regulates the rates, issuance of securities, accounting and certain other aspects of the operations of HECO and its electric utility subsidiaries. See the previous discussion under “Rates” and the discussions under “Electric utility–Results of operations–Most recent rate requests” and “Electric utility–Certain factors that may affect future results and financial condition–Regulation of electric utility rates” in HEI’s MD&A.

Any adverse decision or policy made or adopted by the PUC, or any prolonged delay in rendering a decision, could have a material adverse effect on consolidated HECO’s and the Company’s financial condition, results of operations or liquidity.

The PUC has ordered the electric utility subsidiaries to develop plans for the integration of demand- and supply-side resources available to meet consumer energy needs efficiently, reliably and at the lowest reasonable cost. See “Integrated resource planning, requirements for additional generating capacity and adequacy of supply” in HEI’s MD&A under “Electric utility.”

In 1996, the PUC issued an order instituting a proceeding to identify and examine the issues surrounding electric competition and to determine the impact of competition on the electric utility infrastructure in Hawaii. In October 2003, the PUC closed the competition proceeding and opened investigative proceedings on two specific issues (competitive bidding and DG) to move toward a more competitive electric industry environment under cost-

based regulation. For a discussion of the decision and orders issued by the PUC in the competitive bidding and DG proceedings, see "Electric utility–Certain factors that may affect future results and financial condition–Competition" in HEI's MD&A.

Certain transactions between HEI's electric public utility subsidiaries (HECO, HELCO and MECO) and HEI and affiliated interests are subject to regulation by the PUC. All contracts (including summaries of unwritten agreements) made on or after July 1, 1988 of $300,000 or more in a calendar year for management, supervisory, construction, engineering, accounting, legal, financial and similar services and for the sale, lease or transfer of property between a public utility and affiliated interests must be filed with the PUC to be effective, and the PUC may issue cease and desist orders if such contracts are not filed. All such affiliated contracts for capital expenditures (except for real property) must be accompanied by comparative price quotations from two nonaffiliates, unless the quotations cannot be obtained without substantial expense. Moreover, all transfers of $300,000 or more of real property between a public utility and affiliated interests require the prior approval of the PUC and proof that the transfer is in the best interest of the public utility and its customers. If the PUC, in its discretion, determines that an affiliated contract is unreasonable or otherwise contrary to the public interest, the utility must either revise the contract or risk disallowance of the payments for ratemaking purposes. In ratemaking proceedings, a utility must also prove the reasonableness of payments made to affiliated interests under any affiliated contract of $300,000 or more by clear and convincing evidence. An "affiliated interest" is defined by statute and includes officers and directors of a public utility, every person owning or holding, directly or indirectly, 10% or more of the voting securities of a public utility, and corporations which have in common with a public utility more than one-third of the directors of that public utility.

In January 1993, to address community concerns expressed at the time, HECO proposed that the PUC initiate a review of the relationship between HEI and HECO and the effects of that relationship on the operations of HECO. The PUC opened a docket and initiated such a review and in May 1994, the PUC selected a consultant. The consultant's 1995 report concluded that "on balance, diversification has not hurt electric ratepayers." Other major findings were that (1) no utility assets have been used to fund HEI's nonutility investments or operations, (2) management processes within the electric utilities operate without interference from HEI and (3) HECO's access to capital did not suffer as a result of HEI's involvement in nonutility activities and that diversification did not permanently raise or lower the cost of capital incorporated into the rates paid by HECO's utility customers. In December 1996, the PUC issued an order that adopted the report in its entirety, ordered HECO to continue to provide the PUC with status reports on its compliance with the PUC agreement (pursuant to which HEI became the holding company of HECO) and closed the investigation and proceeding. In the order, the PUC also stated that it adopted the recommendation of the DOD that HECO, HELCO and MECO present a comprehensive analysis of the impact that the holding company structure and investments in nonutility subsidiaries have on a case-by-case basis on the cost of capital to each utility in future rate cases and remove such effects from the cost of capital. The PUC has accepted, in subsequent rate cases, the presentations made by HECO, HELCO and MECO that there was no such impact in those cases.

HECO and its electric utility subsidiaries are not subject to regulation by the Federal Energy Regulatory Commission under the Federal Power Act, except under Sections 210 through 212 (added by Title II of PURPA and amended by the Energy Policy Act of 1992), which permit the Federal Energy Regulatory Commission to order electric utilities to interconnect with qualifying cogenerators and small power producers, and to wheel power to other electric utilities. Title I of PURPA, which relates to retail regulatory policies for electric utilities, and Title VII of the Energy Policy Act of 1992, which addresses transmission access, also apply to HECO and its electric utility subsidiaries. HECO and its electric utility subsidiaries are also required to file various financial and operational reports with the Federal Energy Regulatory Commission. The Company cannot predict the extent to which cogeneration or transmission access will reduce its electrical loads, reduce its current and future generating and transmission capability requirements or affect its financial condition, results of operations or liquidity.

Because they are located in the State of Hawaii, HECO and its subsidiaries are exempt by statute from limitations set forth in the Powerplant and Industrial Fuel Act of 1978 on the use of petroleum as a primary energy source.

See also "HEI—Regulation" above.

Environmental regulation . HECO, HELCO and MECO, like other utilities, are subject to periodic inspections by federal, state, and in some cases, local environmental regulatory agencies, including, but not limited to, agencies responsible for regulation of water quality, air quality, hazardous and other waste, and hazardous materials. These inspections may result in the identification of items needing corrective or other action. When the corrective or other necessary action is taken, no further regulatory action is expected. Except as otherwise disclosed in this report (see "Certain factors that may affect future results and financial condition—Environmental matters" for HEI Consolidated, the Electric utility and the Bank sections in HEI's MD&A and Note 3 to HEI's Consolidated Financial Statements, which are incorporated herein by reference), the Company believes that each subsidiary has appropriately responded to environmental conditions requiring action and, as a result of such actions, such environmental conditions will not have a material adverse effect on the Company or HECO.

Water quality controls. The generating stations, substations and other utility subsidiaries facilities operate under federal and state water quality regulations and permits, including but not limited to the Clean Water Act National Pollution Discharge Elimination System (governing point source discharges, including wastewater and storm water discharges), Underground Injection Control (regulating disposal of wastewater into the subsurface), the Spill Prevention, Control and Countermeasure (SPCC) program and other regulations associated with discharges of oil and other substances to surface water.

For a discussion of section 316(b) of the federal Clean Water Act, related U.S. Environmental Protection Agency (EPA) rules and their possible application to the electric utilities, see "Environmental regulation" in Note 3 to HEI's Consolidated Financial Statements.

The Federal Oil Pollution Act of 1990 (OPA) governs actual or threatened oil releases in navigable U.S. waters (inland waters and up to three miles offshore) and waters of the U.S. exclusive economic zone (up to 200 miles to sea from the shoreline). In the event of an oil release into navigable U.S. waters, OPA establishes strict and joint and several liability for responsible parties for 1) oil removal costs incurred by the federal government or the state, and 2) damages to natural resources and real or personal property. Responsible parties include vessel owners and operators of on-shore facilities. OPA imposes fines and jail terms ranging in severity depending on how the release was caused. OPA also requires that responsible parties submit certificates of financial responsibility sufficient to meet the responsible party's maximum limited liability.

During 2008 and up through February 10, 2009, HECO, HELCO and MECO did not experience any significant petroleum releases. Except as otherwise disclosed herein, the Company believes that each subsidiary's costs of responding to petroleum releases to date will not have a material adverse effect on the respective subsidiary or the Company.

EPA regulations under OPA also require certain facilities that store petroleum to prepare and implement SPCC Plans in order to prevent releases of petroleum to navigable waters of the U.S. HECO, HELCO and MECO facilities subject to the SPCC program are in compliance with these requirements. In July 2002, the EPA amended the SPCC regulations to include facilities, such as substations, that use (as opposed to store) petroleum products. HECO, HELCO and MECO have determined that the amended SPCC program applies to a number of their substations. Since 2002, the EPA issued several extensions of the compliance dates for the amended regulations. In 2008, the EPA issued an extension requiring existing facilities that started operation prior to August 16, 2002 must maintain or amend, and implement SPCC plans by July 1, 2009. In mid-January 2009, the EPA again extended the compliance date until November 20, 2009. Regulated facilities that started operations after August 16, 2002 were also required to prepare and implement an SPCC Plan by November 20, 2009. On January 20, 2009, however, President Obama's Chief of Staff issued a memorandum entitled "Regulatory Review," which delayed the effective dates of then pending regulations for 60 days. The EPA then withdrew the regulation extending SPCC compliance deadlines. Accordingly, it appears that the compliance deadline remains July 1, 2009, unless it is again extended. HECO, HELCO and MECO are developing and implementing SPCC plans for all facilities that are subject to the amended SPCC requirements.

Air quality controls. The generating stations of the utility subsidiaries operate under air pollution control permits issued by the Department of Health of the State of Hawaii (DOH) and, in a limited number of cases, by the EPA. The entire electric utility industry has been affected by the 1990 amendments to the Clean Air Act (CAA), changes to the National Ambient Air Quality Standard (NAAQS) for ozone, and adoption of a NAAQS for fine particulate matter.

Effective March 29, 2005, the EPA delisted coal-fired and oil-fired utility boilers (electric generating units or EGUs) from regulation under Section 112 of the CAA (the Delisting Rule). On the same date, the EPA issued a rule designed to control mercury emissions from coal-fired EGUs. The preamble to the mercury control rule stated that the EPA would not require control of nickel emissions from oil-fired EGUs. Subsequently, on October 21, 2005, the EPA issued a notice that it would reconsider the Delisting Rule. On May 31, 2006, the EPA confirmed the Delisting Rule, thereby confirming that the EPA was not requiring control of nickel emissions from the electric utilities' oil-fired EGUs.

In February 2008, the federal Circuit Court of Appeals for the District of Columbia vacated the EPA's Delisting Rule, which had removed coal- and oil-fired EGUs from the list of sources requiring control under Section 112 of the Clean Air Act. The EPA's request for a rehearing was denied.

In October 2008, the EPA petitioned the U.S. Supreme Court to review the decision of the Circuit Court of Appeals for the District of Columbia vacating the EPA's Delisting Rule. Also, an industry group sought review of the Delisting Rule decision. On February 6, 2009, the EPA filed a motion with the Supreme Court to dismiss its petition for review. In the motion, the EPA indicated that it would begin rulemaking to establish Maximum Achievable Control Technology (MACT) standards for EGUs. On February 23, 2009, the U.S. Supreme Court dismissed the petitions filed by the EPA and industry group requesting review of the decision vacating the EPA's Delisting Rule.

The EPA is required to develop MACT standards for oil-fired EGU hazardous air pollutant emissions, including nickel compounds. Depending on the MACT standards developed, costs to comply with the standards could be significant. The Company is currently evaluating its options regarding potential MACT standards for applicable HECO steam units, but will need to review the standards adopted by the EPA before determining its ultimate response and course of action.

For a discussion of the July 1999 Regional Haze Rule amendments, see "Environmental regulation" in Note 3 to HEI's Consolidated Financial Statements.

CAA operating permits (Title V permits) have been issued for all affected generating units.

Hazardous waste and toxic substances controls. The operations of the electric utility and former freight transportation subsidiaries of HEI are subject to EPA regulations that implement provisions of the Resource Conservation and Recovery Act (RCRA), the Superfund Amendments and Reauthorization Act (SARA) and the Toxic Substances Control Act. In 2001, the DOH obtained primacy to operate state-authorized RCRA (hazardous waste) programs.

Both federal and state RCRA provisions identify certain wastes as hazardous and set forth measures that must be taken in the handling, storage, treatment, disposal and transportation of these wastes. Some wastes generated at steam electric generating stations possess characteristics that subject them to RCRA regulations. Since October 1986, all HECO generating stations have operated RCRA-exempt wastewater treatment units to treat potentially regulated wastes from occasional boiler waterside and fireside cleaning operations. Steam generating stations at MECO and HELCO also operate similar RCRA-exempt wastewater management systems.

The EPA issued a final regulatory determination on May 22, 2000, concluding that fossil fuel combustion wastes do not warrant regulation as hazardous under RCRA. This determination allows for more flexibility in waste management strategies. The electric utilities' waste characterization programs continue to demonstrate the adequacy of the existing treatment systems. Waste recharacterization studies indicate that treatment facility waste streams are nonhazardous.

RCRA underground storage tank (UST) regulations require all facilities with USTs used for storing petroleum products to comply with leak detection, spill prevention and new tank standard retrofit requirements. All HECO, HELCO and MECO USTs currently meet these standards and continue in operation.

The Emergency Planning and Community Right-to-Know Act under SARA Title III requires HECO, HELCO and MECO to report potentially hazardous chemicals present in their facilities in order to provide the public with information so that emergency procedures can be established to protect the public in the event of hazardous chemical releases. All HECO, HELCO and MECO facilities are in compliance with applicable annual reporting requirements to the State Emergency Planning Commission, the Local Emergency Planning Committee and local fire departments. Since January 1, 1998, the steam electric industry category has been subject to Toxics Release Inventory (TRI) reporting requirements. All HECO, HELCO and MECO facilities are in compliance with TRI reporting requirements.

The Toxic Substances Control Act (TSCA) regulations specify procedures for the handling and disposal of polychlorinated biphenyls (PCB), a compound found in some transformer and capacitor dielectric fluids. The TSCA regulations also apply to responses to releases of PCB to the environment. HECO, HELCO and MECO have instituted procedures to monitor compliance with these regulations. In addition, HECO and its subsidiaries have implemented a program to identify and replace PCB transformers and capacitors in their systems. Management believes that all HECO, HELCO and MECO facilities are currently in compliance with PCB regulations.

Hawaii's Environmental Response Law, as amended (ERL), governs releases of hazardous substances, including oil, to the environment in areas within the state's jurisdiction. Responsible parties under the ERL are jointly, severally and strictly liable for a release of a hazardous substance. Responsible parties include owners or operators of a facility where a hazardous substance comes to be located and any person who at the time of disposal of the hazardous substance owned or operated any facility at which such hazardous substance was disposed. The DOH issued final rules (the State Contingency Plan) implementing the ERL in August 1995.

HECO is currently one of many parties involved in an ongoing investigation and remediation of releases of petroleum to the subsurface in the Honolulu Harbor area. (See Note 3 to HEI's Consolidated Financial Statements.)

HECO, HELCO and MECO, like other utilities, periodically identify leaking petroleum-containing equipment such as USTs, piping and transformers. In a few instances, small amounts of PCBs have been identified in the leaking equipment. Each subsidiary reports releases from such equipment when and as required by applicable law and addresses impacts due to the releases in compliance with applicable regulatory requirements.

Research and development

HECO and its subsidiaries expensed approximately $4.0 million, $4.0 million and $1.8 million in 2008, 2007 and 2006, respectively, for research and development (R&D). In 2008 and 2007, the electric utilities' contributions to the Electric Power Research Institute (EPRI) accounted for approximately half of the R&D expenses. In 2006, HELCO made contributions of $0.3 million to the EPRI and HECO and MECO did not make any contributions. There were also utility expenditures in 2008, 2007 and 2006 related to new technologies, customer use and pricing (e.g., peak pricing and tiered rates base on usage), biofuels and other renewables (e.g., wind power).

Properties

The utilities own transmission lines, distribution lines, underground cables, poles (some jointly) and towers. Electric lines are located over or under public and nonpublic properties. Lines are added when needed to serve increased loads and/or for reliability reasons. In some design districts on Oahu, lines must be placed underground. Under Hawaii law, the PUC generally must determine whether new 46 kilovolt (kV), 69 kV or 138 kV lines can be constructed overhead or must be placed underground.

See "HECO and subsidiaries and service areas" above for a discussion of the nonexclusive franchises of HECO and subsidiaries. Most of the leases, easements and licenses for HECO's, HELCO's and MECO's lines have been recorded.

See "Generation statistics" above and "Limited insurance" in HEI's MD&A for a further discussion of some of the electric utility properties.

HECO owns and operates three generating plants on the island of Oahu at Honolulu, Waiau and Kahe. These plants, along with distributed generators (at three substation sites, at HECO's Kalaeloa pole yard and at HECO's Iwilei tank farm), have an aggregate net generating capability of 1,238.1 MW as of December 31, 2008. The three plants are situated on HECO-owned land having a combined area of 535 acres and one 3-acre parcel of land under a lease expiring December 31, 2018. In addition, HECO owns a total of 138 acres of land on which substations, transformer vaults, distribution baseyards and the Kalaeloa cogeneration facility are located.

HECO owns overhead transmission lines, overhead distribution lines, underground cables, poles (fully owned or jointly owned) and steel or aluminum high voltage transmission towers. The transmission system operates at 46 kV and 138 kV. The total capacity of HECO's transmission and distribution substations was 6,815,500 kilovoltamperes as of December 31, 2008.

HECO owns buildings and approximately 11.5 acres of land located in Honolulu which houses its operating, engineering and information services departments and a warehousing center. It also leases an office building and certain office spaces in Honolulu. The lease for the office building expires in November 2021, with an option to

extend through November 2024. The leases for certain office spaces expire on various dates from October 31, 2009 through November 30, 2017 with options to extend to various dates through January 31, 2020.

HECO owns 19.2 acres of land at Campbell Industrial Park used to situate fuel oil storage facilities with a combined capacity of 1,002,000 barrels. HECO also owns fuel oil tanks at each of its plant sites with a total maximum usable capacity of 816,000 barrels and underground fuel pipelines that transport fuel from HECO's tank farm at Campbell Industrial Park to HECO's power plants at Waiau and Kahe. HECO also owns a fuel storage facility at its Iwilei site with a maximum usable capacity of 77,218 barrels, and an underground pipeline that transports fuel from that site to its Honolulu power plant.

HELCO owns and operates five generating plants on the island of Hawaii, two at Hilo and one at each of Waimea, Kona and Puna, along with distributed generators at substation sites. These plants have an aggregate net generating capability of 181.9 MW as of December 31, 2008 (excluding a small run-of-river hydro unit and a small windfarm). The plants are situated on HELCO-owned land having a combined area of approximately 44 acres. The distributed generators are located within HELCO-owned substation sites having a combined area of approximately 4 acres. HELCO also owns fuel storage facilities at these sites with a total maximum usable capacity of 76,041 barrels of bunker oil, and 48,812 barrels of diesel. HELCO also owns 6 acres of land in Kona, which is used for a baseyard, and one acre of land in Hilo, which houses its accounting, customer services and administrative offices. HELCO also leases 4 acres of land for its baseyard in Hilo under a lease expiring in 2030. In addition, HELCO owns a total of approximately 99 acres of land, and leases a total of approximately 9 acres of land, on which hydro facilities, substations and switching stations, microwave facilities, and transmission lines are located. The deeds to the sites located in Hilo contain certain restrictions, but the restrictions do not materially interfere with the use of the sites for public utility purposes. HELCO occupies 78 acres of land (located in Kamuela on the island of Hawaii) for the Lalamilo windfarm (with an aggregate net capability of 0.3 MW as of December 31, 2008), pursuant to a long-term agreement with the Water Commission of the County of Hawaii expiring in 2010.

MECO owns and operates two generating plants on the island of Maui, at Kahului and Maalaea, with an aggregate net generating capability of 244.3 MW as of December 31, 2008. The plants are situated on MECO-owned land having a combined area of 28.6 acres. MECO also owns fuel oil storage facilities at these sites with a total maximum usable capacity of 176,355 barrels. MECO owns two 1 MW stand-by diesel generators and a 6,000 gallon fuel storage tank located in Hana. MECO owns 65.7 acres of undeveloped land at Waena. Prior to September 12, 2007, the Waena land was used for agricultural purposes by the former landowner under a license agreement dated November 19, 1996. On September 12, 2007, the parties executed an amendment, which terminated the license with respect to a portion of the property measuring approximately 15 acres which has been identified as the site for a proposed biofuel plant. The September 12, 2007 amendment extended the term of the license for the remainder of the parcel on a month to month basis, terminable by either party upon thirty days written notice until the area is required for development by MECO for utility purposes, or until July 31, 2009, whichever occurs first.

MECO's administrative offices and engineering and distribution departments are located on 9.1 acres of MECO-owned land in Kahului.

MECO also owns and operates smaller distribution systems, generation systems (with an aggregate net capability of 21.1 MW as of December 31, 2008) and fuel storage facilities on the islands of Lanai and Molokai, primarily on land owned by MECO.

Bank

General

ASB was granted a federal savings bank charter in January 1987. Prior to that time, ASB had operated since 1925 as the Hawaii division of American Savings & Loan Association of Salt Lake City, Utah. As of December 31, 2008, ASB was one of the largest financial institutions in the State of Hawaii based on total assets of $5.4 billion and deposits of $4.2 billion. In 2008, ASB's revenues and net income amounted to approximately 11% and 20%, respectively, of HEI's consolidated revenues and net income, compared to approximately 17% and 63% in 2007 and approximately 17% and 52% in 2006, respectively.

At the time of HEI's acquisition of ASB in 1988, HEI agreed with the OTS' predecessor regulatory agency that ASB's regulatory capital would be maintained at a level of at least 6% of ASB's total liabilities, or at such greater amount as may be required from time to time by regulation. Under the agreement, HEI's obligation to contribute additional capital to insure that ASB would have a capital level required by the OTS was limited to a maximum aggregate amount of approximately $65.1 million. As of December 31, 2008, as a result of certain HEI contributions of capital to ASB, HEI's maximum obligation to contribute additional capital has been reduced to approximately $28.3 million. ASB is subject to OTS regulations on dividends and other distributions applicable to financial institutions and ASB must receive a letter of non-objection from the OTS before it can declare and pay a dividend to HEI.

ASB's earnings depend primarily on its net interest income—the difference between the interest income earned on earning assets (loans receivable and investment and mortgage-related securities) and the interest expense incurred on costing liabilities (deposit liabilities and other borrowings, including advances from the Federal Home Loan Bank (FHLB) of Seattle and securities sold under agreements to repurchase). Other factors affecting ASB's operating results include provision for loan losses, fee income, other noninterest income (including gains and losses on sales of securities and notes and other-than-temporary impairments of securities) and noninterest expenses (including the loss on the early extinguishment of debt due to the balance sheet restructuring in June 2008).

For additional information about ASB, see the sections under "Bank" in HEI's MD&A, HEI's "Quantitative and Qualitative Disclosures about Market Risk" and Note 4 to HEI's Consolidated Financial Statements .

The following table sets forth selected data for ASB for the years indicated (average balances calculated using the average daily balances):

Years ended December 31	2008	2007	2006
Common equity to assets ratio			
Average common equity divided by average total assets	9.20%	8.30%	8.15%
Return on assets			
Net income for common stock divided by average total assets	0.29	0.78	0.82
Return on common equity			
Net income for common stock divided by average common equity	3.17	9.39	10.06
Tangible efficiency ratio			
Total noninterest expense, less amortization of intangibles, divided by net interest income and noninterest income	85	66	65

All of the foregoing ratios and returns for 2008 were affected in 2008 by ASB's restructuring of its balance sheet in June 2008.

ASB's tangible efficiency ratio – the cost of earning $1 of revenue – increased from 65% in 2006 to 85% in 2008 primarily due to charges to noninterest income and noninterest expenses in 2008 as a result of the restructuring of its balance sheet.

Consolidated average balance sheet

See "Average balance sheet and net interest margin" in HEI's MD&A.

In 2008, average investment and mortgage-related securities decreased by $1.1 billion primarily due to the restructuring of ASB's balance sheet which included the sale of mortgage-related securities and agency notes. In 2007, average investment and mortgage-related securities decreased by $180.9 million primarily due to the use of proceeds from repayments in the portfolio to fund loans.

In 2008, average loans receivable increased by $249.3 million, or 6.4%, over 2007 average loans receivable. The growth in the loan portfolio was due to growth in home equity lines of credit, continued growth in commercial market loans and residential loans purchased. The average residential mortgage portfolio balance grew by

$158.4 million, or 5.5%, over 2007. The average commercial loan portfolio balance increased by $66.6 million, or 14.3%, due to higher originations. The average home equity line of credit loan portfolio balance grew by $42.0 million, or 21.9%, due to higher originations. The average commercial real estate loan portfolio balance was $13.4 million, or 4.2%, lower than 2007 primarily due to repayments of construction loans. Average consumer loan balances also decreased by $2.6 million, or 3.3%, over 2007. Average deposit balances decreased in 2008 by $183.5 million, as the downward trend in interest rates made it difficult to retain interest-bearing deposits. Average other borrowings decreased in 2008 by $531.8 million due to the early extinguishment of other borrowings in the balance sheet restructuring.

In 2007, average loans receivable increased by $206.0 million, or 5.6%, over 2006 average loans receivable. The average residential mortgage portfolio balance grew by $172.9 million, or 6.3%, over 2006 primarily due to the continued strength of the Hawaii economy and the stability of the Hawaii real estate market and loan purchases. See “Economic conditions” in HEI’s MD&A for a discussion of the Hawaii housing market. The average commercial loan portfolio balance was $20.4 million, or 4.6%, higher than 2006 due to higher originations. The average commercial real estate and consumer loan portfolios grew by $6.8 million and $6.1 million, respectively, over 2006. Average deposit balances decreased by $97.6 million compared to 2006 as competitive factors and the level of short-term interest rates have made it difficult to retain deposits. Average other borrowings increased by $99.0 million over 2006 to replace the decrease in deposit balances.

Asset/liability management

See HEI’s “Quantitative and Qualitative Disclosures about Market Risk.”

Interest income and interest expense

See “Results of operations—Bank” in HEI’s MD&A for a table of average balances, interest and dividend income, interest expense and weighted-average yields earned and rates paid for certain categories of earning assets and costing liabilities for the years ended December 31, 2008, 2007 and 2006.

The following table shows for the periods indicated the effect on net interest income of (1) changes in interest rates (change in weighted-average interest rate multiplied by prior year average balance) and (2) changes in volume (change in average balance multiplied by prior period weighted-average interest rate). Any remaining change is allocated to the above two categories on a *pro rata* basis.

(in thousands)	2008 vs. 2007			2007 vs. 2006		
Increase (decrease) due to	Rate	Volume	Total	Rate	Volume	Total
Income from earning assets						
Investment and mortgage-related securities	$(44,058)	$ (2,204)	$(46,262)	$ 2,559	$ (8,249)	$ (5,690)
Loans receivable, net	15,466	(13,849)	1,617	1,101	12,882	13,983
	(28,592)	(16,053)	(44,645)	3,660	4,633	8,293
Expense from costing liabilities						
Deposit liabilities	6,655	13,741	20,396	(6,148)	(2,117)	(8,265)
Other borrowings	20,252	13,826	34,078	(1,123)	(4,414)	(5,537)
	26,907	27,567	54,474	(7,271)	(6,531)	(13,802)
Net interest income	$ (1,685)	$ 11,514	$ 9,829	$(3,611)	$ (1,898)	$ (5,509)

Noninterest income

In addition to net interest income, ASB has various sources of noninterest income, including fee income from credit and debit cards and fee income from deposit liabilities and other financial products and services. Noninterest income totaled approximately $46.1 million in 2008, $68.4 million in 2007 and $59.6 million in 2006. The decrease in noninterest income was primarily due to the loss on sale of securities from the balance sheet restructuring ($19.3 million) and an other-than-temporary impairment charge on two mortgage-related securities ($7.8 million). The increases in noninterest income for 2007 were due to higher fee income on deposit liabilities and other financial services, partially offset by lower income from the sale of investment and insurance products.

Lending activities

General . Loans and mortgage-related securities of $4.8 billion represented 88.4% of total assets as of December 31, 2008, compared to $6.2 billion, or 90.1%, and $6.0 billion, or 88.1%, as of December 31, 2007 and 2006, respectively. The decrease in the loans and mortgage-related securities balance was primarily due to the sale

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of mortgage-related securities in the balance sheet restructuring. See the discussion of "Balance sheet restructure" in Note 4 to HEI's Consolidated Financial Statements. ASB's loan portfolio consists primarily of conventional residential mortgage loans.

The following table sets forth the composition of ASB's loan and mortgage-related securities portfolio as of the dates indicated:

December 31	2008		2007		2006		2005		2004	
(dollars in thousands)	Balance	% of total	Balance	% of total	Balance	% of total	Balance	% of total	Balance	% of total
Real estate loans [1]										
Conventional (1-4 unit residential)	$2,958,442	61.6	$3,065,115	49.6	$2,697,421	45.0	$2,617,194	42.4	$2,464,133	39.9
Commercial	260,806	5.4	276,703	4.5	264,459	4.4	229,430	3.7	226,699	3.6
Construction and development	152,446	3.2	137,451	2.2	260,870	4.3	241,311	3.9	202,466	3.3
	3,371,694	70.2	3,479,269	56.3	3,222,750	53.7	3,087,935	50.0	2,893,298	46.8
Less: Deferred fees and discounts	(23,002)	(0.5)	(24,570)	(0.4)	(21,153)	(0.4)	(21,484)	(0.3)	(20,701)	(0.3)
Undisbursed loan funds	(64,189)	(1.3)	(71,272)	(1.2)	(117,094)	(1.9)	(140,271)	(2.3)	(132,208)	(2.1)
Allowance for loan losses	(10,254)	(0.2)	(8,581)	(0.1)	(13,693)	(0.2)	(16,212)	(0.3)	(15,663)	(0.3)
Total real estate loans, net	3,274,249	68.2	3,374,846	54.6	3,070,810	51.2	2,909,968	47.1	2,724,726	44.1
Other loans										
Commercial	597,233	12.4	471,576	7.6	453,151	7.5	412,816	6.7	310,999	5.0
Consumer and other	362,386	7.5	278,080	4.5	275,047	4.6	259,048	4.2	232,189	3.8
	959,619	19.9	749,656	12.1	728,198	12.1	671,864	10.9	543,188	8.8
Less: Deferred fees and discounts	(1,832)	—	(1,679)	(0.1)	(880)	—	(613)	—	(526)	—
Undisbursed loan funds	—	—	—	—	(132)	—	(2)	—	(3)	—
Allowance for loan losses	(25,544)	(0.5)	(21,630)	(0.3)	(17,535)	(0.3)	(14,383)	(0.2)	(18,194)	(0.3)
Total other loans, net	932,243	19.4	726,347	11.7	709,651	11.8	656,866	10.7	524,465	8.5
Mortgage-related securities, net	597,717	12.4	2,080,744	33.7	2,218,103	37.0	2,604,920	42.2	2,928,507	47.4
Total loans and mortgage-related securities, net	$4,804,209	100.0	$6,181,937	100.0	$5,998,564	100.0	$6,171,754	100.0	$6,177,698	100.0

[1] Includes renegotiated loans.

The following table summarizes ASB's loan portfolio as of December 31, 2008 and 2007, excluding loans held for sale and undisbursed commercial real estate construction and development loan funds, based upon contractually scheduled principal payments and expected prepayments allocated to the indicated maturity categories:

December 31	2008				2007			
Due (in millions)	In 1 year or less	After 1 year through 5 years	After 5 years	Total	In 1 year or less	After 1 year through 5 years	After 5 years	Total
Residential loans - Fixed	$1,136	$ 1,286	$ 461	$2,883	$ 698	$ 1,293	$1,018	$3,009
Residential loans - Adjustable	72	35	3	110	79	54	4	137
	1,208	1,321	464	2,993	777	1,347	1,022	3,146
Commercial real estate loans - Fixed	21	57	81	159	16	42	72	130
Commercial real estate loans - Adjustable	69	66	21	156	75	49	33	157
	90	123	102	315	91	91	105	287
Consumer loans – Fixed	7	13	4	24	7	11	5	23
Consumer loans – Adjustable	45	104	171	320	51	124	68	243
	52	117	175	344	58	135	73	266
Commercial loans – Fixed	135	213	46	394	95	149	47	291
Commercial loans – Adjustable	122	77	4	203	132	49	—	181
	257	290	50	597	227	198	47	472
Total loans - Fixed	1,299	1,569	592	3,460	816	1,495	1,142	3,453
Total loans - Adjustable	308	282	199	789	337	276	105	718
	$1,607	$ 1,851	$ 791	$4,249	$1,153	$ 1,771	$1,247	$4,171

The decrease in fixed rate residential loans was due to repayments in the portfolio, low production and the sale of fixed rate loans in the secondary market

Origination, purchase and sale of loans . Generally, residential and commercial real estate loans originated by ASB are secured by real estate located in Hawaii. For additional information, including information concerning the geographic distribution of ASB's mortgage-related securities portfolio and the geographic concentration of credit risk, see Note 13 to HEI's Consolidated Financial Statements. The demand for loans is primarily dependent on the Hawaii real estate market, business conditions, interest rates and loan refinancing activity.

Residential mortgage lending . ASB's general policy is to require private mortgage insurance when the loan-to-value ratio of the property exceeds 80% of the lower of the appraised value or purchase price at origination. For nonowner-occupied residential properties, the loan-to-value ratio may not exceed 90% of the lower of the appraised value or purchase price at origination.

Construction and development lending . ASB provides both fixed- and adjustable-rate loans for the construction of one-to-four unit residential and commercial properties. Construction loan projects are typically short term in nature. Construction and development financing generally involves a higher degree of credit risk than long-term financing on improved, occupied real estate. Accordingly, construction and development loans are generally priced higher than loans secured by completed structures. ASB's underwriting, monitoring and disbursement practices with respect to construction and development financing are designed to ensure sufficient funds are available to complete construction projects. See "Loan portfolio risk elements" and "Multifamily residential and commercial real estate lending" below.

Multifamily residential and commercial real estate lending . ASB provides permanent financing and construction and development financing secured by multifamily residential properties (including apartment buildings) and secured by commercial and industrial properties (including office buildings, shopping centers and warehouses) for its own portfolio as well as for participation with other lenders. Commercial real estate lending typically involves long lead times to originate and fund. As a result, production results can vary significantly from period to period.

Consumer lending . ASB offers a variety of secured and unsecured consumer loans. Loans secured by deposits are limited to 90% of the available account balance. ASB offers home equity lines of credit, secured and unsecured VISA cards, checking account overdraft protection and other general purpose consumer loans.

Commercial lending . ASB provides both secured and unsecured commercial loans to business entities. This lending activity is part of ASB's strategic transformation to a full-service community bank and is designed to diversify ASB's asset structure, shorten maturities, improve rate sensitivity of the loan portfolio and attract commercial checking deposits.

Loan origination fee and servicing income . In addition to interest earned on loans, ASB receives income from servicing loans, for late payments and from other related services. Servicing fees are received on loans originated and subsequently sold by ASB where ASB acts as collection agent on behalf of third-party purchasers.

ASB generally charges the borrower at loan settlement a loan origination fee of 1% of the amount borrowed. See "Loans receivable" in Note 1 to HEI's Consolidated Financial Statements.

Loan portfolio risk elements . When a borrower fails to make a required payment on a loan and does not cure the delinquency promptly, the loan is classified as delinquent. If delinquencies are not cured promptly, ASB normally commences a collection action, including foreclosure proceedings in the case of secured loans. In a foreclosure action, the property securing the delinquent debt is sold at a public auction in which ASB may participate as a bidder to protect its interest. If ASB is the successful bidder, the property is classified as real estate owned until it is sold. As of December 31, 2008, ASB had $1.5 million of real estate acquired in settlement of loans. ASB did not hold any real estate acquired in settlement of loans as of December 31, 2007 and 2006.

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In addition to delinquent loans, other significant lending risk elements include: (1) loans which accrue interest and are 90 days or more past due as to principal or interest, (2) loans accounted for on a nonaccrual basis (nonaccrual loans), and (3) loans on which various concessions are made with respect to interest rate, maturity, or other terms due to the inability of the borrower to service the obligation under the original terms of the agreement (renegotiated loans). ASB had no loans that were 90 days or more past due on which interest was being accrued as of the dates presented in the table below. The following table sets forth certain information with respect to nonaccrual and renegotiated loans as of the dates indicated:

December 31 **(dollars in thousands)**	**2008**	**2007**	**2006**	**2005**	**2004**
Nonaccrual loans—					
Real estate					
One-to-four unit residential	$15,446	$1,116	$ 907	$1,394	$2,240
Commercial	—	—	—	—	235
Total real estate	15,446	1,116	907	1,394	2,475
Consumer	1,282	806	346	377	411
Commercial	2,766	1,273	1,144	598	3,510
Total nonaccrual loans	$19,494	$3,195	$2,397	$2,369	$6,396
Nonaccrual loans to total net loans	0.5%	0.1%	0.1%	0.1%	0.2%
Renegotiated loans not included above—					
Real estate					
One-to-four unit residential	$ 4,038	$2,536	$2,540	$ 731	$1,243
Commercial	—	—	3,274	3,446	3,653
Commercial	4,612	571	467	790	427
Total renegotiated loans	$ 8,650	$3,107	$6,281	$4,967	$5,323
Nonaccrual and renegotiated loans to total net loans	0.7%	0.2%	0.2%	0.2%	0.4%

ASB realized $1.0 million, $0.2 million and $0.1 million of interest income on nonaccrual loans in 2008, 2007 and 2006, respectively. If these loans would have earned interest in accordance with their original contractual terms ASB would have realized $0.7 million, $0.1 million and $0.4 million in 2008, 2007 and 2006, respectively.

In 2005, the decrease in nonaccrual loans of $4.0 million was primarily due to a $2.9 million payoff of a commercial loan and lower delinquencies in residential loans. In 2006, nonaccrual loans of $2.4 million approximated 2005 nonaccrual loans as a reduction in nonaccrual residential loans due to lower delinquencies was offset by higher amount of commercial loans on nonaccrual status. In 2007, nonaccrual loans increased by $0.8 million when compared to 2006 due to higher delinquencies in the residential and consumer loan portfolios. In 2008, nonaccrual loans increased by $16.3 million due to higher residential loan delinquencies and the reclassification of certain commercial loans due to their weakening credit quality.

Allowance for loan losses . See “Allowance for loan losses” in Note 1 to HEI’s Consolidated Financial Statements.

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The following table presents the changes in the allowance for loan losses for the years indicated:

(dollars in thousands)	2008	2007	2006	2005	2004
Allowance for loan losses, January 1	$30,211	$31,228	$30,595	$33,857	$44,285
Provision (reversal of allowance) for loan losses	10,334	5,700	1,400	(3,100)	(8,400)
Charge-offs					
Residential real estate loans	333	—	—	—	40
Consumer loans	1,846	1,423	1,119	1,558	1,790
Commercial loans	3,447	6,301	766	456	2,479
Total charge-offs	5,626	7,724	1,885	2,014	4,309
Recoveries					
Residential real estate loans	46	68	200	459	346
Commercial real estate loans	—	—	—	—	562
Consumer loans	548	316	436	525	549
Commercial loans	285	623	482	868	824
Total recoveries	879	1,007	1,118	1,852	2,281
Allowance for loan losses, December 31	$35,798	$30,211	$31,228	$30,595	$33,857
Ratio of allowance for loan losses, December 31, to average loans outstanding	0.86%	0.77%	0.84%	0.89%	1.07%
Ratio of provision for loan losses during the year to average loans outstanding	0.25%	0.15%	0.04%	NM	NM
Ratio of net charge-offs during the year to average loans outstanding	0.11%	0.17%	0.02%	<0.01%	0.06%

NM Not meaningful.

The following table sets forth the allocation of ASB's allowance for loan losses and the percentage of loans in each category to total loans as of the dates indicated:

December 31	2008		2007		2006		2005		2004	
(dollars in thousands)	Balance	% of total	Balance	% of total	Balance	% of total	Balance	% of total	Balance	% of total
Residential real estate	$ 6,074	69.5%	$ 4,243	74.5%	$ 5,682	70.6%	$ 8,613	72.1%	$10,137	74.4%
Commercial real estate	3,977	8.3	4,243	7.8	7,922	11.0	7,450	10.0	5,355	9.7
Consumer	2,957	8.4	2,746	6.6	3,623	6.9	3,111	6.9	4,008	6.8
Commercial	22,066	13.8	18,640	11.1	13,801	11.5	11,139	11.0	13,986	9.1
Unallocated	724	NA	339	NA	200	NA	282	NA	371	NA
	$35,798	100.0%	$30,211	100.0%	$31,228	100.0%	$30,595	100.0%	$33,857	100.0%

NA Not applicable.

In 2008, ASB's allowance for loan losses increased by $5.6 million from 2007 as a result of higher residential loan delinquencies, the reclassification of certain commercial loans due to their weakening credit quality and an increase in the loan portfolio. ASB had good credit quality in 2008 despite the weakening economy and slowing real estate market. Although new home purchase and home resale transaction volumes in Hawaii have fallen off, the Hawaii real estate market has not experienced the same level of decline in values seen in many U.S. mainland markets. However, the slowdown in the economy, both nationally and locally, has caused increased levels of financial stress on the part of ASB's customers, resulting in higher levels of loan delinquencies and losses. As a result, ASB's 2008 provision for loan losses was $10.3 million, following several years of historically low loan losses and loan loss allowances. The consensus outlook for the Hawaii economy is for the rate of growth to slow dramatically in 2009. Continued financial stress on ASB's customers or falling home prices may result in higher levels of loan delinquencies and losses.

In 2007, ASB's allowance for loan losses decreased by $1.0 million when compared to 2006, primarily due to the charge-off of loans to one commercial borrower. ASB's asset quality remained high due to the strength of the Hawaii economy and stability of the Hawaii real estate market, resulting in lower historical loss ratios and release of

reserves for residential real estate and consumer loans. The decrease in allowance for loan losses for commercial real estate loans was due the release of reserves on construction loans that have been repaid. The increase in allowance for loan losses for commercial loans was due to loan growth and the reclassification of certain commercial loans. A provision for loan losses of $5.7 million was recorded in 2007, primarily due to specific reserves for the one commercial borrower and the reclassified commercial loans that continue to be current on loan payments but have identified weaknesses. Management does not believe that the adverse development of the loans to the one commercial borrower or the reclassification of certain commercial loans is reflective of a negative trend in the overall credit quality of the loan portfolio.

In 2006, ASB's allowance for loan losses increased by $0.6 million, compared to a decrease of $3.3 million in 2005. Continued strength in real estate and business conditions in 2006 resulted in low net charge-offs and lower historical loss ratios, which enabled ASB to largely offset the provision for loan losses as a result of loan growth with the release of reserves on existing loans. ASB recorded a provision for loan losses of $1.4 million in 2006 for the same commercial borrower.

In 2005, ASB's allowance for loan losses decreased by $3.3 million compared to a decrease of $10.4 million in 2004. Continued strength in real estate and business conditions in 2005 resulted in lower historical loss ratios and lower net charge-offs as a result of lower delinquencies which enabled ASB to record a reversal of allowance for loan losses of $3.1 million.

Investment activities

Currently, ASB's investment portfolio consists of mortgage-related securities, stock of the FHLB of Seattle and federal agency obligations. ASB owns private-issue mortgage-related securities as well as mortgage-related securities issued by the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Government National Mortgage Association (GNMA). See "Balance sheet restructure" in Note 4 to HEI's Consolidated Financial Statements for a discussion of mortgage-related security sales. See "Net interest margin and other factors" in HEI's MD&A for a discussion of private issue mortgage-related securities ratings. The weighted-average yield on investments during 2008, 2007 and 2006 was 4.31%, 4.44% and 4.36%, respectively. ASB did not maintain a portfolio of securities held for trading during 2008, 2007 or 2006.

As of December 31, 2008, 2007 and 2006, ASB's investment in stock of FHLB of Seattle amounted to $97.8 million. The amount that ASB is required to invest in FHLB stock is determined by regulatory requirements and ASB's investment is in excess of that requirement. See "FHLB of Seattle dividends" in HEI's MD&A for a discussion of dividends on ASB's investment in FHLB of Seattle Stock and recent events that have adversely affected those dividends. Also, see "Regulation—Federal Home Loan Bank System" below.

ASB does not have material exposure to securities backed by subprime mortgages. See "Bank—Results of operations—Net interest margin and other factors" in HEI's MD&A for a discussion of securities deemed to be other than temporarily impaired at December 31, 2008. Also, see "Investment and mortgage-related securities" in Note 4 to HEI's Consolidated Financial Statements for a discussion of four mortgage-related securities in the securities portfolio with material unrealized losses that were determined to not be other than temporarily impaired.

The following table summarizes ASB's investment portfolio (excluding stock of the FHLB of Seattle, which has no contractual maturity), as of December 31, 2008, based upon contractually scheduled principal payments and expected prepayments allocated to the indicated maturity categories:

Due (dollars in millions)	In 1 year or less	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total
Federal agency obligations	$ 108	$ 142	$ 44	$ 5	$299
FNMA, FHLMC and GNMA	297	61	1	—	359
Private issue	60	—	—	—	60
	$ 465	$ 203	$ 45	$ 5	$718
Weighted average yield	5.83%	5.67%	4.10%	4.20%	

Note: ASB does not currently invest in tax exempt obligations.

Deposits and other sources of funds

General . Deposits traditionally have been the principal source of ASB's funds for use in lending, meeting liquidity requirements and making investments. ASB also derives funds from the receipt of interest and principal on outstanding loans receivable and mortgage-related securities, borrowings from the FHLB of Seattle, securities sold under agreements to repurchase and other sources. ASB borrows on a short-term basis to compensate for seasonal or other reductions in deposit flows. ASB also may borrow on a longer-term basis to support expanded lending or investment activities. Advances from the FHLB and securities sold under agreements to repurchase continue to be a significant source of funds, but they are a higher cost of funds than deposits.

Deposits . ASB's deposits are obtained primarily from residents of Hawaii. Net deposit inflow or outflow, measured as the year-over-year difference in year-end deposits was an outflow of $167 million in 2008 compared to $228 million in 2007 and an inflow of $18 million in 2006.

The following table illustrates the distribution of ASB's average deposits and average daily rates by type of deposit for the years indicated. Average balances have been calculated using the average daily balances.

Years ended December 31	2008			2007			2006		
(dollars in thousands)	Average balance	% of total deposits	Weighted average rate %	Average balance	% of total deposits	Weighted average rate %	Average balance	% of total deposits	Weighted average rate %
Savings	$1,415,588	33.2%	0.61%	$1,469,497	33.1%	0.76%	$1,609,070	35.4%	0.83%
Checking	1,196,555	28.1	0.13	1,149,271	25.8	0.13	1,155,687	25.5	0.09
Money market	168,518	4.0	1.06	189,817	4.3	2.16	226,837	5.0	1.69
Certificate	1,478,624	34.7	3.35	1,634,156	36.8	3.98	1,548,698	34.1	3.58
Total deposits	$4,259,285	100.0%	1.44%	$4,442,741	100.0%	1.84%	$4,540,292	100.0%	1.62%

As of December 31, 2008, ASB had $407.3 million in certificate accounts of $100,000 or more, maturing as follows:

(in thousands)	Amount
Three months or less	$132,087
Greater than three months through six months	78,681
Greater than six months through twelve months	151,272
Greater than twelve months	45,229
	$407,269

Deposit-insurance premiums and regulatory developments . On February 8, 2006, the Federal Deposit Insurance Reform Act of 2005 (the Reform Act) became law. One of the provisions of the Reform Act was to merge the Savings Association Insurance Fund (SAIF) and the Bank Insurance Fund (BIF) into a new fund, the Deposit Insurance Fund. This change was made effective March 31, 2006. The Financing Corporation (FICO) will continue to impose an assessment on deposits.

For a discussion of recent changes to the deposit insurance system, premiums and FICO assessments, see "Regulation—Deposit insurance coverage" below.

Other borrowings . ASB may obtain advances from the FHLB of Seattle provided certain standards related to creditworthiness have been met. Advances are secured by a blanket pledge of certain notes held by ASB and the mortgages securing them. To the extent that advances exceed the amount of mortgage loan collateral pledged to the FHLB of Seattle, the excess must be covered by qualified marketable securities held under the control of and at the FHLB of Seattle or at an approved third party custodian. FHLB advances generally are available to meet seasonal and other withdrawals of deposit accounts, to expand lending and to assist in the effort to improve asset and liability management. FHLB advances are made pursuant to several different credit programs offered from time to time by the FHLB of Seattle.

As of December 31, 2008, 2007 and 2006, advances from the FHLB amounted to $0.4 billion, $1.0 billion and $0.7 billion, respectively. The weighted-average rates on the advances from the FHLB outstanding as of December 31, 2008, 2007 and 2006 were 2.52%, 4.90% and 4.92%, respectively. The maximum amount outstanding at any month-end during 2008, 2007 and 2006 was $1.0 billion, $1.0 billion and $0.9 billion,

respectively. Advances from the FHLB averaged $0.7 billion during 2008, $0.8 billion during 2007 and $0.8 billion during 2006 and the approximate weighted-average rate on the advances was 4.28%, 4.92% and 4.75%, respectively.

See “Other borrowings—Securities sold under agreements to repurchase” in Note 4 to HEI’s Consolidated Financial Statements.

The following table sets forth information concerning ASB’s advances from the FHLB and securities sold under agreements to repurchase as of the dates indicated:

December 31 (dollars in thousands)	2008	2007	2006
Advances from the FHLB	$439,550	$1,046,000	$ 730,000
Securities sold under agreements to repurchase	241,423	764,669	838,585
Total other borrowings	$680,973	$1,810,669	$1,568,585
Weighted-average rate	2.29%	4.49%	4.55%

The decrease in total other borrowings in 2008 was primarily due to the early extinguishment of other borrowings in the balance sheet restructuring. See “Balance sheet restructure” in Note 4 to HEI’s Consolidated Financial Statements.

Competition

See “Bank—Executive overview and strategy” and “Bank—Certain factors that may affect future results and financial condition—Competition” in HEI’s MD&A.

Competition for deposits comes primarily from other savings institutions, commercial banks, credit unions, money market and mutual funds and other investment alternatives. As of December 31, 2008, there were 9 FDIC-insured financial institutions, of which 2 were thrifts and 7 were commercial banks, and numerous credit unions in Hawaii. Additional competition for deposits comes from various types of corporate and government borrowers, including insurance companies. Competition for origination of first mortgage loans comes primarily from mortgage banking and brokerage firms, commercial banks, other savings institutions, insurance companies and real estate investment trusts.

Regulation

ASB, a federally chartered savings bank, and its holding companies are subject to the regulatory supervision of the OTS and, in certain respects, the FDIC. See “HEI—Regulation” above and “Bank—Certain factors that may affect future results and financial condition—Regulation” in HEI’s MD&A. In addition, ASB must comply with Federal Reserve Board (FRB) reserve requirements.

Deposit insurance coverage. The Federal Deposit Insurance Act, as amended, and regulations promulgated by the FDIC, govern insurance coverage of deposit amounts. Congress has temporarily increased FDIC deposit insurance from $100,000 to $250,000 per depositor through December 31, 2009. Generally, the amount of all deposits held by a depositor in the same capacity (even if held in separate accounts) is aggregated for purposes of applying the insurance limit

Among the major reforms in the last few years to the deposit insurance system were the merger of the BIF and the SAIF; indexing the deposit insurance to inflation beginning in 2010 and every five years thereafter; and authorizing the FDIC to assess risk-based premiums. Under the new FDIC rules assessing risk-based premiums, which became effective on January 1, 2007, ASB is classified in Risk Category I, the lowest risk group. Based upon its component ratings under the Uniform Financial Institutions Ratings System (i.e., the CAMELS rating system) and five financial ratios specified in the new FDIC rules, ASB’s assessment rate for 2008 was 5.4 basis points, which resulted in an assessment amount of approximately $2.3 million, compared to an assessment rate of 5 basis points and an assessment amount of $2.2 million in 2007. Also as a result of the federal deposit insurance reform, certain financial institutions were entitled to a one-time assessment credit, which may be used to offset annual deposit insurance assessments (not including FICO assessments) for up to 90% of a financial institution’s assessment. In 2008, ASB used all of its remaining one-time credit of $0.8 million to offset a portion of its assessment.

A new interim rate schedule took effect January 1, 2009; these rates will apply to the June 30, 2009 debit (payment based upon the March 31, 2009 data). The annual rates in basis points for Risk Category I range from 12

to 14. Furthermore, there are new proposed rate schedules to take effect beginning April 1, 2009. These rates will apply to the September 30, 2009 debit (payment based on June 30, 2009 data) and beyond. The total base assessment rate for Risk Category I range from 8 to 21. FICO will continue to impose an assessment on deposits to service the interest on FICO bond obligations. ASB's annual FICO assessment is 1.14 cents per $100 of deposits as of December 31, 2008.

Federal thrift charter. See "Bank—Certain factors that may affect future results and financial condition—Regulation—Federal Thrift Charter" in HEI's MD&A.

Legislation. The Gramm-Leach-Bliley Act of 1998 (the Gramm Act) and implementing regulations imposed on financial institutions an obligation to protect the security and confidentiality of its customers' nonpublic personal information. The Gramm Act also requires public disclosure of certain agreements entered into by insured depository institutions and their affiliates in fulfillment of the Community Reinvestment Act of 1977, and the filing of an annual report with the appropriate regulatory agencies.

On November 2, 2007, final rules adopted by the Federal Reserve Board, in coordination with the SEC, became effective implementing the Gramm Act's exemptions for financial institutions from the definition of "broker" in the Securities and Exchange Act of 1934, which rules address issues arising out of "networking" arrangements whereby a financial institution refers its customers to a broker-dealer for securities services and employees of the financial institution are permitted to receive from the broker-dealer a "nominal fee" for such referrals. ASB has a networking arrangement with UVEST Financial Services.

The International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 (the 2001 Act), which is part of the USA Patriot Act, imposes on financial institutions a wide variety of additional obligations with respect to such matters as collecting information, monitoring relationships and reporting suspicious activities. The 2001 Act also requires financial institutions to establish anti-money laundering programs and, with respect to correspondent and private banking accounts of non-U.S. persons, to implement appropriate due diligence policies to detect money laundering activities carried out through such accounts. In January 2008, the OTS issued a consent order requiring, among other things, various actions by ASB to strengthen its Bank Secrecy Act and Anti-Money Laundering Program and its Compliance Management Program and assessing a civil money penalty of $37,730 related to non-compliance with certain flood insurance laws and regulations. On December 11, 2008, the OTS terminated the order finding that ASB satisfactorily complied with the order.

The Fair and Accurate Credit Transactions Act of 2003 (the FACT Act) amended the Fair Credit Reporting Act of 1978 to enhance the ability of consumers to combat identity theft, to increase the accuracy of consumer reports, to allow consumers to exercise greater control of the type and number of solicitations they receive, and to restrict the use and distribution of sensitive medical information.

The agencies have implemented provisions of the FACT Act to, among other things, (i) require each financial institution, including thrifts, to develop, implement and maintain, as part of its existing information security program, appropriate measures to properly dispose of consumer information such as that derived from consumer reports, (ii) require each financial institution, including thrifts, to develop and implement a written identity theft prevention program and (iii) prohibit the use of information received from an affiliate to solicit a consumer for marketing purposes unless the consumer is given notice and a reasonable opportunity to opt out and a reasonable and simple method to do so.

Noteworthy OTS Issuances. During Spring and Summer 2007, the federal financial institution regulatory agencies, including the OTS, issued statements encouraging financial institutions to pursue reasonable workout arrangements with residential mortgage borrowers. In August 2008, the OTS issued its guidance on home equity lines of credit calling for the maintenance of effective risk management systems and compliance with OTS real estate lending standards rule and related guidance. In November 2008, the OTS issued an Interagency Statement on Meeting the Needs of Creditworthy Borrowers. Among the main topics were lending to creditworthy borrowers, strengthening capital, working with mortgage borrowers, and structuring compensation. ASB will continue to monitor these regulatory developments.

Capital requirements . The OTS has set three capital standards for thrifts, each of which must be no less stringent than those applicable to national banks. As of December 31, 2008, ASB was in compliance with all of the minimum standards with a core capital ratio of 8.5% (compared to a 4.0% requirement), a tangible capital ratio of 8.5%

(compared to a 1.5% requirement) and total risk-based capital ratio of 12.8% (based on risk-based capital of $494.7 million, $184.5 million in excess of the 8.0% requirement).

The OTS requires that thrifts with a composite rating of "1" under the Uniform Financial Institution Rating System (i.e., CAMELS rating system) must maintain core capital in an amount equal to at least 3% of adjusted total assets. All other institutions must maintain a minimum core capital of 4% of adjusted total assets, and higher capital ratios may be required if warranted by particular circumstances. As of December 31, 2008, ASB met the applicable minimum core capital requirement.

Beginning January 1, 2002, certain OTS regulations went into effect with respect to the regulatory capital treatment of recourse obligations, residual interests, direct credit substitutes and asset- and mortgage-backed securities. These regulations have had a slight positive impact on ASB's risk-based capital.

Current OTS risk-based capital requirements are based on an internationally agreed-upon framework for capital measurement (the 1988 Accord) that was developed by the Basel Committee on Banking Supervision (BCBS). Beginning in April 2003, BCBS released for comment a series of proposed revisions to the 1988 Accord, culminating in a comprehensive release in June 2006. (These revisions are collectively referred to as "Basel II".) In September 2006, following more than three years of consultation with U.S. financial institutions on the implementation of Basel II, the federal financial institution regulatory agencies, including the OTS, issued two notices of proposed rulemaking to change U.S. risk-based capital requirements in light of Basel II. The first such notice dealt with proposed changes to capital requirements for credit and operational risks, and final rules were issued on December 7, 2007, with an effective date of April 1, 2008. These changes are mandatory for financial institutions with consolidated total assets of $250 billion or more or consolidated total on-balance-sheet foreign exposure of $10 billion or more. The second of the September 2006 notices of proposed rulemaking concerned changes to capital requirements for market risk. Unlike the currently existing market risk rules, the proposed new rules would apply to thrifts. The new market risk rules would be mandatory for financial institutions with consolidated trading activity (in, for example, foreign exchange and commodity positions, as well as traded credit products such as credit default swaps and transfer of collateralized debt obligations) equal to at least 10% of total assets or $1 billion. As of December 7, 2007, the federal financial institution regulatory agencies expected to release these final rules dealing with capital requirements for market risk "in the near future." On July 15, 2008, the federal financial institution regulatory agencies released a Supervisory Guidance regarding the supervisory review process for capital adequacy provided in Basel II. This guidance outlines the agencies' standards for banks to (i) satisfy the qualification requirements provided in the advanced approaches final rule; (ii) address the limitations of minimum risk-based capital requirements for credit and operational risk; (iii) ensure its ability to assess its own capital adequacy; and (iv) develop and use better techniques to identify and measure risk.

The review of U.S. risk-based capital requirements given impetus by Basel II resulted in the agencies' issuance in December 2006 of a notice of proposed rulemaking (referred to by the agencies as the "Basel IA NPR") addressing the risk-based capital requirements for credit and operational risk of those financial institutions, such as ASB, that will not come within the scope of the new Basel II rules. The Basel IA NPR would give financial institutions not subject to Basel II the option of using existing risk-based capital rules for credit and operational risk or applying the rules proposed in the Basel IA NPR. However, in July 2007 the agencies announced their intention to replace the Basel IA NPR with a new notice of proposed rulemaking. The agencies reaffirmed this intention in December 2007 and indicated that their objective was to issue final rules for financial institutions not subject to Basel II by 2009. In July 2008, the OTS director approved for public comment the option of adopting a less complex alternate for calculating risk-based capital requirements under the international Basel II capital accord. ASB will continue to monitor these regulatory developments.

Affiliate transactions . Significant restrictions apply to certain transactions between ASB and its affiliates, including HEI and its direct and indirect subsidiaries. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 significantly altered both the scope and substance of such limitations on transactions with affiliates and provided for thrift affiliate rules similar to, but more restrictive than, those applicable to banks. On December 12, 2002, the OTS issued an interim final rule which applies Regulation W of the FRB to thrifts with modifications appropriate to the greater restrictions under which thrifts operate. Most of these greater restrictions were carried over into the OTS' final rule, which became effective November 6, 2003. For example, ASB is prohibited from making any loan or other extension of credit to an entity affiliated with ASB unless the affiliate is engaged

exclusively in activities which the FRB has determined to be permissible for bank holding companies. There are also various other restrictions which apply to certain transactions between ASB and certain executive officers, directors and insiders of ASB. ASB is also barred from making a purchase of or any investment in securities issued by an affiliate, other than with respect to shares of a subsidiary of ASB.

Financial Derivatives and Interest Rate Risk. ASB is subject to OTS rules relating to derivatives activities, such as interest rate swaps. Currently ASB does not use interest rate swaps to manage interest rate risk, but may do so in the future. Generally speaking, the OTS rules permit thrifts to engage in transactions involving financial derivatives to the extent these transactions are otherwise authorized under applicable law and are safe and sound. The rules require ASB to have certain internal procedures for handling financial derivative transactions, including involvement of the ASB Board of Directors.

OTS Thrift Bulletin 13a (TB 13a) provides guidance on the management of interest rate risks, investment securities and derivatives activities. TB 13a also describes the guidelines OTS examiners use in assigning the “Sensitivity to Market Risk” component rating under the Uniform Financial Institutions Rating System (i.e., the CAMELS rating system). TB 13a updated the OTS’ minimum standards for thrift institutions’ interest rate risk management practices and also contains guidance on thrifts’ investment and derivatives activities by describing the types of analysis institutions should perform prior to purchasing securities or financial derivatives.

Liquidity. OTS regulations require ASB to maintain sufficient liquidity to ensure safe and sound operations. ASB’s principal sources of liquidity are customer deposits, borrowings, the maturity and repayment of portfolio loans and securities and the sale of loans into secondary market channels. ASB’s principal sources of borrowings are advances from the FHLB and securities sold under agreements to repurchase from broker/dealers. ASB is approved by the FHLB to borrow up to 35% of assets to the extent it provides qualifying collateral and holds sufficient FHLB stock. As of December 31, 2008, ASB’s unused FHLB borrowing capacity was approximately $1.5 billion. ASB utilizes growth in deposits, advances from the FHLB and securities sold under agreements to repurchase to fund maturing and withdrawable deposits, repay maturing borrowings, fund existing and future loans and make investments. As of December 31, 2008, ASB had loan commitments, undisbursed loan funds and unused lines and letters of credit of $1.2 billion. Management believes ASB’s current sources of funds will enable it to meet these obligations while maintaining liquidity at satisfactory levels.

Supervision. Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) made a number of reforms addressing the safety and soundness of the deposit insurance system, supervision of domestic and foreign depository institutions and improvement of accounting standards. FDICIA also limited deposit insurance coverage, implemented changes in consumer protection laws and called for least-cost resolution and prompt corrective action with regard to troubled institutions.

Pursuant to FDICIA, the federal banking agencies promulgated regulations which apply to the operations of ASB and its holding companies. Such regulations address, for example, standards for safety and soundness, real estate lending, accounting and reporting, transactions with affiliates, and loans to insiders.

Prompt corrective action. FDICIA establishes a statutory framework that is triggered by the capital level of a savings association and subjects it to progressively more stringent restrictions and supervision as capital levels decline. The OTS rules implement the system of prompt corrective action. In particular, the rules define the relevant capital measures for the categories of “well capitalized”, “adequately capitalized”, “undercapitalized”, “significantly undercapitalized” and “critically undercapitalized.”

A savings association that is “undercapitalized” or “significantly undercapitalized” is subject to additional mandatory supervisory actions and a number of discretionary actions if the OTS determines that any of the actions is necessary to resolve the problems of the association at the least possible long-term cost to the Deposit Insurance Fund. A savings association that is “critically undercapitalized” must be placed in conservatorship or receivership within 90 days, unless the OTS and the FDIC concur that other action would be more appropriate. As of December 31, 2008, ASB was “well-capitalized.”

Interest rates. FDIC regulations restrict the ability of financial institutions that are undercapitalized to offer interest rates on deposits that are significantly higher than the rates offered by competing institutions. As of December 31, 2008, ASB was "well capitalized" and thus not subject to these interest rate restrictions.

Qualified thrift lender test. In order to satisfy the QTL test, a thrift must maintain 65% of its assets in "qualified thrift investments" on a monthly average basis in 9 out of the previous 12 months. Failure to satisfy the QTL test would subject ASB to various penalties, including limitations on its activities, and would also bring into operation restrictions on the activities that may be engaged in by HEI, HEIDI and their other subsidiaries, which could effectively result in the required divestiture of ASB. At all times during 2008, ASB was in compliance with the QTL test. As of December 31, 2008, 82% of ASB's portfolio assets were "qualified thrift investments." See "HEI Consolidated—Regulation."

Federal Home Loan Bank System. ASB is a member of the FHLB System which consists of 12 regional FHLBs, and ASB's regional bank is the FHLB of Seattle. The FHLB System provides a central credit facility for member institutions. Historically, the FHLBs have served as the central liquidity facilities for savings associations and sources of long-term funds for financing housing. The FHLB may only make long-term advances to ASB for the purpose of providing funds for financing residential housing. At such time as an advance is made to ASB or renewed, it must be secured by collateral from one of the following categories: (1) fully disbursed, whole first mortgages on improved residential property, or securities representing a whole interest in such mortgages; (2) securities issued, insured or guaranteed by the U.S. Government or any agency thereof; (3) FHLB deposits; and (4) other real estate-related collateral that has a readily ascertainable value and with respect to which a security interest can be perfected. The aggregate amount of outstanding advances secured by such other real estate-related collateral may not exceed 30% of ASB's capital.

As mandated by the Gramm Act, the Federal Housing Finance Board (Board) regulations require each FHLB to maintain a minimum total capital leverage ratio of 5% of total assets and include risk-based capital standards requiring each FHLB to maintain permanent capital in an amount sufficient to meet credit risk and market risk. In June 2001, the FHLB of Seattle formulated a capital plan to meet these new minimum capital standards, which plan was approved by the Board. The capital plan requires ASB to own capital stock in the FHLB of Seattle in an amount equal to the total of 4% of the FHLB of Seattle's advances to ASB plus the greater of (i) 5% of the outstanding balance of loans sold to the FHLB of Seattle by ASB or (ii) 0.5% of ASB's mortgage loans and pass through securities. As of December 31, 2008, ASB was required under the capital plan to own capital stock in the FHLB of Seattle in the amount of $20 million and owned capital stock in the amount of $98 million, or $78 million in excess of the requirement. Under the capital plan, stock in the FHLB of Seattle can be required to be redeemed at the option of ASB, but the FHLB of Seattle may require up to a 5-year notice of redemption. This 5-year notice period has an adverse but immaterial effect on ASB's liquidity. See "FHLB of Seattle dividends" in HEI's MD&A section for recent developments regarding the FHLB of Seattle.

Community Reinvestment. The Community Reinvestment Act (CRA) requires banks and thrifts help meet the credit needs of their communities, including low- and moderate-income areas, consistent with safe and sound lending practices. The OTS will consider ASB's CRA record in evaluating an application for a new deposit facility, including the establishment of a branch, the relocation of a branch or office, or the acquisition of an interest in another bank or thrift. ASB currently holds an "outstanding" CRA rating.

Other laws. ASB is subject to federal and state consumer protection laws which affect lending activities, such as the Truth-in-Lending Law, the Truth-in-Savings Act, the Equal Credit Opportunity Act, the Real Estate Settlement Procedures Act, the Home Mortgage Disclosure Act and several federal and state financial privacy acts. ASB is also subject to federal laws regulating certain of its lending practices, such as the Flood Disaster Protection Act, and requiring reports to regulators of certain customer transactions, such as the Currency and Foreign Transactions Reporting Act. These laws may provide for substantial penalties in the event of noncompliance. ASB believes that its lending activities are currently in compliance with these laws and regulations.

Capital Purchase Program. A voluntary Capital Purchase Program (CPP) was announced on October 14, 2008 to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. Under the CPP, the U.S. Treasury (Treasury) will purchase non-voting senior preferred securities from qualifying U.S.-controlled banks and thrifts and bank and thrift holding companies. Financial institutions participating in the program must adopt the Treasury's standards for executive compensation and corporate governance, for the period during which the Treasury holds equity issued under the program. ASB initially applied to participate in the program in order to evaluate whether to participate in the program. After fully reviewing the program, ASB withdrew its application.

Environmental regulation . ASB may be subject to the provisions of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and regulations promulgated thereunder. CERCLA imposes liability for environmental cleanup costs on certain categories of responsible parties, including the current owner and operator of a facility and prior owners or operators who owned or operated the facility at the time the hazardous substances were released or disposed. CERCLA exempts persons whose ownership in a facility is held primarily to protect a security interest, provided that they do not participate in the management of the facility. Although there may be some risk of liability for ASB for environmental cleanup costs in the event ASB forecloses on, and becomes the owner of, property with environmental problems, the Company believes the risk is not as great for ASB as it may be for other depository institutions that have a larger portfolio of commercial loans.

Properties

ASB owns or leases several office buildings in downtown Honolulu and owns land and an operations center in the Mililani Technology Park on the island of Oahu.

The following table sets forth the number of bank branches owned and leased by ASB by island:

	Number of branches		
December 31, 2008	**Owned**	**Leased**	**Total**
Oahu	8	35	43
Maui	3	5	8
Kauai	3	2	5
Hawaii	2	4	6
Molokai	—	1	1
	16	47	63

As of December 31, 2008, the net book value of branches and office facilities is approximately $46 million. Of this amount, $32 million represents the net book value of the land and improvements for the branches and office facilities owned by ASB and $14 million represents the net book value of ASB's leasehold improvements. The leases expire on various dates through November 2036, but many of the leases have extension provisions.

As of December 31, 2008, ASB owned 225 automated teller machines.

ITEM 1A. RISK FACTORS

For additional information for certain risk factors enumerated below and other risks of the Company and its operations, see “Forward-Looking Statements” above and HEI’s MD&A, HEI’s “Quantitative and Qualitative Disclosures about Market Risk,” HEI’s Consolidated Financial Statements, HECO’s MD&A and HECO’s Consolidated Financial Statements, which are incorporated herein by reference to HEI Exhibit 13 and HECO Exhibit 99 to the Company’s Current Report on Form 8-K dated February 19, 2009.

Holding Company and Company-Wide Risks

HEI is a holding company that derives its income from its operating subsidiaries and depends on the ability of those subsidiaries to pay dividends or make other distributions to HEI and on its own ability to raise capital.

HEI is a legal entity separate and distinct from its various subsidiaries. As a holding company with no significant operations of its own, HEI’s cash flows and consequent ability to service its obligations and pay dividends on its common stock is dependent upon its receipt of dividends or other distributions from its operating subsidiaries and its ability to issue common stock or other equity securities and to incur additional debt. The ability of HEI’s subsidiaries to pay dividends or make other distributions to HEI is, in turn, subject to the risks associated with their operations and to contractual and regulatory restrictions, including:

- the provisions of an HEI agreement with the PUC, which could limit the ability of HEI’s principal electric public utility subsidiary, HECO, to pay dividends to HEI in the event that the consolidated common stock equity of the electric public utility subsidiaries falls below 35% of total electric utility capitalization;
- the provisions of an HEI agreement entered into with federal bank regulators in connection with its acquisition of its bank subsidiary, ASB, which require HEI to contribute additional capital to ASB (up to a maximum amount of additional capital of $28.3 million as of December 31, 2008) upon request of the regulators in order to maintain ASB’s regulatory capital at the level required by regulation;
- the minimum capital and capital distribution regulations of the OTS that are applicable to ASB;
- the receipt of a letter from the OTS stating it has no objection to the payment of any dividend ASB proposes to declare and pay to HEI; and
- the provisions of preferred stock resolutions and debt instruments of HEI and its subsidiaries.

The Company is subject to risks associated with the Hawaii economy, volatile U.S. capital markets and changes in the interest rate and credit market environment that have and/or could result in higher retirement benefit plan funding requirements, declines in electric utility kilowatthour sales, declines in ASB’s interest rate margins and investment values, higher delinquencies and charge-offs in ASB’s loan portfolio and restrictions on the ability of HEI or its subsidiaries to borrow money or issue securities.

The two largest components of Hawaii’s economy are tourism and the federal government (including the military). Because the core businesses of HEI’s subsidiaries are providing local public electric utility services (through HECO and its subsidiaries) and banking services (through ASB and its subsidiaries) in Hawaii, the Company’s operating results are significantly influenced by Hawaii’s economy, which in turn is influenced by economic conditions in the mainland U.S. (particularly California) and Asia (particularly Japan) as a result of the impact of those conditions on tourism, by the impact of interest rates on the construction and real estate industries and by the impact of world conditions (e.g., war in Iraq) on federal government spending in Hawaii.

The current turmoil in the financial markets and declines in the national and global economies are having a negative effect on the Hawaii economy. Declines in the Hawaii, U.S. and Asian economies, have led to declines in KWH sales in 2008 (2008 sales decline of 1.8% from 2007) an increase in uncollected billings of HECO and its subsidiaries, higher delinquencies in ASB’s loan portfolio and other adverse effects on HEI’s businesses. A similar downward trend is expected in 2009, which is expected to adversely impact the utilities’ (with 2009 KWH sales expected to decrease by 1.0% from 2008), the bank’s and consolidated HEI’s 2009 results of operations. Given the current recessionary economic conditions and the associated uncertainty of U.S. and global financial markets, the

Company's and consolidated HECO's earnings may decline and ratings may be threatened. If S&P or Moody's were to downgrade HEI's or HECO's long-term debt ratings because of these adverse effects, or if future events were to adversely affect the availability of capital to the Company, HEI's and HECO's ability to borrow and raise capital could be constrained and their future borrowing costs would likely increase with resulting reductions in HEI's consolidated net income in future periods. Further, if HEI's or HECO's commercial paper ratings were to be downgraded, HEI and HECO might not be able to sell commercial paper and might be required to draw on more expensive bank lines of credit or to defer capital or other expenditures.

Changes in the U.S. capital markets can also have significant effects on the Company. For example, pension funding requirements are affected by the market performance of the assets in the master pension trust maintained for pension plans, and by the discount rate used to estimate the service and interest cost components of net periodic pension cost and value obligations. The electric utilities' pension tracking mechanisms help moderate pension expense; however, the recent significant decline in the value of the Company's defined benefit pension plan assets, in addition to continuing challenging market conditions in the beginning of 2009, has resulted in a substantial gap between the projected benefit obligations under the plans and the value of plan assets, resulting in sizable increases in expected funding requirements absent legislative or regulatory relief. However, potential laws and regulations may provide funding relief in the near term.

Because the earnings of ASB depend primarily on net interest income, interest rate risk is a significant risk of ASB's operations. HEI and its electric utility subsidiaries are also exposed to interest rate risk primarily due to their periodic borrowing requirements, the discount rate used to determine pension funding requirements and the possible effect of interest rates on the electric utilities' rates of return. Interest rates are sensitive to many factors, including general economic conditions and the policies of government and regulatory authorities. HEI cannot predict future changes in interest rates, nor be certain that interest rate risk management strategies it or its subsidiaries have implemented will be successful in managing interest rate risk.

Interest rate risk also represents a market risk factor affecting the fair value of ASB's investment securities. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. In addition, changes in credit spreads also impact the fair values of those instruments. In 2008, the credit markets experienced significant disruptions, liquidity on many financial instruments declined and residential mortgage delinquencies and defaults increased. These disruptions negatively impacted the fair value of ASB's investment portfolio in 2008 and continued volatility in the financial markets could further impact the fair value of this portfolio, which will have an adverse impact on ASB's and HEI's financial condition.

Pressure from the national economic slowdown and declines in the national housing market represents a risk factor impacting certain securities in ASB's investment portfolio. Principal and interest on mortgage-related securities issued by FNMA, FHLMC and GNMA are guaranteed by the issuer, and the securities carry implied AAA ratings. Private-issue mortgage-related securities carry a risk of loss due to delinquencies, foreclosures, and losses in the mortgage loans collateralizing the securities. As a result of the continued deterioration in the national housing market, the rating agencies downgraded the ratings on a significant number of mortgage-related securities in the fourth quarter of 2008, including several mortgage-related securities held in ASB's portfolio. Five private-issue mortgage-related securities in ASB's portfolio were downgraded to below investment grade ratings. Additionally, ASB determined the impairment on two private-issue mortgage-related securities to be other than temporary, adjusted the carrying values to market value, and recognized a noncash impairment charge of $7.8 million in the fourth quarter of 2008. Should market conditions and performance of the underlying mortgage assets continue to deteriorate, ASB could recognize other-than-temporary impairment charges on additional mortgage-related securities, and those charges could be material.

HEI and HECO and their subsidiaries may incur higher retirement benefits expenses and have and will likely continue to recognize substantial liabilities for retirement benefits.

Retirement benefits expenses and cash funding requirements could increase in future years depending on numerous factors, including the performance of the U.S. equity markets, trends in interest rates and health care costs, plan amendments, new laws relating to pension funding and changes in accounting principles. Retirement benefits expenses based on net periodic pension and other postretirement benefit costs have been an allowable expense for rate-making, and higher retirement benefits expenses, along with other factors, may affect each electric utilities' need to request a rate increase.

The Company is subject to the risks associated with the geographic concentration of its businesses and lack of interconnections that could result in service interruptions at the electric utilities or higher default rates on loans held by ASB.

The business of HECO and its electric utility subsidiaries is concentrated on the individual islands they serve in the State of Hawaii. Their operations are more vulnerable to service interruptions than are many U.S. mainland utilities because none of the systems of HECO and its subsidiaries are interconnected with the systems on the other islands they serve. Because of this lack of interconnections, it is necessary to maintain higher generation reserve margins than are typical for U.S. mainland utilities to help ensure reliable service. The peak reserve margins on Oahu are currently below desirable levels and this condition will likely continue and be exacerbated by projected load growth until additional generation is brought on line, which is not expected until 2009. Service interruptions, including in particular extended interruptions that could result from a natural disaster or terrorist activity, could adversely impact the KWH sales of some or all of the electric utility subsidiaries. For example, in December 2008, an island-wide outage (likely the result of a severe air-to-ground lightning storm) occurred on the island of Oahu that resulted in a loss of electric service to HECO customers ranging from approximately 7 to 20 hours.

Substantially all of ASB's consumer loan customers are Hawaii residents. A significant portion of the commercial loan customers are located in Hawaii. Substantially all of the real estate underlying ASB's residential and commercial real estate loans are located in Hawaii. These assets may be subject to a greater risk of default than other comparable assets held by financial institutions with other geographic concentrations in the event of adverse economic, political or business developments or natural disasters affecting Hawaii and the ability of ASB's customers to make payments of principal and interest on their loans.

Increasing competition and technological advances could cause HEI's businesses to lose customers or render their operations obsolete.

The banking industry in Hawaii, and certain aspects of the electric utility industry, are competitive. The success of HEI's subsidiaries in meeting competition will continue to have a direct impact on HEI's consolidated financial performance. For example:

- ASB, one of the largest financial institutions in the state, is in direct competition for deposits and loans not only with two larger institutions that have substantial capital, technology and marketing resources, but also with smaller Hawaii institutions and other U.S. institutions, including credit unions, mutual funds, mortgage brokers, finance companies and investment banking firms. Larger financial institutions may have greater access to capital at lower costs, which could impair ASB's ability to compete effectively. Significant advances in technology could render the operations of ASB less competitive or obsolete.
- HECO and its subsidiaries face competition from IPPs, including alternate energy providers, and customer self-generation, with or without cogeneration. The PUC issued a decision in its investigative proceeding on competitive bidding as a mechanism for acquiring or building new electric generating capacity. With the exception of certain identified projects, the utilities are now required to use competitive bidding to acquire a future generation resource unless the PUC finds competitive bidding to be unsuitable. The PUC also issued a decision in its DG investigative proceeding, in which it set policies for DG interconnection agreements and standby rates, and established conditions under which electric utilities can provide DG services on customer-owned sites as a regulated service. The electric utilities cannot predict the ultimate effect of the PUC's decisions in the competitive bidding and DG proceedings, the impact they will have on competition from IPPs and customer self-generation, or the rate at which technological developments facilitating non-utility generation of electricity will occur.

- New technological developments, such as the commercial development of fuel cells, may render the operations of HEI's electric utility subsidiaries less competitive or outdated.

HEI's businesses could suffer losses that are uninsured due to a lack of insurance coverage or limitations on the insurance coverage the Company does have.

In the ordinary course of business, HEI and its subsidiaries purchase insurance coverages (e.g., property and liability coverages) to protect against loss of, or damage to, their properties and against claims made by third-parties and employees for property damage or personal injuries. However, the protection provided by such insurance is limited in significant respects and, in some instances, there is no coverage. Certain of the insurance has substantial deductibles or has limits on the maximum amounts that may be recovered. For example, the electric utilities' overhead and underground transmission and distribution systems (with the exception of substation buildings and contents) have a replacement value roughly estimated at $4 billion and are not insured against loss or damage because the amount of transmission and distribution system insurance available is limited and the premiums are cost prohibitive. Similarly, the electric utilities have no business interruption insurance as the premiums for such insurance would be cost prohibitive, particularly since the utilities are not interconnected to other systems. If a hurricane or other uninsured catastrophic natural disaster were to occur, and if the PUC were not to allow the affected electric utilities to recover from ratepayers restoration costs and revenues lost from business interruption, the lost revenues and repair expenses could result in a significant decrease in HEI's consolidated net income or in significant net losses for the affected periods.

ASB generally does not obtain credit enhancements such as mortgagor bankruptcy insurance but does require standard hazard and hurricane insurance and may require flood insurance for certain properties. ASB is subject to the risks of borrower defaults and bankruptcies, special hazard losses not covered by the required insurance and the insurance company's inability to pay claims on existing policies.

Increased federal and state environmental regulation will require an increasing commitment of resources and funds and could result in construction delays or penalties and fines for non-compliance.

HEI and its subsidiaries are subject to federal and state environmental laws and regulations relating to air quality, water quality, waste management, natural resources and health and safety, which regulate the operation of existing facilities, the construction and operation of new facilities and the proper cleanup and disposal of hazardous waste and toxic substances. Compliance with these legal requirements requires HEI's utility subsidiaries to commit significant resources and funds toward environmental monitoring, installation of pollution control equipment and payment of emission fees. These laws and regulations, among other things, require that certain environmental permits be obtained in order to construct or operate certain facilities, and obtaining such permits can entail significant expense and cause substantial construction delays. Also, these laws and regulations may be amended from time to time, including amendments that increase the burden and expense of compliance. For example, emission and/or discharge limits may be tightened, more extensive permitting requirements may be imposed and additional substances may become regulated. In addition, significant regulatory uncertainty exists regarding the impact of potential federal or state greenhouse gas emission limits and reductions.

If HEI or its subsidiaries fail to comply with environmental laws and regulations, even if caused by factors beyond their control, that failure may result in civil or criminal penalties and fines. At the present time, HECO is a named party in an ongoing environmental matter that includes an investigation to determine the nature and extent of actual or potential release of hazardous substances, oil, pollutants or contaminants at or near Honolulu Harbor and their remediation where applicable. Management cannot predict the ultimate cost or outcome of that investigation and the accompanying remedial efforts.

Adverse tax rulings or developments could result in significant increases in tax payments and/or expense.

Governmental taxing authorities could challenge a tax return position taken by HEI or its subsidiaries and, if the taxing authorities prevail, HEI's consolidated tax payments and/or expense, including applicable penalties and interest, could increase significantly. Further, the ability of HEI and its subsidiaries to generate capital gains and utilize capital loss carryforwards on future tax returns could impact future earnings.

The Company could be subject to the risk of uninsured losses in excess of its accruals for litigation matters.

HEI and its subsidiaries are involved in routine litigation in the ordinary course of their businesses, most of which is covered by insurance (subject to policy limits and deductibles). However, other litigation may arise that is not routine or involves claims that may not be covered by insurance. Because of the uncertainties associated with litigation, there is a risk that litigation against HEI or its subsidiaries, even if vigorously defended, could result in costs of defense and judgment or settlement amounts not covered by insurance and in excess of reserves established in HEI's consolidated financial statements.

Changes in accounting principles and estimates could affect the reported amounts of the Company's assets and liabilities or revenues and expenses.

HEI's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Changes in these principles, such as the changes related to the accounting for retirement benefits in SFAS No. 158, or the Company's application of existing accounting principles could materially affect HEI's or the electric utilities' consolidated financial position and/or results of operations. Further, in preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change include the amounts reported for investment and mortgage-related securities; property, plant and equipment; pension and other postretirement benefit obligations; contingencies and litigation; income taxes; regulatory assets and liabilities; electric utility revenues; variable interest entities; and allowance for loan losses.

In accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," HECO and its subsidiaries' financial statements reflect assets and costs based on cost-based rate-making regulations. Continued accounting in this manner requires that certain criteria relating to the recoverability of such costs through rates be met. If events or circumstances should change so that the criteria are no longer satisfied, the electric utilities' regulatory assets (amounting to $531 million as of December 31, 2008) may need to be charged to expense, which could result in significant reductions in the electric utilities' net income, and the electric utilities' regulatory liabilities (amounting to $289 million as of December 31, 2008) may need to be refunded to ratepayers.

Changes in accounting principles can also impact HEI's consolidated financial statements. For example, if a PPA falls within the scope of FASB FIN No. 46 (FIN 46R), "Consolidation of Variable Interest Entities" and results in the consolidation of the IPP in HECO's consolidated financial statements, the consolidation could have a material effect on HECO's consolidated financial statements, including the recognition of a significant amount of assets and liabilities, and, if such a consolidated IPP were operating at a loss and had insufficient equity, the potential recognition of such losses. Also, if a PPA falls within the scope of EITF Issue No. 01-8, "Determining Whether an Arrangement Contains a Lease" and results in the classification of the agreement as a capital lease, a material effect on HEI's consolidated balance sheet may result, including the recognition of significant capital assets and lease obligations.

Electric Utility Risks

Actions of the PUC are outside the control of the electric utility subsidiaries and could result in inadequate or untimely rate relief, in rate reductions or refunds or in unanticipated delays, expenses or writedowns in connection with the construction of new projects.

The rates the electric utilities are allowed to charge for their services and the timeliness of permitted rate increases are among the most important items influencing the electric utilities' financial condition, results of operations and liquidity. The PUC has broad discretion over the rates that the electric utilities charge their customers. The electric utilities currently have rate cases pending before the PUC. Further, the trend of increased operation and maintenance expenses, which management expects will continue, increased plant-in-service and other factors are likely to result in the electric utilities seeking rate relief more often than in the past. Any adverse decision by the PUC concerning the level or method of determining electric utility rates, the items and amounts that may be included in rate base, the returns on equity or rate base found to be reasonable, the potential consequences of exceeding or not meeting such returns, or any prolonged delay in rendering a decision in a rate or other

proceeding, could have a material adverse effect on HECO's consolidated financial condition, results of operations and liquidity.

The electric utilities could be required to refund to their customers, with interest, revenues received under interim rate orders in their rate case proceedings (HECO's 2007 test year rate case, HELCO's 2006 test year rate case and MECO's 2007 test year rate case), IRP cost recovery dockets and other proceedings, if and to the extent they exceed the amounts allowed in final orders. As of December 31, 2008, the electric utilities had recognized an aggregate of $145 million of such revenues with respect to interim orders.

Many public utility projects require PUC approval and various permits (e.g., environmental and land use permits) from other governmental agencies. Difficulties in obtaining, or the inability to obtain, the necessary approvals or permits, or any adverse decision or policy made or adopted, or any prolonged delay in rendering a decision, by an agency with respect to such approvals and permits, can result in significantly increased project costs or even cancellation of projects. For example, two major capital improvement projects — HECO's East Oahu Transmission Project and the expansion of HELCO's Keahole generating plant — encountered substantial opposition and consequent delay and increased cost. In the event a project does not proceed, or if the PUC disallows cost recovery for all or part of the project, project costs may need to be written off in amounts that could result in significant reductions in HECO's consolidated net income.

Energy cost adjustment clauses . The rate schedules of each of HEI's electric utilities include ECACs under which electric rates charged to customers are automatically adjusted for changes in the weighted-average price paid for fuel oil and certain components of purchased power, and the relative amounts of company-generated power and purchased power. In 2004 PUC decisions approving the electric utilities' fuel supply contracts, the PUC affirmed the electric utilities' right to include in their respective ECACs the stated costs incurred pursuant to their respective new fuel supply contracts, to the extent that these costs are not included in their respective base rates, and restated its intention to examine the need for continued use of ECACs in rate cases.

On June 2, 2006, the Governor of Hawaii signed into law Act 162, which provides that any automatic fuel rate adjustment clause requested by a public utility in an application filed with the PUC shall be designed, as determined in the PUC's discretion, to (1) fairly share the risk of fuel cost changes between the public utility and its customers, (2) provide the public utility with sufficient incentive to reasonably manage or lower its fuel costs and encourage greater use of renewable energy, (3) allow the public utility to mitigate the risk of sudden or frequent fuel cost changes that cannot otherwise reasonably be mitigated through other commercially available means, such as through fuel hedging contracts, (4) preserve, to the extent reasonably possible, the public utility's financial integrity, and (5) minimize, to the extent reasonably possible, the public utility's need to apply for frequent applications for general rate increases to account for the changes to its fuel costs. While the PUC already reviewed the automatic fuel rate adjustment clause in rate cases, Act 162 required that these five specific factors be addressed in the record.

Management cannot predict the ultimate effect of the required Act 162 analysis on the continuation of the utilities' existing ECACs, but the Energy Agreement confirms the intent of the parties that the existing ECACs will continue, subject to periodic review by the PUC. The Energy Agreement also provides that as part of the review, the PUC may examine whether there are renewable energy projects from which the utilities should have, but did not, purchase energy or whether alternative fuel purchase strategies were appropriately used or not used. Any change in the ECAC could have a material adverse affect on the electric utilities.

Electric utility operations are significantly influenced by weather conditions.

The electric utilities' results of operations can be affected by changes in the weather. Weather conditions, particularly temperature and humidity, directly influence the demand for electricity. In addition, severe weather and natural disasters such as hurricanes, earthquakes, tsunamis and lightning storms, can cause outages and property damage and require the utilities to incur significant additional expenses that may not be recoverable.

Electric utility operations depend heavily on third party suppliers of fuel oil and purchased power.

The electric utilities rely on fuel oil suppliers and shippers and independent power producers to deliver fuel oil and power, respectively, in accordance with contractual agreements. Approximately 77% of the net energy generated or purchased by the electric utilities in 2008 was generated from the burning of oil, and purchases of power by the electric utilities provided about 40% of their total net energy generated and purchased for the same period. Failure or delay by oil suppliers and shippers to provide fuel pursuant to existing contracts, or failure by a major IPP to deliver the firm capacity anticipated in its PPA, could disrupt the ability of the electric utilities to deliver electricity and require the electric utilities to incur additional expenses to meet the needs of their customers that may not be recoverable. In addition, as these contractual agreements end, the electric utilities may not be able to purchase fuel and power on terms equivalent to the current contractual agreements.

Electric utility generating facilities are subject to operational risks that could result in unscheduled plant outages, unanticipated and/or increased operation and maintenance expenses and increased power purchase costs.

Operation of electric generating facilities involves certain risks which can adversely affect energy output and efficiency levels. Included among these risks are facility shutdowns or power interruptions due to insufficient generation or a breakdown or failure of equipment or processes or interruptions in fuel supply, inability to negotiate satisfactory collective bargaining agreements when existing agreements expire or other labor disputes, inability to comply with regulatory or permit requirements, disruptions in delivery of electricity, operator error and catastrophic events such as earthquakes, tsunamis, hurricanes, fires, explosions, floods or other similar occurrences affecting the electric utilities' generating facilities or transmission and distribution systems. For example, as a result of load growth on Oahu and other factors, there currently is an increased risk to generation reliability. Generation peak reserve margins are lower than considered desirable in light of circumstances. Existing units are running harder, resulting in more frequent and more extensive maintenance, at times requiring temporary shut downs of these units. HECO has taken a number of steps to mitigate the risk of outages, including securing additional purchased power, adding distributed generation at some substations and encouraging energy conservation. The costs of supplying energy to meet high demand and maintenance costs required to sustain high availability of aging generation units have been increasing and the trend of cost increases is not likely to ease.

The electric utilities may be adversely affected by new legislation.

Congress and the Hawaii Legislature periodically consider legislation that could have positive or negative effects on the electric utilities and their customers. In addition to the ECAC provisions of Act 162 discussed above, the Hawaii Legislature adopted a number of measures, which may affect the electric utilities, as described below.

Renewable Portfolio Standards (RPS) law . The 2004 Hawaii Legislature amended an existing RPS law to require electric utilities to meet a RPS of 8% of KWH sales by December 31, 2005, 10% by December 31, 2010, 15% by December 31, 2015, and 20% by December 31, 2020. These standards may be met by the electric utilities on an aggregated basis and were met in 2005 when they attained a RPS of 11.7%. As part of the Energy Agreement, the utilities agreed to a revised RPS of 25% by December 31, 2020 and 40% by December 31, 2030. The utilities are committed to achieving these goals; however, due to risks such as potential delays in IPPs being able to deliver contracted renewable energy (see risks under Forward-looking Statements on pages v and vi), it is possible the electric utilities may not attain the required renewable percentages in the future, and management cannot predict the future consequences of failure to do so (including potential penalties to be assessed by the PUC). On December 19, 2008, the PUC approved a penalty of $20 for every MWh that an electric utility is deficient under Hawaii's RPS law. The PUC noted, however, that this penalty may be reduced, in the PUC's discretion, due to events or circumstances that are outside an electric utility's reasonable control, to the extent the event or circumstance could not be reasonably foreseen and ameliorated, as described in the RPS law and in the RPS Framework. In addition, the PUC ordered that the utilities will be prohibited from recovering any RPS penalty costs through rates.

DSM programs . In 2006, the PUC was given the authority, if it deems appropriate, to redirect all or a portion of the funds currently collected by the utilities and included in their revenues through the current utility DSM surcharge into a Public Benefits Fund, for the purpose of supporting customer DSM programs approved by the PUC. The contract start date for the third party administrator is scheduled for late February 2009.

Non-fossil fuel purchased power contracts . In 2006, a law was passed that requires the PUC, in connection with its determination of just and reasonable rates in purchased power contracts, to establish a methodology that removes or significantly reduces any linkage between the price paid for non-fossil-fuel-generated electricity under future power purchase contracts and the price of fossil fuel, in order to allow utility customers to receive the potential cost savings from non-fossil fuel generation.

Net energy metering . Hawaii has a net energy metering law, which requires that electric utilities offer net energy metering to eligible customer generators (i.e., a customer generator may be a net user or supplier of energy and will make payment to or receive credit from the electric utility accordingly). In the Energy Agreement, the parties agreed to seek to remove system-wide caps on net energy metering. Instead, they plan to seek to limit DG interconnections on a per circuit basis and to replace net energy metering with an appropriate feed-in tariff and new net metered installations that incorporate time-of-use metering equipment for future full scale implementation of time-of-use metering and sale of excess energy.

Renewable energy . In 2007, a measure was passed stating that the PUC may consider the need for increased renewable energy in rendering decisions on utility matters. Due to this measure, it is possible that, if energy from a renewable source were more expensive than energy from fossil fuel, the PUC may still approve the purchase of energy from the renewable source.

In 2008, a law was enacted to promote and encourage the use of solar thermal energy. This measure will require the installation of solar thermal water heaters in residences constructed after January 1, 2010, but allow for limited variances in cases where installation of solar water heating is deemed inappropriate. Also in 2008, a law was enacted that is intended to facilitate the permitting of larger (200 MW or greater) renewable energy projects. The Energy Agreement includes several undertakings by the utilities to integrate solar energy into their electric grid.

Greenhouse gas emissions reduction . In July 2007, Act 234 became law, which requires a statewide reduction of GHG emissions by January 1, 2020 to levels at or below the statewide GHG emission levels in 1990.

Biofuels . In 2007, a law was enacted with the stated purpose of encouraging further production and use of biofuels in Hawaii. It established that biofuel processing facilities in Hawaii are a permitted use in designated agricultural districts and established a program with the Hawaii Department of Agriculture to encourage the production in Hawaii of energy feedstock (i.e., raw materials for biofuels).

In 2008, a law was enacted that encourages the development of biofuels by authorizing the Hawaii Board of Land and Natural Resources to lease public lands to growers or producers of plant and animal material used for the production of biofuels.

The utilities have agreed in the Energy Agreement to test the use of biofuels in their generating units and, if economically feasible, to convert them to the use of biofuels.

At this time, it is not possible to predict with certainty the impact of the foregoing legislation or legislation that is, or may in the future be, proposed.

The electric utilities may be subject to increased operational challenges and its results of operations, financial condition and liquidity may be adversely impacted in meeting the commitments and objectives of the HCEI Energy Agreement.

On October 20, 2008, the Governor of the State of Hawaii, the State of Hawaii Department of Business, Economic Development and Tourism, the Division of Consumer Advocacy of the State of Hawaii Department of Commerce and Consumer Affairs and the electric utilities (collectively, the parties), signed an Energy Agreement setting forth the goals and objectives of a Hawaii Clean Energy Initiative (HCEI) and the related commitments of the parties. The Energy Agreement provides that the parties pursue a wide range of actions with the purpose of decreasing the State of Hawaii’s dependence on imported fossil fuels through substantial increases in the use of renewable energy and implementation of new programs intended to secure greater energy efficiency and

conservation. For a detailed discussion of certain of the electric utilities' commitments contained in the Energy Agreement, see "Hawaii Clean Energy Initiative" in Note 3 of HEI's "Notes to Consolidated Financial Statements."

The far-reaching nature of the Energy Agreement, including the extent of renewable energy commitments and the proposal to implement a new regulatory model which would decouple revenues from sales, present new increased risks to the Company. Among such risks are: (1) the dependence on third party suppliers of renewable purchased energy, which if the utilities are unsuccessful in negotiating purchased power agreements with such IPPs or if a major IPP fails to deliver the anticipated capacity in its purchased power agreement, could impact the utilities' achievement of its commitments under the Energy Agreement and/or the utilities' ability to deliver reliable service; (2) delays in acquiring or unavailability of non-fossil fuel supplies for renewable generation; (3) the impact of intermittent power to the electrical grid and reliability of service if appropriate supporting infrastructure is not installed or does not operate effectively; (4) the likelihood that the utilities may need to make substantial investments in related infrastructure, which could result in increased borrowings and, therefore, materially impact the financial condition and liquidity of the utilities; and (5) the commitment to support a variety of initiatives, which, if approved by the PUC, may have a material impact on the results of operations and financial condition of the utilities depending on their design and implementation. These programs include, but are not limited to, decoupling revenues from sales; implementing feed-in tariffs to encourage development of renewable energy; removing the system-wide caps on net energy metering (but limiting distributed generation interconnections on a per-circuit basis to no more than 15% of peak circuit demand); and developing an Energy Efficiency Portfolio Standard. Management cannot predict the ultimate impact or outcome of the implementation of these or other HCEI programs on the results of operations, financial condition and liquidity of the electric utilities.

Bank Risks

Fluctuations in interest rates could result in lower net interest income, impair ASB's ability to originate new loans or impair the ability of ASB's adjustable-rate borrowers to make increased payments.

Interest rate risk is a significant risk of ASB's operations. ASB's net interest income consists primarily of interest income received on fixed-rate and adjustable-rate loans, mortgage-related securities and investments and interest expense consisting primarily of interest paid on deposits and other borrowings. Interest rate risk arises when earning assets mature or when their interest rates change in a time frame different from that of the costing liabilities. Changes in market interest rates, including changes in the relationship between short-term and long-term market interest rates or between different interest rate indices, can impact ASB's net interest margin. Although ASB pursues an asset-liability management strategy designed to mitigate its risk from changes in market interest rates, unfavorable movements in interest rates could result in lower net interest income. In 2008 and 2007, ASB faced a challenging interest rate environment that has pressured its net interest margin. Competitive factors and the level of interest rates have made it difficult to retain deposits and control funding costs and have held down asset yields, putting downward pressure on net interest margin. As the Federal Reserve cut the Federal Funds Rate seven times in 2008, the potential for compression of ASB's margin will continue to be a concern.

Increases in market interest rates could have an adverse impact on ASB's cost of funds. Higher market interest rates could lead to higher interest rates paid on deposits and other borrowings. Significant increases in market interest rates, or the perception that an increase may occur, could adversely affect ASB's ability to originate new loans and grow. An increase in market interest rates, especially a sudden increase, could also adversely affect the ability of ASB's adjustable-rate borrowers to meet their higher payment obligations. If this occurred, it could cause an increase in nonperforming assets and charge-offs. Conversely, a decrease in interest rates or a mismatching of maturities of interest sensitive financial instruments could result in an acceleration in the prepayment of loans and mortgage-related securities and impact ASB's ability to reinvest its liquidity in similar yielding assets. Historically low interest rates in 2008 resulted in high refinancings, which reduced the level of future interest income.

ASB's operations are affected by many disparate factors, some of which are beyond its control, that could result in lower net interest income or decreased demand for its products and services.

ASB's results of operations depend primarily on the level of interest income generated by ASB's earning assets in excess of the interest expense on its costing liabilities and the supply of and demand for its products and services (i.e., loans and deposits). ASB's net income may also be adversely affected by various other factors, such as:

- local and other economic and political conditions that could result in declines in employment and real estate values, which in turn could adversely affect the ability of borrowers to make loan payments and the ability of ASB to recover the full amounts owing to it under defaulted loans;
- the ability of borrowers to obtain insurance and the ability of ASB to place insurance where borrowers fail to do so, particularly in the event of catastrophic damage to collateral securing loans made by ASB;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage servicing assets of ASB;
- changes in ASB's loan or investment portfolio credit profiles and asset quality, which may increase or decrease the required level of allowance for loan losses or required other-than-temporary writedowns;
- technological disruptions affecting ASB's operations or financial or operational difficulties experienced by an outside vendor on whom ASB relies to provide key components of its business operations, such as business processing, network access or internet connections;
- public opinion about ASB and financial institutions in general, which, if negative, could impact the public's trust and confidence in ASB and adversely affect ASB's ability to attract and retain customers and expose ASB to adverse legal and regulatory consequences;
- increases in operating costs, inflation and other factors, that exceed increases in ASB's net interest, fee and other income;
- the ability of ASB to maintain or increase the level of deposits, ASB's lowest costing funds; and
- the ability of ASB to operate successfully as a full-service community bank and to contain costs.

Banking and related regulations could result in significant restrictions being imposed on ASB's business.

ASB is subject to examination and comprehensive regulation by the Department of Treasury, the OTS and the Federal Deposit Insurance Corporation, and is subject to reserve requirements established by the Board of Governors of the Federal Reserve System. As ASB's primary regulator, the OTS regularly conducts examinations to assess the "safety and soundness" of ASB's operations and activities and ASB's compliance with applicable banking laws and regulations. Because ASB is an indirect subsidiary of HEI, federal regulatory authorities have the right to examine HEI and its activities.

Under certain circumstances, including any determination that ASB's relationship with HEI results in an unsafe and unsound banking practice, these regulatory authorities have the authority to restrict the ability of ASB to transfer assets and to make distributions to its stockholders (including payment of dividends to HEI), or they could seek to require HEI to sever its relationship with or divest its ownership of ASB. Payment by ASB of dividends to HEI may also be restricted by the OTS under its prompt corrective action regulations or its capital distribution regulations if ASB's capital position deteriorates. In order to maintain its status as a QTL, ASB is required to maintain at least 65% of its assets in "qualified thrift investments." Savings associations that fail to maintain QTL status are subject to various penalties, including limitations on their activities. In ASB's case, the activities of HEI and HEI's other subsidiaries would also be subject to restrictions, and a failure or inability to comply with those restrictions could effectively result in the required divestiture of ASB. In the event of a required divestiture, federal law substantially limits the entities that could acquire ASB.

A large percentage of ASB's loans and securities are collateralized by real estate, and an adverse change in the real estate market may result in losses and adversely affect the Company's profitability.

As of December 31, 2008 approximately 84% of ASB's loan portfolio was comprised of loans primarily collateralized by real estate, primarily concentrated in the State of Hawaii. ASB's financial results may be adversely affected by changes in prevailing economic conditions, either nationally or in the state of Hawaii, including decreases in real estate values, adverse employment conditions, the monetary and fiscal policies of the federal and state government and other significant external events. A deterioration of the economic environment in Hawaii, including a material decline in the real estate market, further declines in home resales, or a material external shock, may significantly impair the value of ASB's collateral and ASB's ability to sell the collateral upon foreclosure. In the event of a default, amounts received upon sale of the collateral may be insufficient to recover outstanding principal and interest. Adverse changes in the economy may also have a negative effect on the ability of borrowers to make timely repayments of their loans. In addition, if poor economic conditions result in decreased demand for real estate loans, ASB's profits may decrease if alternative investments earn less income than real estate loans.

ASB's mortgage-related securities portfolio comprises 91% of the total investment portfolio. These securities are issued by both U.S. Government agencies and private issuers, and are collateralized by residential real estate loans originated throughout the U.S. Securities issued by government agencies have little, if any, credit risk since they are guaranteed by an agency of the U.S. Government. Privately-issued securities are structured to contain various levels of protection against losses incurred in the underlying pool of residential real estate loans. A sustained, severe downturn in the national residential real estate market could result in an increased level of foreclosures and

losses in the loans supporting these securities, which could have a negative impact on the credit quality of these securities and could have a material adverse impact on ASB's earnings. In 2008, ASB recorded a $4.7 million net charge for other-than-temporary impairments of securities.

ASB's strategy to expand its commercial and commercial real estate lending activities may result in higher service costs and greater credit risk than residential lending activities due to the unique characteristics of these markets.

ASB has been aggressively pursuing a strategy that includes expanding its commercial and commercial real estate lines of business. These types of loans generally entail higher underwriting and other service costs and present greater credit risks than traditional residential mortgages.

Generally, both commercial and commercial real estate loans have shorter terms to maturity and earn higher spreads than residential mortgage loans. Only the assets of the business typically secure commercial loans. In such cases, upon default, any collateral repossessed may not be sufficient to repay the outstanding loan balance. In addition, loan collections are dependent on the borrower's continuing financial stability and, thus, are more likely to be affected by current economic conditions and adverse business developments.

Commercial real estate properties tend to be unique and are more difficult to value than residential real estate properties. Commercial real estate loans may not be fully amortizing, meaning that they may have a significant principal balance or "balloon" payment due at maturity. In addition, commercial real estate properties, particularly industrial and warehouse properties, are generally subject to relatively greater environmental risks than noncommercial properties and to the corresponding burdens and costs of compliance with environmental laws and regulations. Also, there may be costs and delays involved in enforcing rights of a property owner against tenants in default under the terms of leases with respect to commercial properties. For example, tenants may seek the protection of bankruptcy laws, which could result in termination of such tenant's lease.

In addition to the inherent risks of commercial and commercial real estate lending described above, the expansion of these new lines of business present execution risks, including the ability of ASB to attract personnel experienced in underwriting such loans and the ability of ASB to appropriately evaluate credit risk associated with such loans in determining the adequacy of its allowance for loan losses.

ITEM 1B. UNRESOLVED STAFF COMMENTS

HEI has not received, prior to July 4, 2008, written comments from the SEC staff regarding its periodic or current reports under the Securities Exchange Act of 1934, which remain unresolved.

HECO has not received, prior to July 4, 2008, written comments from the SEC staff regarding its periodic or current reports under the Securities Exchange Act of 1934, which remain unresolved.

ITEM 2. PROPERTIES

HEI and HECO:

See the "Properties" sections under "HEI," "Electric utility" and "Bank" in Item 1. Business above.

ITEM 3. LEGAL PROCEEDINGS

HEI and HECO:

The descriptions of legal proceedings (including judicial proceedings and proceedings before the PUC and environmental and other administrative agencies) in "Item 1. Business," HEI's MD&A and in the notes to HEI's Consolidated Financial Statements are incorporated by reference in this Item 3. Certain HEI subsidiaries (including HECO and its subsidiaries and ASB) are also involved in ordinary routine PUC proceedings, environmental proceedings and litigation incidental to their respective businesses.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

HEI and HECO:

During the fourth quarter of 2008, no matters were submitted to a vote of security holders of the Registrants.

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EXECUTIVE OFFICERS OF THE REGISTRANT (HEI)

The following persons are, or may be deemed to be, executive officers of HEI. Their ages are given as of February 20, 2009, their years of company service are given as of December 31, 2008 and their business experience is given for the past five years. Officers are appointed to serve until the meeting of the HEI Board of Directors (HEI Board) after the next Annual Meeting of Shareholders (which is scheduled for May 5, 2009) and/or until their successors have been appointed and qualified (or until their earlier resignation or removal). Company service includes service with an HEI subsidiary.

HEI Executive Officers	Business experience for past five years
Constance H. Lau, age 56 (Company service: 24 years)	
President and Chief Executive Officer	5/06 to date
Chairman of the Board, HECO	5/06 to date
Chairman of the Board, ASB	5/06 to date
Chief Executive Officer, ASB	6/01 to date
President, ASB	6/01 to 1/08
Director, HEI	6/01 to 12/04, 5/06 to date
James A. Ajello, age 55	
Senior Financial Vice President, Treasurer and Chief Financial Officer	1/09 to date
Prior to joining HEI, served as Senior Vice President-Business Development from 8/06 to 1/09 and Senior Vice President and General Manager of Commercial & Industrial Marketing from 1/04 to 8/06 of Reliant Energy, Inc. and as President of Reliant Energy Solutions LLC from 8/00 to 1/04.	
Chester A. Richardson, age 60 (Company service: 1 year)	
Senior Vice President – General Counsel and Chief Administrative Officer	12/08 to date
Vice President – General Counsel	8/07 to 12/08
Prior to joining HEI, served as Deputy General Counsel of Alliant Energy Corp. from 9/03 to 7/07.	
Curtis Y. Harada, age 53 (Company service: 19 years)	
Vice President, Controller and Chief Accounting Officer	1/09 to date
Vice President, Controller and Chief Accounting Officer, and Acting Financial Vice President, Treasurer and Chief Financial Officer	12/08 to 1/09
Controller and Acting Financial Vice President, Treasurer and Chief Financial Officer	2/08 to 12/08
Controller	1/91 to 1/08
Richard M. Rosenblum, age 58	
President and Chief Executive Officer, HECO	1/09 to date
Director, HECO	2/09 to date
Prior to joining HECO, served as Southern California Edison's Senior Vice President of Generation, and Chief Nuclear Officer from 11/05 until his retirement in 5/08, as Senior Vice President, Generation from 9/05 to 11/05, and as Senior Vice President, Transmission and Distribution from 2/98 to 9/05.	
Timothy K. Schools, age 39 (Company service: 1 year)	
President, ASB	2/08 to date
Senior Executive Vice President, Chief Operating Officer, ASB	7/07 to 1/08
Prior to joining ASB, served as Chief Financial Officer from 11/05 to 4/07 and Chief Risk Officer from 10/04 to 11/05 of The South Financial Group, Inc., and as Director of Investor Relations and Strategic Planning from 12/01 to 10/04 of National Commerce Financial Corp.	

T. Michael May, former President and Chief Executive Officer of HECO, retired from HECO on December 31, 2008. Richard M. Rosenblum joined HECO as President and Chief Executive Officer on January 1, 2009 and became a Director of HECO on February 23, 2009. James A. Ajello joined HEI as Senior Financial Vice President,

Treasurer and Chief Financial Officer on January 26, 2009. HEI's executive officers are also officers and/or directors of one or more of HEI's subsidiaries. Mr. Rosenblum and Mr. Schools are not officers of HEI, but they are deemed to be executive officers of HEI for purposes of this Item under the definition of "executive officer" in Rule 3b-7 of the SEC's General Rules and Regulations under the Securities Exchange Act of 1934.

There are no family relationships between any executive officer of HEI and any other executive officer or director of HEI or nominee for director of HEI. There are no arrangements or understandings between any executive officer of HEI and any other person pursuant to which such executive officer was selected.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF SECURITIES

HEI:

Certain of the information required by this item is incorporated herein by reference to Note 12, "Regulatory restrictions on net assets," and Note 15, "Quarterly information (unaudited)," to HEI's Consolidated Financial Statements and "Selected Financial Data" in HEI Exhibit 13 to the Company's Current Report on Form 8-K dated February 19, 2009, and "Item 12. Equity compensation plan information" of this Form 10-K. Certain restrictions on dividends and other distributions of HEI are described in this report under "Item 1. Business—HEI—Regulation—Restrictions on dividends and other distributions" and that description is incorporated herein by reference. HEI's common stock is traded on the New York Stock Exchange and the total number of holders of record of HEI common stock as of February 20, 2009, was 10,771.

In 2008, HEI issued an aggregate of 31,600 shares of unregistered common stock pursuant to the HEI 1990 Nonemployee Director Stock Plan, as amended and restated effective May 6, 2008 (the HEI Nonemployee Director Plan). Under the HEI Nonemployee Director Plan, each HEI nonemployee director receives, in addition to an annual cash retainer, an annual stock grant of 1,800 shares of HEI common stock (2,000 shares for the first time grant to a new HEI director) and each nonemployee subsidiary director who is not also an HEI nonemployee director receives an annual stock grant of 1,000 shares of HEI common stock (1,000 shares for the first time grant to a new subsidiary director). The HEI Nonemployee Director Plan is currently the only plan for nonemployee directors and provides for annual stock grants and annual cash retainers for nonemployee directors of HEI and its subsidiaries.

In 2007, HEI issued an aggregate of 32,600 shares of unregistered common stock pursuant to the HEI Nonemployee Director Plan. In 2006, HEI issued an aggregate of 27,600 shares of unregistered common stock pursuant to the HEI 1990 Nonemployee Director Plan, as amended and restated effective May 2, 2006.

HEI did not register the shares issued under the director stock plan since their issuance did not involve a "sale" as defined under Section 2 (3) of the Securities Act of 1933, as amended. Participation by nonemployee directors of HEI and subsidiaries in the director stock plans is mandatory and thus does not involve an investment decision.

HECO:

Since a corporate restructuring on July 1, 1983, all the common stock of HECO has been held solely by its parent, HEI, and is not publicly traded. Accordingly, information required with respect to "Market information" and "holders" is not applicable to HECO.

The dividends declared and paid on HECO's common stock for the quarters ended September 30, 2007, December 31, 2007 and March 31, 2008 were $13,508,000, $13,576,000 and $14,089,000, respectively. No dividends were declared or paid on HECO's common stock for the quarters ended March 31, 2007, June 30, 2007, June 30, 2008, September 30, 2008 and December 31, 2008 because HECO was strengthening its capital structure by retaining earnings. Also, see "Liquidity and capital resources" in HEI's MD&A.

See the discussion of regulatory restrictions on distributions in Note 12 to HEI's Consolidated Financial Statements, which are incorporated herein by reference, and the discussion of "Restrictions on dividends and other distributions" under "HEI—Regulation" in Item 1. Business.

ITEM 6. SELECTED FINANCIAL DATA

HEI:

The information required by this item is incorporated herein by reference to page 4 of HEI's Annual Report.

HECO:

The information required by this item is incorporated herein by reference to "Selected Financial Data" on page 4 of HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is set forth in HEI's MD&A, incorporated herein by reference to pages 5 to 59 of HEI's Annual Report.

HECO:

The information required by this item is set forth in HECO's MD&A, incorporated herein by reference to page 3 of HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

HEI:

The information required by this item is set forth in HEI's Quantitative and Qualitative Disclosures about Market Risk, incorporated herein by reference to pages 59 to 62 of HEI's Annual Report.

HECO:

The information required by this item is set forth in HECO's Quantitative and Qualitative Disclosures about Market Risk, incorporated herein by reference to page 3 of HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HEI:

The information required by this item is incorporated herein by reference to pages 66 to 124 of HEI's Annual Report.

HECO:

The information required by this item is incorporated herein by reference to pages 7 to 52 of HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

HEI and HECO:

None

ITEM 9A. CONTROLS AND PROCEDURES

HEI:

Changes in Internal Control over Financial Reporting

During the fourth quarter of 2008, there was no change in internal control over financial reporting identified in connection with management's evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Constance H. Lau, HEI Chief Executive Officer, and James A. Ajello, HEI Chief Financial Officer, have evaluated the disclosure controls and procedures of HEI as of December 31, 2008. Based on their evaluations, as of December 31, 2008, they have concluded that the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective in ensuring that information required to be disclosed by HEI in reports HEI files or submits under the Securities Exchange Act of 1934:

(1) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and

(2) is accumulated and communicated to HEI management, including HEI's principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The "Annual Report of Management on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting" required by this item are incorporated herein by reference to pages 64 and 65, respectively, of HEI's Annual Report.

HECO:

Changes in Internal Control over Financial Reporting

During the fourth quarter of 2008, there was no change in internal control over financial reporting identified in connection with management's evaluation of the effectiveness of HECO's internal control over financial reporting as of December 31, 2008 that has materially affected, or is reasonably likely to materially affect, HECO's internal control over financial reporting.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Richard M. Rosenblum, HECO Chief Executive Officer, and Tayne S. Y. Sekimura, HECO Chief Financial Officer, have evaluated the disclosure controls and procedures of HECO as of December 31, 2008. Based on their evaluations, as of December 31, 2008, they have concluded that the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective in ensuring that information required to be disclosed by HECO in reports HECO files or submits under the Securities Exchange Act of 1934:

(1) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and

(2) is accumulated and communicated to HECO management, including HECO's principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The "Annual Report of Management on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting" required by this item are incorporated herein by reference to pages 5 and 6, respectively, of HECO Exhibit 99 to HECO's Current Report on Form 8-K dated February 19, 2009.

ITEM 9B. OTHER INFORMATION

HEI and HECO:

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

HEI:

Information for this item concerning the executive officers of HEI is set forth at the end of Item 4 of this report. Information on the current HEI directors and their business experience and directorships is incorporated herein by reference to the sections relating to director nominees and continuing directors in the HEI 2009 Proxy Statement. The information on the HEI Audit Committee and the HEI Board's determination of the HEI Audit Committee's financial experts and their names are incorporated herein by reference to the section relating to Committees of the Board and the relevant information in the Audit Committee Report in the HEI 2009 Proxy Statement. No other portion of the "Audit Committee Report" is incorporated herein by reference.

Family relationships; director arrangements

There are no family relationships between any director of HEI or nominee for director of HEI and any executive officer or director of HEI or nominee for director of HEI. There are no arrangements or understandings between any director of HEI and any other person pursuant to which such director was selected.

Code of Conduct

The HEI Board adopted a revised Corporate Code of Conduct, effective June 30, 2008, which includes code of ethics applicable to, among others, the Chief Executive Officer, senior financial officers and senior accounting officers of HEI, a copy of which may be viewed under "Corporate Governance" on HEI's website at www.hei.com. HEI elects to disclose the information required by Form 8-K, Item 5.05, "Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics," through this website and such information will remain available on this website for at least a 12-month period.

Section 16(a) beneficial ownership reporting compliance

Information required to be reported under this caption is incorporated herein by reference to the section relating to stock ownership in the HEI 2009 Proxy Statement.

HECO:

Executive officers

The following persons are, or may be deemed to be, executive officers of HECO. Their ages are given as of February 20, 2009, their years of company service are given as of December 31, 2008 and their business experience is given for the past five years. Executive officers are appointed to serve until the meeting of the HECO Board of Directors (HECO Board) after the next HECO Annual Meeting (or written consent of sole shareholder, which is expected in May 2009) and/or until their respective successors have been appointed and qualified (or until their earlier resignation or removal). Company service includes service with HECO affiliates.

HECO Executive Officers	Business experience for past five years
Richard M. Rosenblum, age 58	
HECO President and Chief Executive Officer	1/09 to date
Director, HECO	2/09 to date
Prior to joining HECO, served as Southern California Edison's Senior Vice President of Generation, and Chief Nuclear Officer from 11/05 until his retirement in 5/08, as Senior Vice President, Generation from 9/05 to 11/05, and as Senior Vice President, Transmission and Distribution from 2/98 to 9/05.	
Robert A. Alm, age 57 (Company service: 7 years) [1]	
Executive Vice President – Public Affairs	2/08 to date
Senior Vice President – Public Affairs	7/01 to 1/08
[1] Effective March 2, 2009, Mr. Alm will be promoted to Executive Vice President.	
Amy E. Ejercito, age 50 (Company service: 20 years)	
Vice President – Corporate Excellence	1/05 to date
Manager, Customer Service	5/00 to 12/04
Darcy L. Endo-Omoto, age 45 (Company service: 4 years)	
Vice President – Government & Community Affairs	9/08 to date
Executive Staff Specialist	9/07 to 9/08
Public Affairs Specialist	9/04 to 3/05, 7/05 to 9/07
Acting Director, Regulatory Affairs	3/05 to 7/05
Prior to joining HECO, served as Partner at the law firm Goodsill Anderson Quinn & Stifel from 1/03 to 8/04.	
Jay M. Ignacio, age 49 (Company service: 18 years)	
HELCO President	3/08 to date
HELCO Manager, Transmission and Distribution	11/96 to 3/08
Harold K. Kageura, age 56 (Company service: 22 years)	
Vice President – Energy Delivery	9/04 to date
Manager, Construction & Maintenance	2/02 to 9/04

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HECO Executive Officers (continued)	Business experience for past five years
Susan A. Li, age 51 (Company service: 18 years)	
Vice President – General Counsel	10/07 to date
Manager, Legal Department	5/98 to 10/07
Edward L. Reinhardt, age 56 (Company service: 22 years)	
MECO President	5/01 to date
Tayne S. Y. Sekimura, age 46 (Company service: 17 years)	
Senior Vice President, Finance and Administration	2/08 to date
Financial Vice President	10/04 to 1/08
Assistant Financial Vice President	8/04 to 10/04
Director, Corporate & Property Accounting	2/01 to 8/04
Thomas C. Simmons, age 60 (Company service: 37 years)	
Vice President – Power Supply	2/02 to date
Lynne T. Unemori, age 49 (Company service: 23 years)	
Vice President – Corporate Relations	7/06 to date
Director, Corporate Communications	12/00 to 7/06
David G. Waller, age 60 (Company service: 19 years)	
Vice President – Customer Solutions	6/04 to date
Manager, Energy Services	4/99 to 6/04

T. Michael May, former President and Chief Executive Officer of HECO, retired from HECO on December 31, 2008. Richard M. Rosenblum joined HECO as President and Chief Executive Officer on January 1, 2009 and became a Director of HECO on February 23, 2009.

HECO executive officers Darcy L. Endo-Omoto, Jay M. Ignacio, Edward L. Reinhardt and Tayne S. Y. Sekimura are also officers and/or directors of MECO, HELCO, RHI and/or UBC.

The following individuals serve on the HECO Board as of February 23, 2009.

Director	Age[2]	Director since [3]
Constance H. Lau	56	2006
Thomas B. Fargo [1]	60	2005
Timothy E. Johns [1]	52	2005
Bert A. Kobayashi, Jr.	38	2006
David M. Nakada	57	2005
Alan M. Oshima	61	2008
Richard M. Rosenblum	58	2009
Anne M. Takabuki [1]	52	1997
Kelvin H. Taketa	54	2004
Barry K. Taniguchi [1]	61	2001
Jeffrey N. Watanabe	66	2008

[1] Audit committee member.
[2] Age as of February 20, 2009.
[3] Year indicates first year elected or appointed. All directors are elected for one year terms.

Timothy E. Johns, Bert A. Kobayashi, Jr., David M. Nakada, Alan M. Oshima, and Anne M. Takabuki are the only nonemployee directors of HECO who are not also directors of HEI. Constance H. Lau, Thomas B. Fargo, Kelvin

H. Taketa, Barry K. Taniguchi, and Jeffrey N. Watanabe are each directors of both HECO and HEI. Information concerning the directors of HECO who are also directors of HEI is incorporated herein by reference to the information set forth above under “HEI” and in the HEI 2009 Proxy Statement.

Mr. Johns has been President and Chief Executive Officer of the Bishop Museum, Hawaii’s State Museum of Natural and Cultural History, since October 2007. From 2000 to October 2007, he was the Chief Operating Officer of the Estate of Samuel Mills Damon, a Hawaii-based private trust, primarily managing a diversified investment portfolio, including real estate assets in Hawaii. He is a director of Grove Farm Company, Inc. (and affiliates) and of Parker Ranch, Inc. (and affiliates). He also sits on the boards of several community organizations, including YMCA of Honolulu, Hawaii Nature Center, Child & Family Service, and Helping Hands Hawaii. He is a member of the State of Hawaii Board of Land and Natural Resources, chair of the U. S. Northwestern Hawaiian Islands Coral Reef Ecosystem Reserve Advisory Council and co-chair of The Trust for Public Land Hawaii Advisory Board.

Mr. Kobayashi has been President and Chief Executive Officer of Kobayashi Group, LLC, a real estate development and investment company, since 2001. He is a trustee of The Nature Conservancy of Hawaii, The Contemporary Museum and Hanahau’oli School as well as co-founder of The GIFT (Giving Inspiration For Tomorrow) Foundation of Hawaii, a volunteer organization whose mission is to encourage young adults to participate in philanthropic giving.

Mr. Nakada has been the Executive Director of the Boys & Girls Club of Hawaii, an eleemosynary youth guidance, primary prevention organization, since 1979. He serves as a trustee of the Hawaii Community Foundation and the Julia Temple Davis Brown Foundation.

Mr. Oshima has been Senior Advisor at Hawaiian Telcom Communications, Inc. since July 1, 2008 and previously was its Senior Vice President and General Counsel from May 2, 2005 to June 30, 2008. In December 2008, Hawaiian Telcom Communications, Inc. and related entities filed a proceeding under Chapter 11 of the federal bankruptcy laws. The proceeding was originally filed in Delaware but has been transferred to the federal bankruptcy court in Hawaii. From February 1, 2005 to May 1, 2005, Mr. Oshima was employed by The Carlyle Group awaiting the closing of its purchase of Verizon Hawaii (now known as Hawaiian Telcom Communications, Inc.). He was a partner in the law firm of Oshima, Chun, Fong and Chung LLP from 1985 through January 31, 2005. He serves as a member of various boards of Hawaiian Telcom Communications and its affiliated companies. He is also a member and past chair of the Board of Directors of the YMCA of Honolulu, vice-chair of the Board of Hawaii 3Rs, member of the Board of the Hawaii Institute of Public Affairs, and a member of the Advisory Board of The Learning Coalition.

Ms. Takabuki has been President of Wailea Golf LLC, owner/operator of golf courses, since October 1, 2003. At Wailea Golf Resort, Inc., she was President from March 2003 to September 2003. She also serves on the boards of Maui Electric Company, Limited, Hawaii Electric Light Company, Inc., Kapiolani Health Foundation and Wailea Community Association and is a member of the Maui Community College Chancellor’s Advisory Committee.

Audit Committee of the HECO Board

HECO has a guarantee with respect to 6.50% cumulative quarterly income preferred securities series 2004 (QUIPS) listed on the New York Stock Exchange (NYSE). Because HEI has common stock listed on the NYSE and HECO is a wholly-owned subsidiary of HEI, HEI is subject to the NYSE corporate governance listing standards in Section 303A of the NYSE Listed Company Manual and, by reason of an exemption resulting from HEI’s listing, HECO is not. Accordingly, HECO is exempt from NYSE listing standards 303A.04, 303A.05 and 303A.06, requiring a listed company to have a nominating/corporate governance committee, a compensation committee and an audit committee, respectively.

Although not required by NYSE rules to do so, HECO has established one standing committee, the Audit Committee. The current members of HECO’s Audit Committee are nonemployee directors Barry K. Taniguchi, Chairman, Thomas B. Fargo, Timothy E. Johns, and Anne M. Takabuki.

The HECO Audit Committee operates and acts under a written charter, which was adopted and approved by the HECO Board. The Committee provides independent and objective oversight of HECO’s (1) financial reporting processes, (2) audits of the financial statements, including appointment, compensation and oversight of the independent registered public accounting firm which performs the audit of HECO’s financial statements, (3) internal controls, and (4) risk assessment and risk management policies set by management. The HECO Audit Committee

also reviews past or proposed transactions between HECO and members of its management and complaints from any employee regarding accounting, internal controls or auditing matters.

The HECO Audit Committee holds meetings it deems necessary to review the financial operations of HECO. In 2008, the HECO Audit Committee held six meetings to review various matters with management, the internal auditor and KPMG LLP (HECO's independent registered public accounting firm), including the activities of the internal auditor and the results of the annual audit by KPMG LLP of HECO's 2007 consolidated financial statements, which were incorporated by reference into HECO's 2007 Form 10-K.

All members of the HECO Audit Committee are independent directors as independence for audit committee members is defined in the listing standards of the New York Stock Exchange. See Item 13. "Certain Relationships and Related Transactions, and Director Independence—Are HECO Directors Independent?" below. None of the members of the HECO Audit Committee are members of audit committees of any other publicly traded company, except that Admiral Fargo and Mr. Taniguchi are members of the HEI Audit Committee and Admiral Fargo is a member of the audit committee for Northrup Grumman Corporation. Barry K. Taniguchi, Timothy E. Johns and Anne M. Takabuki have been determined by the HECO Board to be the HECO "audit committee financial experts."

Attendance at meetings

In 2008, there were eleven regular and three special meetings of the HECO Board. All incumbent directors attended at least 75% of the combined total number of meetings of the HECO Board and (if applicable) the HECO Audit Committee during 2008.

Family relationships

There are no family relationships between any executive officer or director of HECO and any other executive officer or director of HECO. Bert A. Kobayashi, Jr., who has served as a HECO director since July 2006, is the son of Bert A. Kobayashi, who has served as an ASB director since January 2002.

Executive officer and director arrangements

There are no arrangements or understandings between any executive officer or director of HECO and any other person pursuant to which such executive officer or director was selected.

Code of Conduct

The HEI Board adopted a revised Corporate Code of Conduct, effective June 30, 2008, which includes a code of ethics applicable to, among others, the Chief Executive Officer, senior financial officers and senior accounting officers of HECO, a copy of which may be viewed under "Corporate Governance" on HEI's website at www.hei.com. HECO elects to disclose the information required by Form 8-K, Item 5.05, "Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics," through this website and such information will remain available on this website for at least a 12-month period.

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ITEM 11. EXECUTIVE COMPENSATION

HEI:

The information required under this item for HEI is incorporated herein by reference to the information relating to the HEI Board, Committees of the Board and executive compensation in the HEI 2009 Proxy Statement.

HECO:

As T. Michael May [1] was deemed an executive officer of HEI and certain directors of HECO are also directors of HEI, information required under this item for HECO, in addition to that set forth below, is incorporated herein by reference to the information relating to the HECO Board, Committees of the Board and executive compensation in the HEI 2009 Proxy Statement.

Executive compensation

HECO Board and HEI Compensation Committee Report

The HECO Board and the HEI Compensation Committee evaluate and establish compensation for the HECO named executive officers. Management has the primary responsibility for HECO's financial statements and reporting process, including the disclosure of executive compensation. The HECO Board and the HEI Compensation Committee have reviewed and discussed with management the Compensation Discussion and Analysis that follows. The HECO Board and the HEI Compensation Committee are satisfied that the Compensation Discussion and Analysis fairly and completely represents the philosophy, intent, and actions of the HECO Board and HEI Compensation Committee with regard to executive compensation. The HECO Board approved, and the HEI Compensation Committee recommended to the HEI Board, and the HEI Board concurred, that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

SUBMITTED BY THE HECO BOARD OF DIRECTORS
Constance H. Lau, Chairman
Thomas B. Fargo
Timothy E. Johns
Bert A. Kobayashi, Jr.
David M. Nakada
Alan M. Oshima
Anne M. Takabuki
Kelvin H. Taketa
Barry K. Taniguchi
Jeffrey N. Watanabe

AND 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

(1) Mr. May, former President and Chief Executive Officer of HECO, retired from HECO on December 31, 2008. On January 1, 2009, Richard M. Rosenblum joined HECO as President and Chief Executive Officer.

Compensation Discussion and Analysis

Who were the named executive officers for HECO in 2008?

For 2008, the HECO named executive officers were:

1. T. Michael May, HECO President and Chief Executive Officer. Mr. May retired on December 31, 2008.
2. Tayne S. Y. Sekimura, HECO Senior Vice President, Finance and Administration, from February 1, 2008, and HECO Financial Vice President from January 1, 2008 to January 31, 2008.
3. Robert A. Alm, HECO Executive Vice President – Public Affairs from February 1, 2008, and HECO Senior Vice President – Public Affairs from January 1, 2008 to January 31, 2008. [1]
4. Thomas L. Joaquin, HECO Senior Vice President – Operations.
5. Karl E. Stahlkopf, HECO Senior Vice President – Energy Solutions and Chief Technology Officer.

(1) Effective March 2, 2009, Mr. Alm will be promoted to Executive Vice President.

Summary of Results

In 2006 and 2007, Hawaiian Electric Company, Inc. (HECO) did not meet its respective minimum financial threshold and no annual executive incentive bonuses were paid to HECO executives. The results for 2008 were significantly different than prior years and in 2008 HECO successfully achieved a number of its annual and long-term incentive goals and annual and/or long-term incentives were awarded to the HECO named executive officers. HECO regained financial strength primarily due to interim rate relief in the last quarter of 2007. Further on October 20, 2008, HECO and the State of Hawaii announced an ambitious agreement to proactively reduce the State of Hawaii's dependency on fossil fuel by moving towards a future of increasing renewable energy. This proactive agreement positions the State of Hawaii at the forefront of clean energy leadership and provides HECO with the potential to appropriately change its business model.

Summary of Significant Changes

The HEI Compensation Committee has the responsibility for recommending the total compensation program for HECO, subject to the approval of the HECO Board. In 2008, the HEI Compensation Committee held eight meetings to approve, among other things, the overall executive compensation program design. The HEI Compensation Committee held lengthy discussions, with and without management present, regarding best pay practices and trends. The HEI Compensation Committee revamped HEI's executive programs that are applicable to HECO named executive officers to comply with new regulations, to establish leading best practices, and to reflect a more conservative approach toward executive compensation in alignment with shareholder interests. On the whole, the changes were intended to make the executive compensation program more performance based.

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

- The HEI Excess Pay Plan, HEI Supplemental Executive Retirement Plan, HEI Executives' Deferred Compensation Plan, and HEI Non-Employee Directors' 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.
- Effective April 2008, a participant forfeits any potential annual or long-term incentive award if the participant terminates employment within the performance period 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 HECO named executive officers, excluding selective salary adjustments for executives to make up for the elimination of the car and gas allowance and for other special circumstances, will be frozen in 2009. The executive 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 more accurately reflect individual contributions. Each incentive metric will have its own threshold.
- Company-paid executive physicals and car and gas allowances for HECO executives have been eliminated in keeping with HEI's philosophy to reduce nonperformance perquisites, effective January 1, 2009 and May 1, 2009, respectively.
- 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 voluntary departures prior to retirement.

Compensation Process

Who is responsible for determining appropriate executive compensation?

The HECO Board and the HEI Compensation Committee have the responsibility for recommending the total compensation program for HECO and its subsidiaries, and can approve, modify or reject the recommendations of executive management regarding executive total compensation and incentive programs, including incentive compensation and equity-based plans.

The HECO Board Chairman conducts an evaluation of the performance of the HECO President and Chief Executive Officer and makes recommendations to the HECO Board and the HEI Compensation Committee regarding the compensation for the HECO President and Chief Executive Officer. The HECO Board and the HEI Compensation Committee, with the assistance of an independent compensation consultant, recommends an executive compensation package for the HECO President and Chief Executive Officer, subject to the approval of the HEI Board.

Can the HECO Board and the HEI Compensation Committee modify or terminate executive compensation programs?

The HECO Board and the HEI Compensation Committee reserve the right to amend, suspend or terminate incentive programs or any other executive compensation program, or HECO's participation in such programs. The HECO Board and the HEI Compensation Committee can exercise 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 to HECO or subsidiary executives.

In making compensation determinations, the HECO Board and the HEI Compensation Committee will consider financial accounting consequences if appropriate. For instance, the HECO Board and the HEI Compensation 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 HECO Board and the HEI Compensation Committee will also consider tax consequences if appropriate. As an example, the HECO Board and the HEI Compensation Committee will take into account tax deductibility in establishing executive compensation, but reserve the right to award compensation even when not deductible, if it is reasonable and appropriate.

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

In 2007, the HEI Compensation Committee approved, and the HECO 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 the fraud, gross negligence, or intentional misconduct that causes HECO 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 HEI Compensation Committee shall determine (with HECO Board ratification), but in no event will the amount to be recovered by HECO be less than the amount required to be repaid or recovered as a matter of law. The HEI Compensation Committee has the discretion to determine whether HECO shall effect any such recovery (i) by seeking repayment from the executive, (ii) by reducing any other amount under any compensatory plan or program maintained by HECO, (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, HECO may dismiss the 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 HECO as it may deem appropriate based on the particular circumstances of the situation.

What is the role of the compensation consultant?

An independent compensation consultant, Towers Perrin, provides the HECO Board and the HEI Compensation Committee with advice and data with respect to compensation benchmarking and market practices. The HECO President and Chief Executive Officer provides input on the compensation of the HECO named executive officers to the HEI Vice President–Administration. The HEI Vice President–Administration, in turn, works directly with Towers Perrin on all HECO executive compensation matters. For a further discussion of the role of Towers Perrin in assisting the HEI Compensation Committee concerning executive compensation initiatives and in providing other services, see the information provided in response to this question in the HEI Compensation and Discussion and Analysis incorporated by reference to the HEI 2009 Proxy Statement.

In 2008, the HEI Compensation Committee engaged Towers Perrin to provide a comprehensive review of HECO's compensation and benefit policies and practices for executives. This review included work regarding project planning, peer group, compensation philosophy, competitive study, incentive plan review and other compensation components. In addition, the HEI Compensation Committee engaged Towers Perrin to provide reviews of tally sheets, incentive plans, performance based bonuses, and equity grants. The HEI Compensation Committee authorized these projects to ensure that all compensation and benefit programs align with corporate strategies, to enhance linkage of rewards to results within the participant's responsibilities, to ensure fairness in the administration of plans, to simplify programs for greater understanding, to maintain the competitiveness of the programs, and to manage costs within HECO's financial resources.

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

Mr. May, who served as HECO President and Chief Executive Officer through July 31, 2008, reviewed and made recommendations regarding executive compensation for the other HECO named executive officers. In early 2008, Mr. May recommended the base salary increases for the HECO named executive officers, other than himself. He also worked with the HECO Vice President, Corporate Excellence and the HEI Vice President–Administration, in making recommendations to the HECO Board and the HEI Compensation Committee on compensation (including financial and performance measures under the executive incentive plans) and benefits for HECO named executive officers, other than himself. Ms. Lau, the HEI President and Chief Executive Officer and Chairman of the HECO Board, reviews and makes recommendations regarding the executive compensation of the HECO President and Chief Executive Officer. The HECO President and Chief Executive Officer does not participate in the HECO Board's or HEI Compensation Committee's decision-making process on compensation matters regarding his or her own salary, incentives or other compensation matters.

The HECO Vice President, Corporate Excellence, has the overall responsibility for administering the HECO executive compensation programs. She may also make recommendations on executive compensation matters, including the methodology and metrics for computing executive incentives.

Compensation Program

What are the objectives of the Company's compensation programs?

The following are the primary objectives of HECO'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.
- Reward performance relative to strategic plans that support shareholder value.

What are the elements of executive compensation?

To meet the compensation objectives described above, the compensation for the HECO named executive officers include 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, limited perquisites and other benefits.

Why does HECO choose to pay each element?

- HECO 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.
- HECO 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 to support the continued payment of the HEI dividend. The annual incentive goals motivate executives and encourage their commitment to HECO's success. Shareholders and other stakeholders benefit from the achievement of these goals.
- HECO provides longer-term incentives to support initiatives to promote long-term growth in shareholder value, to increase HECO's financial and strategic flexibility, and to build its fundamental value. HECO pays its executives in a mix of earned long-term incentives paid partially in HEI stock and service based-restricted stock in order to encourage stock ownership and alignment of the interests of executives and shareholders. HECO's long-term incentive plan rewards executives based on HECO'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.
- HECO 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 HECO determine the amount for each element?

HECO is Hawaii's major regulated electric public utility and supplies power to 95% of Hawaii's population through its electric utilities, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited.

With the assistance of its compensation consultant, the HEI Compensation Committee targets the total compensation and each component at the median of relevant peers. The actual awards are differentiated based upon performance and contribution. There is also more pay-at-risk at higher roles in the organization. Above median incentives may be given to individual executives for superior performance.

Peer companies are comprised of companies that, in the 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 resulting peer companies are used as a guide in determining appropriate pay levels and mix of pay components.

Towers Perrin conducted its 2008 peer selection by considering utility industry companies with $1.0 billion to $4.2 billion in revenues, 1,070 to 4,300 employees, and return on average common equity (ROACE) greater than 5%.

The following are the HECO peer group companies:*

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

* Through recent restructurings or name changes, some of these utilities 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.

How does each element fit into HECO’s overall compensation objectives?

With the assistance of its compensation consultant, the HECO Board and the HEI Compensation Committee reviews each compensation element to determine whether it fits into HEC0’s overall compensation objectives. The Committee also requests that management prepare and the consultant review tally sheets on each executive officer to determine how each executive’s elements of pay, such as base salary, annual incentives, benefits and long-term incentives, compared to peers. The HEI Compensation Committee uses this information to consider whether any element should be reduced or increased or whether the mix of elements should be changed.

The HECO Board and the HEI Compensation Committee also reviewed internal equity amongst the top executives when developing pay recommendations. The Committee believes that the comparative compensation among the HECO named executive officers is fair, considering job scope, experience, value to the organization, and duties relative to the other HECO named executive officers. The compensation of T. Michael May, the former President and Chief Executive Officer of HECO, retired on December 31, 2008, reflected his role as head of the utility and its subsidiaries through July 31, 2008, and his contribution to the company through the end of the year.

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Compensation Elements

What are the base salaries of the HECO named executive officers?

In April 2008, Ms. Lau recommended a base salary increase for Mr. May. Mr. May recommended base salary increases for Messrs. Alm, Joaquin and Stahlkopf. Taking into consideration these recommendations, the HECO Board and the HEI Compensation Committee approved the following salary increases, effective May 1, 2008:

Name	% Base Salary Increase	$ Base Salary Increase	Base Salary, Effective May 1, 2008
T. Michael May [(1)]	3.0%	$ 17,900	$ 615,900
Tayne S. Y. Sekimura [(2)]	—	—	246,000
Robert A. Alm [(3)]	3.0%	8,600	297,000
Thomas L. Joaquin	3.4%	10,100	305,300
Karl E. Stahlkopf	3.0%	10,000	346,000

(1) Mr. May stepped down as President and Chief Executive Officer effective August 1, 2008, and retired as an employee of HECO on December 31, 2008. Effective January 1, 2009, Richard M. Rosenblum joined HECO as President and CEO. Mr. Rosenblum's base salary is $580,000.

(2) Ms. Sekimura was promoted to Senior Vice President, Finance and Administration, effective February 1, 2008. At its meeting on January 22, 2008, the HEI Compensation Committee recommended, and the HECO Board subsequently approved, a base salary increase of $18,000 effective February 1, 2008, increasing her salary to $246,000. Mr. May recommended and the HECO Board approved a performance based salary increase of $10,000 effective August 1, 2008 and Ms. Sekimura's final salary for 2008 was $256,000.

(3) Effective March 2, 2009, Mr. Alm will be promoted to Executive Vice President. At its meeting on February 20, 2009, the HEI Compensation Committee recommended, and the HECO Board subsequently approved, a base salary increase of $44,600 effective March 2, 2009, increasing Mr. Alm's salary to $341,600.

Base salaries for the HECO named executive officers, excluding selective salary adjustments for executives to make up for the elimination of the car and gas allowance and for other special circumstances, will be frozen in 2009. The executive salary structure (cost of living adjustments to the executive salary grades) will be frozen in 2009.

Were there any discretionary bonuses paid to HECO named executive officers in 2008?

Yes. In March 2008, Mr. May received in addition to his base salary of $615,900, 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. On October 20, 2008, HECO and the State of Hawaii announced an ambitious agreement to proactively reduce the State of Hawaii's dependency on fossil fuel by moving towards a future of increasing renewable energy. This proactive agreement positions the State of Hawaii at the forefront of clean energy leadership and provides HECO with the potential to appropriately change its business model. As a result of their leadership and significant contribution to this ground-breaking agreement and the strategic shift of the utility's business and focus on renewable resources, Mr. Alm received a discretionary bonus of $100,000 and Ms. Sekimura received a discretionary bonus of $35,000 in late 2008.

What was HECO's 2008 annual incentive plan and were there any payouts to HECO named executive officers under this plan?

In 2008, Messrs. May, Alm, Joaquin, Stahlkopf, and Ms. Sekimura had a minimum utility consolidated net income threshold of $90.2 million for his/her annual incentive goal. The minimum financial threshold was set at 10% below the target forecast. This financial threshold was met in 2008.

In addition to the minimum thresholds, the HECO Board and the HEI Compensation Committee approved the following annual financial and other operational goals for the named executive officers for 2008. The following table lists the named executive officer performance metrics, weightings, target goals and actual results achieved for the 2008 annual incentive compensation plan:

Name	Weight	Performance Metric	Target	Actual Results
T. Michael May	35%	Utility Consolidated Net Income	$100.2 million	$92.0 million
	35%	Utility Consolidated Free Cash Flow	($77.7) million	($17.1) million
	10%	Preferred Energy Future	Meet project milestones	Not met
	10%	Expand Renewable Generation	Meet project milestones	Achieved at target
	10%	Execute Regulatory Strategy	Complete by July 2008	Achieved at target
Tayne S. Y. Sekimura	30%	Utility Consolidated Net Income	$100.2 million	$92.0 million
	30%	Utility Consolidated Free Cash Flow	($77.7) million	($17.1) million
	10%	Preferred Energy Future	Meet project milestones	Not met
	10%	Expand Renewable Generation	Meet project milestones	Achieved at target
	10%	Execute Regulatory Strategy	Complete by July 2008	Achieved at target
	5%	Resolve Imputed Debt	Complete by Sept 2008	Not met
	5%	Enterprise IT Projects	Meet project milestones	Achieved at minimum
Robert A. Alm	30%	Utility Consolidated Net Income	$100.2 million	$92.0 million
	30%	Utility Consolidated Free Cash Flow	($77.7) million	($17.1) million
	10%	Preferred Energy Future	Meet project milestones	Not met
	10%	Expand Renewable Generation	Meet project milestones	Achieved at target
	10%	Execute Regulatory Strategy	Complete by July 2008	Achieved at target
	10%	Resolve Imputed Debt	Complete by Sept 2008	Not met
Thomas L. Joaquin	30%	Utility Consolidated Net Income	$100.2 million	$92.0 million
	30%	Utility Consolidated Free Cash Flow	($77.7) million	($17.1) million
	10%	Preferred Energy Future	Meet project milestones	Not met
	10%	Expand Renewable Generation	Meet project milestones	Achieved at target
	10%	Execute Regulatory Strategy	Complete by July 2008	Achieved at target
	5%	New Generating Unit Project	Meet project milestones	Not met
	5%	CIS Project	Complete by August 2008	Not met
Karl E. Stahlkopf	30%	Utility Consolidated Net Income	$100.2 million	$92.0 million
	30%	Utility Consolidated Free Cash Flow	($77.7) million	($17.1) million
	10%	Preferred Energy Future	Meet project milestones	Not met
	10%	Expand Renewable Generation	Meet project milestones	Achieved at target
	10%	Execute Regulatory Strategy	Complete by July 2008	Achieved at target
	10%	Distributed Generation Strategy	Meet project milestones	Achieved at target

The above goals were set by the HEI Compensation Committee and approved by the HECO Board, because these goals position the utility for continued business and financial success while further increasing shareholder value. The HECO named executive officers had the heaviest weighting on consolidated net income and free cash flow, which were key drivers of shareholder value and the utility's financial success in 2008. Other operational goals were given to executives depending on their areas of responsibility and focus.

Utility Consolidated Net Income is a basic financial measurement of the utility consolidated earnings for the year. Utility consolidated net income contributes directly to HEI's net income and its earnings per share. Net income is a generally accepted accounting principles (GAAP) measure.

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Utility Consolidated Free Cash Flow is measured as follows: Utility consolidated net cash provided by operating activities less net capital expenditures. Free cash flow represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base. Free cash flow is a measure of shareholder value, and the company's ability to develop new products, invest in capital improvements, pay dividends and reduce debt. Negative free cash flow may be a positive indicator if it is a result of the company making large investments with a high rate of return.

In addition to these financial goals, all HECO named executive officers shared the following three operational goals: *Achieve a Preferred Energy Future* , *Expand Renewable Generation* , and *Execute Regulatory Strategy* . The *Achieve a Preferred Energy Future* goal refers to HECO's partnership activity and progress in the construction of a biodiesel plant. The Expand Renewable Generation goal refers to the utilities' comprehensive plan to increase the utility's resources of renewable energy. The Execute Regulatory Strategy goal involved the filing of a rate case with Hawaii's Public Utility 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.

Mr. Alm and Ms. Sekimura also had a goal to *Resolve Imputed Debt* , which involves obtaining regulatory approval to move the recovery of reasonably incurred purchased power costs from base rates to a new surcharge.

Ms. Sekimura had an additional goal of *Enterprise IT Projects* . This goal refers to the successful progress and completion of HECO's major IT implementation projects, including the new Customer Information System and the new Human Resources Information System.

Mr. Joaquin also had additional operational goals for the *New Generating Unit* , which involves the ongoing construction of a new biofueled power plant and advancing the project within budget and according to schedule, as well as a goal to implement the new *Customer Information System* project on schedule and within budget.

Mr. Stahlkopf had an additional goal to further our *Distributed Generation Strategy* , which involves progress on various distributed generation projects and agreements on Oahu and Maui. Mr. Stahlkopf successfully achieved target project and agreement milestones on this goal.

The following were the award ranges, shown as a percentage of the salary midpoint that the HECO Board and the HEI Compensation Committee approved for the 2008 annual incentive plan:

Name	Minimum	Target	Maximum	2008 salary midpoint
T. Michael May	30%	60%	120%	$581,000
Tayne S. Y. Sekimura (1)	15%	30%	45%	254,000
Robert A. Alm	15%	30%	45%	256,000
Thomas L. Joaquin	15%	30%	45%	256,000
Karl E. Stahlkopf	15%	30%	45%	306,000

(1) Ms. Sekimura was appointed to her current position of Senior Vice President, Finance & Administration on February 1, 2008. Her 2008 salary midpoint noted here is based on a prorated amount of 1 month at $228,000 which was the 2008 salary midpoint of her previous position as Financial Vice President, and 11 months at $256,000 which is the 2008 salary midpoint of her current position.

In 2008, HECO met its minimum threshold utility consolidated net income goal and earned $92.0 million. HECO 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. As a result of this solid performance on the annual incentive plan goals, on February 20, 2009, the HEI Compensation Committee approved the following annual executive incentive compensation plan bonuses for the HECO named executive officers:

Name	Payout
T. Michael May (1)	$385,573
Tayne S. Y. Sekimura	64,809
Robert A. Alm	63,485
Thomas L. Joaquin	63,485
Karl E. Stahlkopf	85,064

(1) Under the terms of a letter agreement entered into on June 13, 2008, HECO 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 HECO agreed to make up that shortfall with an additional cash payment to Mr. May in the amount of such shortfall. Actual performance for Mr. May's 2008 goals exceeded target levels overall.

What is HECO's 2009 annual incentive plan?

The 2009 annual incentive plan for HECO executive officers was approved by the HEI Compensation Committee on February 20, 2009. The annual incentive plan goals are simplified and focused upon the four key constituencies of the utility: 1) Shareholders, 2) Employees, 3) Customers and 4) Regulators. The approved 2009 annual incentive plan for the participating HECO named executive officers is as follows:

Name	Weight	Performance Metric	Target
Tayne S. Y. Sekimura	40%	Utility Consolidated Net Income	$84.5 million
Robert A. Alm	20%	Consolidated Safety (Total Cases Incident Rate)	4.25
	20%	HECO Customer Satisfaction	78.2
	20%	Hawaii Clean Energy Initiative (HCEI)	HCEI goals

Ms. Sekimura and Mr. Alm share the following goals: Utility Consolidated Net Income, Consolidated Safety (Total Cases Incident Rate), HECO Customer Satisfaction and HCEI (Hawaii Clean Energy Initiative) goals. Utility Consolidated Net Income is the basic financial measurement of earnings for the year and contributes directly to HEI's net income and its earnings per share. Net income is a GAAP measure. Consolidated Safety focuses on employee safety as measured by the Total Cases Incident Rate (TCIR). TCIR is a standard measure of safety performance, which is determined by the total number of cases x 200,000 productive hours divided by the total number of productive hours for the year. The goal was selected because of the importance of safety to every employee and to our entire team. The HECO Customer Satisfaction goal is based upon the results of the quarterly Customer Satisfaction Survey conducted by a 3 rd party vendor to assess how satisfied our customers are with our service, reliability and the price of our product. The HCEI goal is based upon the recent agreement executed between the State of Hawaii and the utilities in October 2008 to proactively reduce the State of Hawaii's dependency on fossil fuel by moving towards a future of increasing renewable energy.

The following award ranges were approved for the HECO named executive officers listed below, and will be determined as a percent of 2009 estimated salary, instead of salary midpoint, which allows for awards to better reflect individual contributions:

Name	Minimum	Target	Maximum	2009 estimated salary
Tayne S. Y. Sekimura	15%	30%	60%	$ 256,000
Robert A. Alm (1)	20%	40%	80%	334,200

(1) Effective March 2, 2009, Mr. Alm will be promoted to Executive Vice President. At its meeting on February 20, 2009 the HEI Compensation Committee recommended, and the HECO Board subsequently approved, a base salary increase of $44,600, effective March 2, 2009, increasing Mr. Alm's salary to $341,600. If a payout is earned and approved, the award would be calculated applying the percentages above, to a salary of $334,200. This is a prorated amount based on 2 months at $297,000 which was Mr. Alm's salary under his previous position as Executive Vice President - Public Affairs, and 10 months at his new salary of $341,600.

Richard M. Rosenblum joined HECO as President and Chief Executive Officer on January 1, 2009, and will also be participating in this plan.

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What was HECO's 2006-2008 long-term incentive plan and what were the 2009 payouts to HECO named executive officers under the Plan?

The three-year performance incentive plan is otherwise known as the Long Term Incentive Plan (LTIP). In 2006, the HECO Board and the HEI Compensation Committee approved the following award ranges, shown as a percentage of each individual's 2008 salary midpoint, for the HECO named executive officers who were participants in the plan:

Name	Minimum	Target	Maximum	2008 salary midpoint
T. Michael May	40.0%	80.0%	170.0%	$ 581,000
Robert A. Alm	25.0%	37.5%	75.0%	256,000
Thomas L. Joaquin	25.0%	37.5%	75.0%	256,000
Karl E. Stahlkopf	25.0%	37.5%	75.0%	306,000

The HECO named executive officers had three long-term goals, Return on Average Common Equity (consolidated) compared to the Edison Electric Institute Index, Net Income (consolidated), and Total Return to Shareholders. The HECO named executive officers earned a long-term incentive award under the 2006-2008 LTIP for achieving a return at the 38.5 th percentile of the Edison Electric Institute (EEI) Index, which is above the minimum goal of achieving a return at or above the 30 th percentile of the EEI Index.

The long-term incentive award for this performance period will be 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 the interests of shareholders.

Name	Weight	Performance Metric	Target	Result	Payout
T. Michael May	40%	Consolidated Return on Average Common Equity	50 th percentile of the Edison Electric Institute Index [1]	12th percentile [2]	$ —
	40%	Consolidated Net Income	$99.405 million	$73.0 million	—
	20%	Total Return to Shareholders	50 th percentile of the Edison Electric Institute Index [1]	38.5 th percentile	66,234
	100%				$66,234
Robert A. Alm	40%	Consolidated Return on Average Common Equity	50 th percentile of the Edison Electric Institute Index [1]	12th percentile [2]	$ —
	40%	Consolidated Net Income	$99.405 million	$73.0 million	—
	20%	Total Return to Shareholders	50 th percentile of the Edison Electric Institute Index [1]	38.5 th percentile	15,520
	100%				$15,520
Thomas L. Joaquin	40%	Consolidated Return on Average Common Equity	50 th percentile of the Edison Electric Institute Index [1]	12th percentile [2]	$ —
	40%	Consolidated Net Income	$99.405 million	$73.0 million	—
	20%	Total Return to Shareholders	50 th percentile of the Edison Electric Institute Index [1]	38.5 th percentile	15,520
	100%				$15,520
Karl E. Stahlkopf	40%	Consolidated Return on Average Common Equity	50 th percentile of the Edison Electric Institute Index [1]	12th percentile [2]	$ —
	40%	Consolidated Net Income	$99.405 million	$73.0 million	—
	20%	Total Return to Shareholders	50 th percentile of the Edison Electric Institute Index [1]	38.5 th percentile	18,551
	100%				$18,551

(1) The Edison Electric Institute (EEI) 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 EEI Index measures performance data for over 60 U.S. investor-owned electric utilities. The performance of the companies in the Index is calculated on a noncapital weighted basis so as not to give a disproportionate emphasis to the larger companies. Listed below are the utilities in the EEI Index for 2008:

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

(2) This EEI Index 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 completion of this report.

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

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

Name	Weight	Performance Metric	Minimum Threshold	Target Goal
T. Michael May	50%	Consolidated Free Cash Flow	($24.1 million)	($13.0 million)
Tayne S.Y. Sekimura Robert A. Alm Thomas L. Joaquin Karl E. Stahlkopf	30%	Consolidated 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	30 th percentile of the Edison Electric Institute Index	50 th percentile of the Edison Electric Institute Index
	100%			

The metrics used in this program are common financial measures for the most part. 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.

The following are the award levels for these incentives:

Name	Minimum	Target	Maximum	2010 projected salary midpoint of position grade (4)
T. Michael May (1)	40%	80%	170%	$ 581,000
Tayne S.Y. Sekimura (2)	25%	37.5%	75%	269,000
Robert A. Alm (3)	25%	37.5%	75%	269,000
Thomas L. Joaquin	25%	37.5%	75%	269,000
Karl E. Stahlkopf	25%	37.5%	75%	321,000

(1) 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 performance goals are achieved. Mr. May's award will be based upon his salary midpoint at retirement.

(2) Ms. Sekimura was appointed to her current position of Senior Vice President, Finance & Administration on February 1, 2008. If a payout is earned and approved, the award would be prorated based on 1 month at the 2010 salary midpoint of her previous position as Financial Vice President, and 35 months at the 2010 salary midpoint of her current position.

(3) Effective March 2, 2009, Mr. Alm will be promoted to Executive Vice President. If a payout is earned and approved, the award would be prorated based on 14 months at the 2010 salary midpoint of his previous position as Executive Vice President – Public Affairs, and 22 months at the 2010 salary midpoint of his position as Executive Vice President.
(4) The award payouts will be based upon actual 2010 salary midpoints and not the projected midpoints cited here.

In addition to the basic long-term incentive plan, the Committee also approved supplemental long-term incentive award levels for the 2008-2010 period for each of the HECO named executive officers so that HECO'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 HECO named executive officers and provided an additional supplemental long-term incentive opportunity. 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 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 (4)
T. Michael May (1)	9.0%	18.0%	38.0%	$ 581,000
Tayne S.Y. Sekimura (2)	6.5%	10.0%	20.0%	269,000
Robert A. Alm (3)	6.5%	10.0%	20.0%	269,000
Thomas L. Joaquin	6.5%	10.0%	20.0%	269,000
Karl E. Stahlkopf	6.5%	10.0%	20.0%	321,000

(1) 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 performance goals are achieved. Mr. May's award will be based upon his salary midpoint at retirement.
(2) Ms. Sekimura was appointed to her current position of Senior Vice President, Finance & Administration on February 1, 2008. If a payout is earned and approved, the award would be prorated based on 1 month at the 2010 salary midpoint of her previous position as Financial Vice President, and 35 months at the 2010 salary midpoint of her current position.
(3) Effective March 2, 2009, Mr. Alm will be promoted to Executive Vice President. If a payout is earned and approved, the award would be prorated based on 14 months at the 2010 salary midpoint of his previous position as Executive Vice President – Public Affairs, and 22 months at the 2010 salary midpoint of his position as Executive Vice President.
(4) The award payouts will be based upon actual 2010 salary midpoints and not the projected midpoints cited here.

Under the revised program, the HEI Compensation Committee approved the supplemental long-term incentive award levels for the 2008-2010 period for each of the HECO named executive officers if the following incentive performance goals for that period are met:

Name	Weight	Performance Metric	Minimum Threshold	Target Goal
T. Michael May	50%	Consolidated Free Cash Flow	($24.1 million)	($13.0 million)
Tayne S. Y. Sekimura Robert A. Alm Thomas L. Joaquin Karl E. Stahlkopf	30%	Consolidated 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	30 th percentile of the Edison Electric Institute Index	50 th percentile of the Edison Electric Institute Index
	100%			

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

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

In February 2009, the HEI Compensation Committee and the HECO Board approved the following long-term incentive award levels for the 2009-2011 period for each of the participating HECO named executive officers if the following incentive performance goals for that period are met:

Name	Weight	Performance Metric	Minimum Threshold	Target Goal
Tayne S.Y. Sekimura Robert A. Alm	60%	HEI Total Return to Shareholders	30 th percentile of the Edison Electric Institute Index	50 th percentile of the Edison Electric Institute Index
	40%	HECO Return on Average Common Equity (1)	90% of consolidated allowed return on equity (1)	95% of consolidated allowed return on equity (1)
	100%			

(1) HECO ROACE is measured by the average consolidated actual return on common equity for the three-year period compared to the weighted average consolidated allowed return on common equity for the three-year period.

The metrics used in this program are common financial measures for the most part. Return on Average Common Equity 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.

The first goal, weighted at 60%, HEI Total Return to Shareholders, is a performance measure to show the return of a stock to an investor. HEI's total return is compared to that of the EEI Index of investor-owned electric companies. It is a primary measure that reflects value created for shareholders.

The HECO Board and the HEI Compensation Committee chose the above goals to align management and shareholder interests in increasing long-term HECO earnings and shareholder value. Shareholders and customers both benefit when these goals are met.

From a historical perspective, payouts are not easy to achieve, nor are they guaranteed under the HECO long-term incentive plan. In the 2009-2011 horizon, the utility faces tough external challenges in the three-year performance period. Extraordinary leadership on the part of the named executive officers will be needed to achieve the long-term strategic objectives required for incentive payouts. The utility is focused on implementing the HCEI agreement and increasing its portfolio of renewable resources which requires major capital investments over the next several years, and which in turn requires timely filing and regulatory approval in utility rates. The HECO Board and HEI Compensation Committee believe that the long-term incentive targets are challenging and, if HECO is successful in achieving these goals, shareholder value is expected to increase.

The following are the award levels approved by the HEI Compensation Committee and the HECO Board for these incentives:

Name	Minimum	Target	Maximum	Salary 1/1/09
Tayne S.Y. Sekimura	20%	40%	80%	$256,000
Robert A. Alm	20%	40%	80%	297,000

Richard M. Rosenblum joined HECO as President and Chief Executive Officer on January 1, 2009, and will also be participating in this plan.

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

HECO provides stock awards to executives to strengthen the linkage of executive interests with improvements in shareholder value. The long-term incentive awards described above are performance based and paid partially in stock. Other stock awards granted to the executives increase the total long-term compensation opportunities of the executives. The HECO Board and the HEI Compensation Committee determines the number of shares awarded in time-vesting stock grants, versus the shares that are performance-based under the long-term incentive plan, in consultation with Towers Perrin, considering peer practices.

Since 2006, HECO has been utilizing grants of restricted HEI common stock to provide executives with equity-based compensation. 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 and there are no conditions to vesting other than the four-year vesting period.

At its meeting held on April 15, 2008, the HEI Compensation Committee revised HEI's historical equity program to make it more performance-based. The HEI Compensation Committee transferred the value of half of the shares of restricted stock historically awarded (adjusted for a risk premium) to HEI's and HECO's named executive officers under the 1987 Stock Option and Incentive Plan, as amended, to a new supplemental performance based long term incentive plan so that an approximate equivalent value is paid to participants if the target goals are achieved. The 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 historically awarded, the HEI Compensation 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, Mr. May was awarded 4,000 restricted shares. By contrast, in 2007, the Committee granted Mr. May 8,000 restricted shares. Ms. Sekimura and Messrs. Alm, Joaquin and Stahlkopf were each awarded 1,000 restricted shares. These restricted shares, other than those awarded to Mr. May which were forfeited when he retired, will cliff vest and not be subject to risk of forfeiture for each executive who remains with HEI and its operating subsidiaries for four years.

For the 2009 equity program, Restricted Stock Units will be 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 be calculated during the vesting period and retirement eligible participants will be able to receive a quarterly pro rata portion of the equity upon retirement.

At its meeting on February 20, 2009, the HEI Compensation Committee awarded to the HECO named executive officers restricted stock units as follows:

Name	RSU Grant
Tayne S.Y. Sekimura	1,500
Robert A. Alm	2,000

Richard M. Rosenblum joined HECO as President and Chief Executive Officer on January 1, 2009, and will also be participating in this program

What retirement benefits do HECO named executive officers have?

In 2008, HEI provided retirement benefits to all eligible employees, including the HECO 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 HECO 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 also provided certain HECO named executive officers additional pension benefits through a nonqualified supplemental executive retirement plan that allowed all of their annual bonuses to be included in the final average compensation upon which their pension benefit was determined. This nonqualified supplemental executive retirement plan was frozen effective December 31, 2008. The HEI 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 HEI Compensation Committee concluded that the inclusion of annual incentive compensation in addition to base salary in the calculation of supplemental pension benefits, while competitive with other utilities at the time the plan was enacted, is not consistent with HEI's philosophy to emphasize performance-based rewards driven by results that support growth in shareholder value. The remaining nonqualified retirement plan that HECO named executive officers 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, HEI Executives' Deferred Compensation Plan, and HEI Non-Employee Directors' 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," that are not grandfathered 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 HECO and their affiliated companies. Retirement benefits under these plans specific to the HECO named executive officers are discussed in further detail in the Pension Benefits table and related notes below.

Do HECO named executive officers have executive death benefits?

HEI provides HECO named executive officers 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 below.

Can HECO named executive officers participate in nonqualified deferred compensation plans?

HEI provides HECO 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 contributory nonqualified deferred compensation plan, and allows a HECO named executive officer to defer payment of annual and long-term incentive awards.

Deferred compensation benefits under these plans specific to the HECO named executive officers are discussed in "Nonqualified Deferred Compensation" below.

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

Mr. May was the only HECO named executive officer who was a party to a change-in-control agreement. Mr. May's change-in-control agreement terminated upon his retirement on December 31, 2008.

In 2008, no payments or benefits were paid under the change-in-control agreements to HECO named executive officers.

What perquisites and other benefits do HECO named executive officers have?

During 2008, the HECO named executive officers were eligible for an automobile and gas allowance or use of a HECO-owned vehicle, business parking, club memberships and voluntary annual physical exams. With the exception of Mr. Stahlkopf, the HECO named executive officers are subject to the standard vacation policy of their respective companies based on years of service. In 2008, Mr. Stahlkopf was granted four weeks of vacation, one week more of vacation than other HECO employees with equivalent service.

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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 HECO named executive officers during 2006, 2007 and 2008. All compensation amounts presented for T. Michael May are the same amounts that will be presented in the HEI 2009 Proxy Statement.

SUMMARY COMPENSATION TABLE

Name and 2008 Principal Positions	Year	Salary ($)	Bonus ($) (2)	Stock Awards ($) (3)	Option Awards ($) (4)	Non-Equity Incentive Plan Compensation ($) (5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (6)	All Other Compensation ($) (7)	Total ($)
T. Michael May	2008	609,933	100,000	121,105	50,583	451,807	207,934	24,754	1,566,116
President and Chief Executive	2007	590,650	—	88,427	84,562	—	—	28,757	792,396
Officer Retired (1)	2006	571,334	—	36,955	144,312	—	389,129	21,317	1,163,047
Tayne S. Y. Sekimura	2008	248,667	35,000	7,627	8,910	64,809	35,289	13,129	413,431
Senior Vice President-Finance and	2007	232,377	—	2,304	8,910	—	113,353	12,697	369,641
Administration	2006	214,700	—	—	8,890	—	90,136	14,446	328,172
Robert A. Alm	2008	294,133	100,000	10,880	9,330	79,005	80,100	16,353	589,801
Executive Vice President-Public	2007	284,900	—	4,608	11,865	84,038	119,462	15,899	520,772
Affairs	2006	273,967	—	—	46,394	15,125	96,312	17,303	449,101
Thomas L. Joaquin	2008	301,933	—	10,880	9,330	79,005	—	13,021	414,169
Senior Vice President-Operations	2007	291,700	—	4,608	11,865	59,138	44,350	16,138	427,799
	2006	280,666	—	—	21,295	15,125	129,864	14,389	461,339
Karl E. Stahlkopf	2008	342,667	—	10,880	9,330	103,615	55,530	22,284	544,306
Senior Vice President-Energy Solutions and Chief Technology	2007	332,500	—	14,000	11,705	130,375	122,937	20,981	632,498
Officer	2006	322,833	—	28,176	18,615	18,125	85,571	27,190	500,510

(1) T. Michael May, stepped down from his position as HECO President and Chief Executive Officer on August 1, 2008 and retired from HECO on December 31, 2008. Richard M. Rosenblum joined HECO as President and Chief Executive Officer on January 1, 2009.

(2) At its meeting on February 19, 2008, the Compensation Committee of the HEI Board recommended and on March 14, 2008, the HECO Board of Directors approved the award of a discretionary bonus of $100,000 to T. Michael May 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. At its meeting on November 7, 2008, the Compensation Committee of the HEI Board recommended and on November 17, 2008, the HECO Board of Directors approved special bonus awards in the amount of $100,000 to Mr. Alm and $35,000 to Ms. Sekimura for the success of their work on the Hawaii Clean Energy Initiative agreement. No discretionary bonuses without pre-established goals were given to HECO named executive officers in 2007 or 2006. The cost of these awards will not be included in determining electric rates.

(3) Represents recognition of FAS 123R expense in the Company's financial statements for restricted stock awards without reduction for the estimate of forfeitures. However, Mr. May forfeited 20,000 shares due to his retirement on December 31, 2008. Additional information regarding stock option and equity awards issued to the named executive officers is provided in the tables "Outstanding Equity Awards at Fiscal Year-End" and "Option Exercises and Stock Vested". For a discussion of the assumptions underlying the amounts set out for restricted stock, see Note 9 to HEI's Consolidated Financial Statements.

(4) Represents recognition of FAS 123R expense in the Company'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 of forfeitures. For a discussion of the assumptions underlying the amounts set out for option awards, see Note 9 to HEI's Consolidated Financial Statements.

(5) No annual Executive Incentive Compensation Plan awards were earned by the HECO named executive officers in 2007 or 2006. At its meeting on February 20, 2009, the Compensation Committee made the following 2008 annual incentive awards to the named executive officers: Mr. May, $385,573; Ms. Sekimura, $64,809; Mr. Alm, $63,485; Mr. Joaquin, $63,485; and Mr. Stahlkopf, $85,064. Long-term incentive plan awards are determined in the first quarter of each year for the three-year cycle ending on December 31 of the previous calendar year. Messrs. Alm, Joaquin and Stahlkopf achieved long-term incentive plan awards in 2007 and 2006. At its meeting on February 20, 2009, the Compensation Committee made the following long-term incentive awards, payable 60% in cash and 40% in HEI Common Stock, for the 2006-2008 performance period to the named executive officers: Mr. May, $66,234; Mr. Alm, $15,520; Mr. Joaquin, $15,520; and Mr. Stahlkopf, $18,551. The results for 2008 were significantly different than prior years and HECO successfully achieved its annual and long-term incentive goals. HECO regained financial strength primarily due

to interim rate relief in the last quarter of 2007. On October 20, 2008, HECO and the State of Hawaii announced an ambitious agreement to proactively move the State of Hawaii's dependency on fossil fuel towards a future of increasing renewable energy. This proactive agreement positions Hawaii at the forefront of clean energy leadership and provides HECO with the potential to appropriately change its business model. By meeting 2008 minimum thresholds and goals, annual and/or long term incentives were awarded to the HECO named executive officers

(6) The 2008 amounts represent the change in pension and executive death benefit values from December 31, 2007 to December 31, 2008. The 2007 amounts represent the change in pension and executive death benefit values from December 31, 2006 to December 31, 2007. The 2006 amounts represent the change in pension and executive death benefit values from December 31, 2005 to December 31, 2006. No HECO named executive officer currently participates in the HEI Nonqualified Deferred Compensation Plan. The aggregate increases and decreases in value of individual pension and executive death benefit plans resulted in a negative change in pension value for Mr. Joaquin in 2008 and Mr. May in 2007 and is not included in the change in pension value above for those years. For a further discussion of these plans, see the Pension Benefits table and related notes below.

(7) Represents total perquisites for 2008, 2007 and 2006. In 2008, Mr. May received an automobile and gas allowance, business parking, club memberships and a physical exam. Ms. Sekimura received an automobile and gas allowance, and business parking. Messrs. Alm, Joaquin and Stahlkopf each received an automobile and gas allowance or used a company owned vehicle, business parking and club memberships. Mr. Alm and Mr. Stahlkopf also received a physical exam (voluntary). Mr. Stahlkopf was granted four weeks of vacation, one week more than given to Company employees with equivalent service.

One of the purposes of the stock awards is retention and there are no conditions to vesting other than the four-year cliff vesting period.

Grants of Plan-Based Awards

The following table relates to awards to the HECO named executive officers in 2008 under the annual Executive Incentive Compensation Plan tied to performance for 2008 and under the Long-Term and Supplemental 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**	**Thres-hold ($)**	**Target ($)**	**Maximum ($)**	**Thres-hold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#) (2)**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($) (3)**
T. Michael May	2/19/08 EICP	174,300	348,600	697,200	—	—	—	—	—	—	—
	2/19/08 LTIP	244,000	488,000	1,037,000	—	—	—	—	—	—	—
	4/15/08 SLTIP	54,900	109,800	231,800	—	—	—	—	—	—	—
	4/15/08 RS	—	—	—	—	—	—	4,000	—	—	98,820
Tayne S. Y. Sekimura	2/19/08 EICP	38,100	76,200	114,300	—	—	—	—	—	—	—
	2/19/08 LTIP	67,250	100,875	201,750	—	—	—	—	—	—	—
	4/15/08 SLTIP	17,485	26,900	53,800	—	—	—	—	—	—	—
	4/15/08 RS	—	—	—	—	—	—	1,000	—	—	24,705
Robert A. Alm	2/19/08 EICP	38,400	76,800	115,200	—	—	—	—	—	—	—
	2/19/08 LTIP	67,250	100,875	201,750	—	—	—	—	—	—	—
	4/15/08 SLTIP	17,485	26,900	53,800	—	—	—	—	—	—	—
	4/15/08 RS	—	—	—	—	—	—	1,000	—	—	24,705
Thomas L. Joaquin	2/19/08 EICP	38,400	76,800	115,200	—	—	—	—	—	—	—
	2/19/08 LTIP	67,250	100,875	201,750	—	—	—	—	—	—	—
	4/15/08 SLTIP	17,485	26,900	53,800	—	—	—	—	—	—	—
	4/15/08 RS	—	—	—	—	—	—	1,000	—	—	24,705
Karl E. Stahlkopf	2/19/08 EICP	45,900	91,800	137,700	—	—	—	—	—	—	—
	2/19/08 LTIP	80,250	120,375	240,750	—	—	—	—	—	—	—
	4/15/08 SLTIP	20,865	32,100	64,200	—	—	—	—	—	—	—
	4/15/08 RS	—	—	—	—	—	—	1,000	—	—	24,705

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
One of the purposes of the stock awards is retention and there are no conditions to vesting other than the 4-year cliff vesting period.

(1) Includes awards, respectively, under 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. 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 that vest 100% after the four-year vesting period, with no incremental vesting. Dividends are payable on the shares prior to and after vesting. Mr. May forfeited his 2008 restricted stock award (and certain earlier awards) upon his retirement on December 31, 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 grant.

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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	Exerciseable (#)	Unexerciseable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number (#)	Market Value ($) (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 ($)
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	NA	NA	NA	NA	NA	8,000	177,120	—	—
	2007	NA	NA	NA	NA	NA	8,000	177,120	—	—
	2008	NA	NA	NA	NA	NA	4,000	88,560	—	—
	Total	151,460	—	—			20,000	442,800	—	—
Tayne S. Y. Sekimura	2005	—	6,000	—	26.18	4/07/15	—	—	—	—
	2005 DE	—	1,205	—	—	4/07/15	—	—	—	—
	2006	NA	NA	NA	NA	NA	—	—	—	—
	2007	NA	NA	NA	NA	NA	500	11,070	—	—
	2008	NA	NA	NA	NA	NA	1,000	22,140	—	—
	Total	—	7,205	—			1,500	33,210	—	—
Robert A. Alm	2003	12,000	—	—	20.49	4/21/13	—	—	—	—
	2003 DE	287	—	—	—	4/21/13	—	—	—	—
	2005	—	12,000	—	26.18	4/07/15	—	—	—	—
	2005 DE	—	605	—	—	4/07/15	—	—	—	—
	2006	NA	NA	NA	NA	NA	—	—	—	—
	2007	NA	NA	NA	NA	NA	1,000	22,140	—	—
	2008	NA	NA	NA	NA	NA	1,000	22,140	—	—
	Total	12,287	12,605	—			2,000	44,280	—	—
Thomas L. Joaquin	2001	1,500	—	—	17.96	4/23/11	—	—	—	—
	2001 DE	353	—	—	—	4/23/11	—	—	—	—
	2003	12,000	—	—	20.49	4/21/13	—	—	—	—
	2003 DE	1,150	—	—	—	4/21/13	—	—	—	—
	2005	—	12,000	—	26.18	4/07/15	—	—	—	—
	2005 DE	—	605	—	—	4/07/15	—	—	—	—
	2006	NA	NA	NA	NA	NA	—	—	—	—
	2007	NA	NA	NA	NA	NA	1,000	22,140	—	—
	2008	NA	NA	NA	NA	NA	1,000	22,140	—	—
	Total	15,003	12,605	—			2,000	44,280	—	—
Karl E. Stahlkopf	2005	—	12,000	—	26.18	4/07/15	—	—	—	—
	2005 DE	—	605	—	—	4/07/15	—	—	—	—
	2006	NA	NA	NA	NA	NA	—	—	—	—
	2007	NA	NA	NA	NA	NA	1,000	22,140	—	—
	2008	NA	NA	NA	NA	NA	1,000	22,140	—	—
	Total	—	12,605	—			2,000	44,280	—	—

NA Not applicable
DE Dividend equivalents
All information presented has been adjusted for the 2-for-1 stock split in June 2004.

(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 2007 restricted stock award becomes unrestricted on April 12, 2011 for the HECO named executive officers. The 2008 restricted

stock award becomes unrestricted on April 15, 2012 for the HECO named executive officers. Due to Mr. May's retirement on December 31, 2008, he forfeited 20,000 shares of restricted stock on January 1, 2009.

(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 ($) (2)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
T. Michael May	55,452	444,281	—	—
Tayne S. Y. Sekimura	—	—	—	—
Robert A. Alm	159	3,558	—	—
Thomas L. Joaquin	159	3,558	—	—
Karl E. Stahlkopf	3,108	21,053	—	—

(1) Includes shares paid 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: Mr. May, 662 shares; Mr. Alm, 159 shares; Mr. Joaquin, 159 shares; and Mr. Stahlkopf, 36 shares. Also includes Mr. May's exercise of 50,000 nonqualified stock options and 4,790 accompanying dividend equivalents and Mr. Stahlkopf's exercise of 3,000 nonqualified stock options and 72 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: Mr. May, $14,826; Mr. Alm, $3,558; Mr. Joaquin, $3,558; and Mr. Stahlkopf, $812;. Also includes Mr. May's value realized on exercise of nonqualified stock options and accompanying dividend equivalents of $429,455 and Mr. Stahlkopf's value realized on exercise of nonqualified stock options and accompanying dividend equivalents of $20,241.

Pension Benefits

The table below shows the present value as of December 31, 2008 of accumulated benefits for each of the HECO 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 the Company's financial statements (see Note 8 to HEI's Consolidated Financial Statements):

2008 PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($) (5)	Payments During the Last Fiscal Year ($)
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 (4)	NA	366,387	—
Tayne S. Y. Sekimura	HEI Retirement Plan (1)	17.6	454,254	—
	HEI Excess Pay Plan (3)	17.6	14,159	—
	HEI Executive Death Benefit (4)	NA	42,043	—
Robert A. Alm	HEI Retirement Plan (1)	7.5	386,560	—
	HEI Excess Pay Plan (3)	7.5	102,072	—
	HEI Executive Death Benefit (4)	NA	133,700	—
Thomas L. Joaquin	HEI Retirement Plan (1)	35.8	1,656,187	—
	HEI Excess Pay Plan (3)	35.8	489,354	—
	HEI Executive Death Benefit (4)	NA	216,587	—
Karl E. Stahlkopf	HEI Retirement Plan (1)	6.7	334,000	—
	HEI Excess Pay Plan (3)	6.7	159,877	—
	HEI Executive Death Benefit (4)	NA	266,107	—

NA Not applicable

(1) Normal retirement benefits under the HEI Retirement Plan are calculated based on a formula of 2.04% x Credited Service (maximum 67%) x Final Average Pay (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 HECO or other participating companies (Hawaiian Electric Industries, Inc., Maui Electric Company, Ltd., and Hawaii Electric Light Co., Inc.). 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 three percent (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. Mr. May retired on December 31, 2008, at age 62, and accordingly his accrued benefits were not reduced. Mr. Alm is eligible for early retirement benefits and Messrs. Joaquin and Stahlkopf are eligible for deferred retirement benefits under the HEI Retirement Plan. Accrued benefits for Ms. Sekimura are vested and her earliest retirement date is August 1, 2012, when she will meet the age and service requirements for early retirement under the plan, assuming continued employment.

(2) On December 8, 2008, the HEI Board adopted an amendment to freeze future benefit accruals under the HEI Supplemental Executive Retirement Plan, effective December 31, 2008. Benefits under the HEI Supplemental Executive Retirement Plan are determined based on a formula of 2.04% x Credited Service to December 31, 2008 (maximum 60%) x 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, social security and any other pension plan provided by HEI. Early retirement and death benefits similar to the HEI Retirement Plan are available in the HEI Supplemental Executive Retirement Plan. Mr. May retired as of December 31, 2008, with 16 years and 11 months of credited service which is his actual service at HECO. 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) 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 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 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. All of the HECO named executive officers other than Mr. May participate in the HEI Excess Pay Plan and, as of December 31, 2008, Mr. Alm is eligible for early retirement benefits, and Messrs. Joaquin and Stahlkopf are eligible for deferred retirement benefits under the HEI Excess Pay Plan immediately upon termination of employment. Accrued benefits for Ms. Sekimura are vested under the HEI Excess Pay Plan and her earliest retirement date is August 1, 2012, when she will meet the age and service requirements for early retirement under the plan, assuming continued employment.

(4) All HECO named executive officers 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 Messrs. Alm, Joaquin, Stahlkopf and Ms. Sekimura 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. May's beneficiaries are entitled to a death benefit equal to Mr. May's base salary at his retirement ($615,900) upon his death.

The present value of accumulated benefits for the HECO 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 HECO 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 is 6.625% for retirement benefits and 6.5% for executive death benefits as of December 31, 2008.

(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 in order to reflect the probability of survival to any given future date. For all benefits, mortality is applied post-retirement only.

(c) Retirement Age – Each HECO named executive officer is assumed to remain in active employment until, and 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.

(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, although decrements are assumed for financial statement purposes.

(e) Unused Sick Leave – Each HECO named executive officer is assumed to accumulate unused sick leave hours of 1,160 at retirement age.

Nonqualified Deferred Compensation

HECO named executive officers may elect to participate in the HEI Executives' Deferred Compensation Plan dated February 1, 1985, as amended, which allows an executive to defer compensation from HECO for annual and long-term performance awards. HECO incorporates by reference the description of this plan in the HEI 2009 Proxy Statement. No HECO named executive officer is currently participating in this plan.

Potential Payments Upon Termination or Change-in-Control

The tables below reflect the amount of potential payments to each HECO 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. May for whom the amounts are only those actually payable by reason of his retirement during 2008). The amounts listed are

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estimates; actual amounts to be paid would depend on the actual date of termination and circumstances existing at that time.

Termination/Change in Control Payment Table

Name/ Benefit Plan or Program	Retirement on 12/31/08 ($) (1)	Voluntary Termination on 12/31/08 ($)	Termination for Cause on 12/31/08 ($) (2)	Termination without Cause on 12/31/08 ($)	Qualifying Termination for Change in Control on 12/31/08 ($) (3)
T. Michael May					
Long-Term Incentive Plan (4)	516,600	—	—	—	—
Executive Incentive Compensation Plan (5)	—	—	—	—	—
Stock Appreciation Rights (6)	—	—	—	—	—
Restricted Stock (7)	—	—	—	208,806	—
Change-in-Control Agreement	NA	NA	NA	NA	NA
TOTAL	516,600	—	—	208,806	—
Tayne S. Y. Sekimura					
Long-Term Incentive Plan (4)	100,842	—	—	—	100,842
Executive Incentive Compensation Plan (5)	—	—	—	—	—
Stock Appreciation Rights (6)	—	—	—	—	—
Restricted Stock (7)	—	—	—	8,649	33,210
Change-in-Control Agreement	NA	NA	NA	NA	NA
TOTAL	100,842	—	—	8,649	134,052
Robert A. Alm					
Long-Term Incentive Plan (4)	108,092	—	—	—	108,092
Executive Incentive Compensation Plan (5)	—	—	—	—	—
Stock Appreciation Rights (6)	—	—	—	—	—
Restricted Stock (7)	—	—	—	13,377	44,280
Change-in-Control Agreement	NA	NA	NA	NA	NA
TOTAL	108,092	—	—	13,377	152,372
Thomas L. Joaquin					
Long-Term Incentive Plan (4)	108,092	—	—	—	108,092
Executive Incentive Compensation Plan (5)	—	—	—	—	—
Stock Appreciation Rights (6)	—	—	—	—	—
Restricted Stock (7)	—	—	—	13,377	44,280
Change-in-Control Agreement	NA	NA	NA	NA	NA
TOTAL	108,092	—	—	13,377	152,372
Karl E. Stahlkopf					
Long-Term Incentive Plan (4)	129,075	—	—	—	129,075
Executive Incentive Compensation Plan (5)	—	—	—	—	—
Stock Appreciation Rights (6)	—	—	—	—	—
Restricted Stock (7)	—	—	—	13,377	44,280
Change-in-Control Agreement	NA	NA	NA	NA	NA
TOTAL	129,075	—	—	13,377	173,355

NA Not applicable

Note: All stock-based award amounts were valued using the 2008 year-end closing price of HEI Common Stock of $22.14 per share. Other benefits that are available to all employees on a non-discriminatory basis and perquisites aggregating less than $10,000 in value have not been listed.

(1) *Retirement Payments & Benefits.* In addition to the payments presented above, retired executives are entitled to receive their vested retirement benefits under all termination scenarios. See Pension Benefits table and related notes above.

(2) *Termination for Cause Payments & Benefits.* If the executive is terminated for cause, he or she could lose any annual or long-term incentives based upon the Compensation Committee's right to amend, suspend or terminate the incentive awards or any portion of it at any time. "Cause" is defined under the applicable agreements, but generally means willful or intentional conduct that injures the Company such as fraud, a violation of law or Company policy or willful failure to substantially perform Company duties. Termination for cause results in the expiration of all vested nonqualified stock options and stock appreciation rights and related dividend equivalents. Unvested stock appreciation rights and related dividend equivalents and unvested restricted stock would be forfeited. The executive's participation in the change-in-control agreement would also end and the executive's benefit from the nonqualified retirement plans would be forfeited.

(3) *Change-in-Control Payments & Benefits.* Change-in-control as defined under the change-in-control agreements and the Stock Option Incentive Plan, as amended and restated, effective May 6, 2008, generally means 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. May's change-in-control agreement terminated upon his retirement. None of the other HECO named executive officers have change-in-control agreements. However, provisions in the Stock Option Incentive Plan and respective plan agreements provide for accelerated vesting or payments to be made to executives who do not have change-in-control agreements in the event of a change in control as described in the notes below.

(4) *Long-Term Incentive Plan.* Upon death, disability or retirement, executives would continue to participate in each on-going long-term incentive plan cycle at a pro-rated amount, provided there has been a minimum service of twelve months during the 36-month performance period, with payment to be made at the end of the three-year cycle if performance goals are achieved, using the salary midpoint at the time of termination. The amounts are estimates at target range for goals achievable for all applicable plan years, pro-rated based upon service through December 31, 2008; actual payouts will depend upon performance achieved at the end of the plan cycle. In the event of a change in control, long-term incentive plan participants will immediately be entitled to receive an award calculated by applying the target level percentage to the participant's salary midpoint (the middle salary level in a salary range for a particular job grade or position) prorated by the number of complete months of employment during the three-year performance period, divided by 36. The payment will be made in cash as soon as practical after the change in control. In other termination scenarios, participants who terminate during the plan cycle forfeit any accrued long-term incentive award.

(5) *Executive Incentive Compensation Plan.* Upon death, disability or retirement, executives continue to participate in the annual incentive compensation plan at a pro-rated amount, provided there has been a minimum service of nine months during the annual performance period, with payment to be made at the end of the annual incentive plan cycle if performance goals are achieved, using the salary midpoint at the time of termination. In the event of a change in control, annual incentive plan participants will immediately be entitled to receive an award calculated by applying the target level percentage to the participant's salary midpoint (the middle salary level in a salary range for a particular job grade or position) prorated by the number of complete months of employment during the applicable year, divided by 12. The payment will be made in cash as soon practical after the change in control. In other termination scenarios, participants who terminate during the plan cycle forfeit any accrued annual incentive award.

(6) *Stock Appreciation Rights.* The vesting of unvested stock appreciation rights, including related dividend equivalents (accrued to date), would be accelerated upon termination due to retirement or change in control. All vested shares must be exercised within a period of three years from the retirement date, or within one year from date of termination under a change in control, or in any event within the original grant term, whichever ends first.

Voluntary termination, termination for cause and termination without cause results in forfeiture of unvested stock appreciation rights, including related dividend equivalents. Vested nonqualified stock options and stock appreciation rights and related dividend equivalents must be exercised within a period of one year from the date of termination or within the original grant term, whichever ends first (other than upon termination for cause). Termination for cause results in the expiration of all vested and unvested nonqualified stock options and stock appreciation rights and related dividend equivalents. As of December 31, 2008, all stock options were fully vested.

The amount that would be shown in the table above, if applicable, would be the intrinsic "spread" value of the vested award. The stock appreciation rights had no intrinsic value as of December 31, 2008 because the exercise price was greater than the 2008 year-end closing price.

(7) *Restricted Stock Awards.* Restricted stock vests at a pro-rated amount (based on service to date compared to the original vesting period) upon termination without cause and becomes fully vested upon a change in control. For all other termination events, the unvested restricted stock is forfeited. The amount shown is based on the year-end closing price of vested shares.

Director compensation

HECO believes that a competitive package is necessary to attract and retain individuals with the talent needed for the challenging role of serving as a director on the board of a regulated electric utility. Based on the recommendations of the HEI Compensation Committee, which is responsible for recommending nonemployee director compensation for the boards of HEI and its subsidiary companies, HECO chooses to compensate nonemployee directors using a mix of cash and HEI common stock to allow for an appropriate level of compensation for services, including a level of stock awards that will align the interests of HECO directors with the interests of HEI shareholders.

Only nonemployee directors receive compensation for their service as directors. Compensation is paid in the form of a cash retainer and an HEI stock grant. Timothy E. Johns, Bert A. Kobayashi, Jr., David M. Nakada, Alan M. Oshima, and Anne M. Takabuki are the nonemployee directors of HECO who are not also directors of HEI. Thomas B. Fargo, Kelvin H. Taketa, Barry K. Taniguchi, and Jeffrey N. Watanabe are nonemployee directors of HECO, who are also directors of HEI and they receive only a cash retainer from HECO and they received a stock grant for their services as HEI directors.

Stock awards . HECO nonemployee directors who are not also on the HEI Board receive 1,000 shares of HEI Common Stock, which is granted annually for the purpose of further aligning directors' and shareholders' interests in improving shareholder value. A one-time grant of 1,000 shares is also given to newly elected or appointed HECO directors. Stock grants to newly elected or appointed directors are given as soon as practical after the election of such directors. Stock grants to existing directors are given during the quarter of HEI's annual meeting. For fiscal year 2008, each of the HECO nonemployee directors who are not also on the HEI board received 1,000 shares of HEI Common Stock.

Cash retainers . The following is the retainer schedule for nonemployee directors of HECO paid in quarterly installments, effective beginning the second quarter of 2008 and pro-rated for service thereafter. Nonemployee directors of HECO who also serve as directors on the HEI and subsidiary company boards receive fees for service on such boards or committee as indicated below.

HECO Director	$25,000
HECO Audit Committee Chairman	10,000
HECO Audit Committee Member	4,000

In addition, the HEI Board also approved additional meeting fees of $750 per meeting earned by a director who is a member of the Audit Committee after attending a minimum of eight Audit Committee meetings during the calendar year.

At its meeting on January 22, 2008, the HEI Board approved the Compensation Committee's recommendation that the $8,000 per year retainer to HELCO and MECO directors (currently Ms. Takabuki and Mr. Taniguchi) be discontinued. Effective January 22, 2008, HELCO and MECO directors receive a per meeting fee of $500.

Nonemployee directors may elect to participate in the HEI Nonemployee Directors' Deferred Compensation Plan dated September 9, 1980, as amended, which allows any non-employee director to defer compensation from HEI or its participating subsidiaries for service as a director. No HECO director is currently participating in this plan. Directors, at their election and at their cost, may also participate in the group employee medical, vision and dental plans available to all HECO employees. No HECO director participated in the program during 2008.

Information concerning the directors of HECO who are also directors of HEI, including Admiral Fargo, Mr. Taketa, Mr. Taniguchi, and Mr. Watanabe will be set forth in the sections of the HEI 2009 Proxy Statement that are incorporated herein by reference.

2008 DIRECTOR COMPENSATION TABLE

The following director compensation table shows annual and long-term compensation paid or granted to the HECO Board of Directors for 2008:

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
David C. Cole Resigned May 2008	10,417	—	NA	NA	NA	—	10,417
Thomas B. Fargo	29,000	— *	NA	NA	NA	—	29,000
Timothy E. Johns	29,000	24,800	NA	NA	NA	—	53,800
Bert A. Kobayashi, Jr.	25,000	24,800	NA	NA	NA	—	49,800
David M. Nakada	25,000	24,800	NA	NA	NA	—	49,800
Alan M. Oshima Elected June 2008	14,583	51,260	NA	NA	NA	—	65,843
James K. Scott Resigned February 2008	4,167	— *	NA	NA	NA	—	4,167
Anne M. Takabuki	31,000	24,800	NA	NA	NA	—	55,800
Kelvin H. Taketa	25,000	— *	NA	NA	NA	—	25,000
Barry K. Taniguchi Chairman Audit Committee	38,000	— *	NA	NA	NA	—	38,000
Jeffrey N. Watanabe Elected February 2008	20,833	— *	NA	NA	NA	—	20,833

NA Not applicable

(1) See detail of cash retainers for board and committee service below.

(2) Represents the value of unrestricted HEI Common Stock determined by reference to the average of the high and low sales prices of $24.80 per share on the New York Stock Exchange on the date of issuance. Each of the HECO nonemployee directors, who are not also on the HEI Board, received an annual grant in June 2008 of 1,000 shares of Common Stock with a fair value of $24,800. HECO directors do not receive any HEI restricted stock or stock option awards. Upon his appointment as a nonemployee HECO director, Mr. Oshima received an additional 1,000 shares of unrestricted HEI Common Stock with a fair value of $26,460 determined by reference to the average high and low sales prices of $26.46 per share on the NYSE on the date of issuance.

* Also an HEI director who received an HEI stock retainer, but no additional stock retainer for HECO service. Information concerning the stock retainer available to HECO directors who are also HEI directors is incorporated herein by reference to the information relating to director compensation in the HEI 2009 Proxy Statement.

Details of cash retainers for HECO Board and committee service are noted below:

Name	HECO Board Retainer ($)	HECO Audit Committee Retainer ($)	HELCO Board Per Meeting Fee ($)	MECO Board Per Meeting Fee ($)	Fees Earned or Paid in Cash ($)
David C. Cole Resigned May 2008	10,417	—	—	—	10,417
Thomas B. Fargo	25,000	4,000	—	—	29,000
Timothy E. Johns	25,000	4,000	—	—	29,000
Bert A. Kobayashi, Jr.	25,000	—	—	—	25,000
David M. Nakada	25,000	—	—	—	25,000

Alan M. Oshima Elected June 2008	14,583	—	—	—	14,583
James K. Scott Resigned February 2008	4,167	—	—	—	4,167
Anne M. Takabuki	25,000	4,000	1,000	1,000	31,000
Kelvin H. Taketa	25,000	—	—	—	25,000
Barry K. Taniguchi	25,000	10,000	1,500	1,500	38,000
Jeffrey N. Watanabe Elected February 2008	20,833	—	—	—	20,833

Compensation Committee Interlocks and Insider Participation

HEI:

Information regarding the HEI Compensation Committee Interlocks and Insider Participation is described in the 2009 HEI Proxy Statement and is incorporated herein by reference.

HECO:

The HECO Board has no committee devoted to compensation matters. The entire HECO Board serves as the Compensation Committee for HECO and is responsible for establishing HECO executive compensation. The Compensation Committee of the HEI Board (HEI Compensation Committee) is charged with providing the staffing to the subsidiaries for the overall, comprehensive evaluation of executive compensation for HEI and its subsidiaries. Decisions of the HEI Compensation Committee and HECO Board on compensation matters are also reported to and approved by the HEI Board.

T. Michael May, President and Chief Executive Officer of HECO, was a member of the HECO Board. He was responsible for the evaluation (based on performance goals and subjective measures) of the vice presidents of HECO. Also, see "What is the role of executive officers in determining HECO named executive officer compensation?" above.

Constance H. Lau, Chairman of HECO and President and Chief Executive Officer of HEI, is a member of the HECO Board. HECO directors Thomas B. Fargo, Kelvin H. Taketa, Barry K. Taniguchi and Jeffrey N. Watanabe are also HEI directors.

The entire HECO Board evaluated Mr. May's performance and, in conjunction with the HEI Compensation Committee, determined Mr. May's overall compensation. Mr. May did not participate in the HECO Board's or HEI Compensation Committee's decision-making process on compensation matters regarding his own salary, incentives or other compensation matters.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

HEI:

Certain of the information required under this item is incorporated herein by reference to the sections relating to stock ownership in the HEI 2009 Proxy Statement.

Equity compensation plan information

Information as of December 31, 2008 about HEI common stock that may be issued upon the exercise of awards granted under all of the Company's equity compensation plans was as follows:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (2)
Equity compensation plans approved by shareholders	433,981	$ 19.73	4,099,293
Equity compensation plans not approved by shareholders	–	–	–
Total	433,981	$ 19.73	4,099,293

(1) Includes 375,500 shares subject to outstanding nonqualified stock options and 58,481 of dividend equivalent shares accrued as of December 31, 2008 for such options.

(2) This represents the number of shares remaining available as of December 31, 2008, including 4,067,815, net of any shares underlying outstanding grants, under the 1987 Stock Option and Incentive Plan, as amended, (SOIP) and 31,478 under the HEI Nonemployee Director Plan. All of the shares remaining available for issuance under the HEI Nonemployee Director Plan may be issued in the form of unrestricted Common Stock. Of the

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shares remaining available for issuance under the SOIP, 288,330 shares may be issued in the form of restricted stock, stock payments, or stock-settled restricted stock units (i.e., other than in the form of options, warrants or rights).

HECO:

HEI owns all of HECO's common stock, which is HECO's only class of securities generally entitled to vote on matters requiring shareholder approval. HECO has also issued and has outstanding various series of preferred stock, the holders of which, upon certain defaults in dividend payments, have the right to elect a majority of the directors of HECO.

The following table shows, as of February 20, 2009, the shares of HEI common stock beneficially owned by each HECO director (other than the HECO directors who are also directors of HEI as to whom such beneficial ownership information is incorporated by reference to the section relating to stock ownership of HEI directors in the HEI 2009 Proxy Statement), by each HECO named executive officer and by all HECO directors and all HECO executive officers as a group, based in part on information furnished by the respective individuals.

Amount of HEI Common Stock and Nature of Beneficial Ownership

Name of Individual or Group	Sole Voting or Investment Power (1)	Shared Voting or Investment Power (2)	Other Beneficial Ownership (3)	Stock Options and Restricted Stock Units (4)	Total (5)
Directors *					
Timothy E. Johns	7,869	—	—	—	7,869
Bert A. Kobayashi, Jr.	5,828	—	—	—	5,828
David M. Nakada	5,516	—	—	—	5,516
Alan M. Oshima	—	2,052	—	—	2,052
Richard M. Rosenblum (6)	100	—	—	—	100
Anne M. Takabuki	12,761	—	—	—	12,761
HECO Named Executive Officers					
T. Michael May	38,071	—	—	46,387	84,458
Tayne S. Y. Sekimura	3,163	—	—	—	3,163
Robert A. Alm	20,201	—	1,443	12,412	34,056
Thomas L. Joaquin	24,286	4,072	88	15,002	43,448
Karl E. Stahlkopf	7,339	—	—	—	7,339
All directors and executive officers as a group (22 persons)	294,750	26,111	8,664	264,136	593,661

* HECO directors Ms. Lau and Messrs. Fargo, Taketa, Taniguchi, and Watanabe, who also serve on the HEI Board, are not shown separately in this table, but are included in the total for all HECO directors and executive officers as a group.

(1) Includes the following shares held as of February 20, 2009 in the form of stock units in the HEI Common Stock fund pursuant to the Hawaiian Electric Industries Retirement Savings Plan: approximately 204 shares for Mr. May, 730 shares for Ms. Sekimura, 610 shares for Mr. Alm, 12,150 shares for Mr. Joaquin, 32 shares for Mr. Stahlkopf and with respect to all directors and executive officers as a group, 20,818 shares. The value of a unit is measured by the closing price of HEI common stock. Also includes the following unvested restricted shares over which the holders have sole voting but not investment power until the restrictions lapse: approximately 1,500 shares for Ms. Sekimura, 2,000 shares for Mr. Alm, 2,000 shares for Mr. Joaquin, 2,000 shares for Mr. Stahlkopf and with respect to all directors and executive officers as a group, 71,000 shares.

(2) Shares registered in name of the individual and spouse.

(3) Shares owned by spouse, children or other relatives sharing the home of the director or officer in which the director or officer disclaims personal interest.

(4) Includes the number of shares that the individuals named above had a right to acquire as of or within 60 days after February 20, 2009 pursuant to (i) stock options and related dividend equivalent shares thereon and (ii) restricted stock units upon retirement. These shares are included for purposes of calculating the percentage ownership of each individual named above and all directors and executive officers as a group as described in footnote (5) below, but are not deemed to be outstanding as to any other person. This column does not include any shares subject to SARs and the related dividend equivalent rights held by HECO's current and former officers whose beneficial ownership is reported above. As of February 20, 2009, these current and former officers held a total of 286,000 SARs and 7,591 dividend equivalent rights, which have vested as of February 20, 2009 or will vest within 60 days after February 20, 2009. Upon exercise of a SAR, the holder will receive the number of shares of HEI common stock that has a total value equivalent to the difference between the exercise price of the SAR and the fair market value of HEI common stock on the date of exercise, which is defined in the grant agreement as the average of the high and low sales prices on the NYSE on that date. As of February 20, 2009, the fair market value of HEI common stock as defined in the grant agreement was $16.985 per share, which is lower than the exercise price of all of the SARs held by HECO's current and former officers on February 20, 2009. Thus, as of February 20, 2009, none of these SARs were exercisable. If the market value of HEI common stock increases to a sufficient level

(in the case of three current and former officers, above $26.02, and in the case of such three persons and eight other officers, above $26.18), then certain of these SARs could become exercisable within 60 days after February 20, 2009. The number of shares that may be acquired in such event cannot be determined because it depends on the fair market value of HEI common stock, as defined in the grant agreement, on the exercise date.

(5) As of February 20, 2009, the directors and executive officers of HECO as a group and each individual named above beneficially owned less than one percent of the record number of outstanding shares of HEI common stock as of that date and no shares were pledged as security.

(6) Mr. Rosenblum became a HECO director effective February 23, 2009.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

HEI:

The information required under this item for HEI is incorporated herein by reference to the sections relating to related person transactions and director independence in the HEI 2009 Proxy Statement.

HECO:

Does HECO have a written related person transaction policy?

The HEI Board has adopted a written related person transaction policy that is separate from HEI's Corporate Code of Conduct. Both the related person transaction policy and Corporate Code of Conduct also apply to HECO and its subsidiaries. The related person transaction policy is specific to transactions between related persons such as executive officers and directors and their immediate family members in which the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest. Under the policy, the HEI Board, acting through the HEI Nominating and Corporate Governance Committee, will approve a related person transaction involving a director if the HEI Board determines in advance that the transaction is not inconsistent with the best interest of the Company and its shareholders. The HEI Board, acting through the HEI Audit Committee, will approve a related person transaction involving an officer if the HEI Board determines in advance that the transaction is not in violation of HEI's Corporate Code of Conduct.

Are there any related person transactions with HECO?

There have been no transactions since January 1, 2008, and there are no currently proposed transactions, in which HECO or any of its subsidiaries was a participant, the amount involved exceeds $120,000, and any related person (as defined in Item 404 of Regulation S-K) had or will have a direct or indirect material interest.

Are HECO directors independent?

HECO has a guarantee with respect to QUIPS listed on the NYSE. Because HEI has common stock listed on the NYSE and HECO is a wholly-owned subsidiary of HEI, HEI is subject to the NYSE corporate governance listing standards in Section 303A of the NYSE Listed Company Manual and, by reason of an exemption resulting from HEI's listing, HECO is not. Accordingly, HECO is exempt from NYSE listing standards 303A.01 and 303A.02 regarding director independence.

As part of its annual reviews of director independence for HEI and certain HEI subsidiaries, the HEI Nominating and Corporate Governance Committee evaluated the independence of nonemployee directors of HECO and persons who served as nonemployee directors of HECO in 2008 and agreed with management's assessment that each such person is independent. Constance H. Lau and Richard M. Rosenblum are currently the only employee directors of HECO. In 2008, Constance H. Lau and T. Michael May were the only employee directors of HECO. In its evaluations, the HEI Nominating and Corporate Governance Committee considered the relationships listed below:

- with respect to Thomas B. Fargo, Timothy E. Johns, Bert A. Kobayashi, Jr., David M. Nakada, Anne M. Takabuki, Kelvin H. Taketa, Barry K. Taniguchi and David C. Cole (who resigned as a HECO director in 2008), the amount of electricity purchased from HECO or its subsidiaries by entities for which these nonemployee directors serve or served at any time in 2008 as employees or officers or in which these 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 Thomas B. Fargo, Bert A. Kobayashi, Jr., Jeffrey N. Watanabe and David C. Cole (who resigned as a HECO director in 2008), loans and other extensions of credit made by HEI's banking subsidiary, ASB, to these nonemployee directors and entities for which these nonemployee directors serve or served at any time in 2008 as officers or in which these nonemployee directors have ownership interests,

- with respect to Thomas B. Fargo, Timothy E. Johns, Bert A. Kobayashi, Jr., David M. Nakada, Alan M. Oshima, Anne M. Takabuki, Kelvin H. Taketa, Barry K. Taniguchi, Jeffrey N. Watanabe and David C. Cole (who resigned as a HECO director in 2008), the amount of charitable contributions made by HEI and its subsidiaries to tax-exempt organizations and schools for which these nonemployee directors or their immediate family members serve as employees, officers, board members or trustees,
- with respect to Thomas B. Fargo, Timothy E. Johns, David M. Nakada, Kelvin H. Taketa and Jeffrey N. Watanabe, other directorships or officer positions held by these nonemployee directors at entities for which another HECO director or officer serves or served at any time during 2008 as an officer or director,
- 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
- the existence of an immediate family relationship between Bert A. Kobayashi, Jr. and his father, Bert A. Kobayashi, who serves as a director for another HEI subsidiary.

None of the relationships described above exceeded the applicable thresholds in the NYSE listing standards regarding director independence or were considered by the HEI Nominating and Corporate Governance Committee to be a material relationship that would impair a nonemployee director's independence.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

HEI:

The information required under this item is incorporated herein by reference to the relevant information in the Audit Committee Report in the HEI 2009 Proxy Statement (but no other part of the "Audit Committee Report" is incorporated herein by reference).

HECO:

Certain information required as to HECO under this item is included in the disclosures for HEI in the Audit Committee Report section in the HEI 2009 Proxy Statement, which is incorporated by reference to the extent set forth above.

Fees of HECO's Principal Accountant

The following table sets forth the fees paid or payable to KPMG LLP (HECO's independent registered public accounting firm) relating to the audit of HECO's 2008 consolidated financial statements and fees for other professional services billed to HECO in 2008 with comparative amounts for 2007:

	2008	2007
Audit fees (principally consisted of fees associated with the audit of the consolidated financial statements and internal control over financial reporting, quarterly reviews, issuances of letters to underwriters, accounting consultations on matters reflected in the financial statements, review of registration statements, and issuance of consents)	$895,000	$915,000
Audit related fees (principally consisted of fees associated with the audit of the financial statements of certain employee benefit plans)	12,500	12,000
Tax fees	—	—
All other fees	—	—
	$907,500	$927,000

Pre-approval Policies

The HECO Audit Committee, pursuant to the terms of its charter, pre-approves all audit services to be performed by HECO's independent registered public accounting firm. The HECO Audit Committee's preapproval policies and procedures for nonaudit services proposed to be performed by HECO's independent registered public accounting firm are initiated by departmental requests for nonaudit services, which are reviewed by senior management and, once found by management to be acceptable, are sent to the HECO Audit Committee for approval via unanimous written consent or at a meeting of the HECO Audit Committee. The HECO Audit Committee preapproved all of the foregoing amounts and reviewed the professional fees billed by KPMG LLP and determined that the provision of nonaudit services was compatible with the maintenance of the auditors' independence.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial statements

The financial statements for HEI and HECO are incorporated herein by reference to pages 66 to 124 of HEI Exhibit 13 and to pages 7 to 52 of HECO Exhibit 99 to the Company's Current Report on Form 8-K dated February 19, 2009, respectively.

	Form 8-K dated February 19, 2009	
	Page/s in HEI	Page/s in HECO
	Exhibit 13 HEI	Exhibit 99 HECO
Report of Independent Registered Public Accounting Firm	66	7
Consolidated Statements of Income, Years ended December 31, 2008, 2007 and 2006	67	8
Consolidated Balance Sheets, December 31, 2008 and 2007	68	9
Consolidated Statements of Capitalization, December 31, 2008 and 2007	NA	10-11
Consolidated Statements of Changes in Stockholders' Equity, Years ended December 31, 2008, 2007 and 2006	69	12
Consolidated Statements of Cash Flows, Years ended December 31, 2008, 2007 and 2006	70	13
Notes to Consolidated Financial Statements	71-124	14-52

NA Not applicable.

(a)(2) and (c) Financial statement schedules

The following financial statement schedules for HEI and HECO are included in this report on the pages indicated below:

		Page/s in Form 10-K	
		HEI	HECO
Report of Independent Registered Public Accounting Firm		82	83
Schedule I	Condensed Financial Information of Registrant, Hawaiian Electric Industries, Inc. (Parent Company) as of December 31, 2008 and 2007 and Years ended December 31, 2008, 2007 and 2006	84-86	NA
Schedule II	Valuation and Qualifying Accounts, Years ended December 31, 2008, 2007 and 2006	87	87

NA Not applicable.

Certain schedules, other than those listed, are omitted because they are not required, or are not applicable, or the required information is shown in the consolidated financial statements (including the notes) included in HEI's and HECO's Consolidated Financial Statements, which are incorporated by reference in this report.

[KPMG LLP letterhead]

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Hawaiian Electric Industries, Inc.:

Under date of February 20, 2009, we reported on the consolidated balance sheets of Hawaiian Electric Industries, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008, as contained in the 2008 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the Company's annual report on Form 10-K for the year 2008. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedules as listed in the accompanying index under Item 15.(a)(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Notes 1 and 4 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* , as of January 1, 2008, for fair value measurements of financial assets and liabilities.

As discussed in Notes 1 and 10 to the consolidated financial statements, the Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , as of January 1, 2007.

/s/ KPMG LLP

Honolulu, Hawaii
February 20, 2009

[KPMG LLP letterhead]

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholder
Hawaiian Electric Company, Inc.:

Under date of February 20, 2009, we reported on the consolidated balance sheets and consolidated statements of capitalization of Hawaiian Electric Company, Inc. (a subsidiary of Hawaiian Electric Industries, Inc.) and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, retained earnings, changes in common stock equity, and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements and our report thereon are incorporated by reference in the Company’s annual report on Form 10-K for the year 2008. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule as listed in the accompanying index under Item 15.(a)(2). The financial statement schedule is the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 1 and 7 to the consolidated financial statements, the Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , as of January 1, 2007.

/s/ KPMG LLP

Honolulu, Hawaii
February 20, 2009

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Hawaiian Electric Industries, Inc.
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT
HAWAIIAN ELECTRIC INDUSTRIES, INC. (PARENT COMPANY)
CONDENSED BALANCE SHEETS

December 31	2008	2007
(dollars in thousands)		
Assets		
Cash and equivalents	$ 7,130	$ 1,091
Notes receivable from subsidiaries	41,550	—
Accounts receivable	1,838	1,534
Property, plant and equipment, net	981	1,338
Deferred income tax assets	13,148	34,430
Other assets	4,350	4,499
Investments in subsidiaries, at equity	1,679,269	1,718,387
	$1,748,266	$1,761,279
Liabilities and stockholders' equity		
Liabilities		
Accounts payable	$ 6,447	$ 7,606
Notes payable to subsidiaries	12,523	34,774
Commercial paper	—	62,989
Long-term debt, net	307,000	357,000
Other	32,842	23,483
	358,812	485,852
Stockholders' equity		
Preferred stock, no par value, authorized 10,000,000 shares; issued: none	—	—
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding: 90,515,573 shares and 83,431,513 shares	1,231,629	1,072,101
Retained earnings	210,840	225,168
Accumulated other comprehensive loss	(53,015)	(21,842)
	1,389,454	1,275,427
	$1,748,266	$1,761,279
Note to Balance Sheets		
Long-term debt consisted of :		
HEI medium-term notes 4.00%, paid in 2008	$ —	$ 50,000
HEI medium-term notes 4.23-6.141%, due 2011	150,000	150,000
HEI medium-term note 7.13%, due 2012	7,000	7,000
HEI medium-term notes 5.25%, due 2013	50,000	50,000
HEI medium-term notes 6.51%, due 2014	100,000	100,000
	$ 307,000	$ 357,000

The aggregate payments of principal required subsequent to December 31, 2008 on long-term debt are nil in 2009 and 2010, $150 million in 2011, $7 million in 2012, $50 million in 2013 and $100 million in 2014.

As of December 31, 2008, HEI has a General Agreement of Indemnity in favor of both SAFECO Insurance Company of America (SAFECO) and Travelers Casualty and Surety Company of America (Travelers) for losses in connection with any and all bonds, undertakings or instruments of guarantee and any renewals or extensions thereof executed by SAFECO or Travelers, including, but not limited to, a $0.2 million self-insured United States Longshore & Harbor bond and a $0.5 million self-insured automobile bond.

Hawaiian Electric Industries, Inc.
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (continued)
HAWAIIAN ELECTRIC INDUSTRIES, INC. (PARENT COMPANY)
CONDENSED STATEMENTS OF INCOME

Years ended December 31	2008	2007	2006
(in thousands)			
Revenues [1]	$ 499	$ 629	$ (456)
Equity in income of subsidiaries	109,830	110,618	132,584
	110,329	111,247	132,128
Expenses:			
Operating, administrative and general	12,652	13,965	12,147
Depreciation of property, plant and equipment	431	391	262
Taxes, other than income taxes	328	313	516
	13,411	14,669	12,925
Operating income	96,918	96,578	119,203
Interest expense	21,727	26,594	25,891
Income before income tax benefits	75,191	69,984	93,312
Income tax benefits	15,087	14,795	14,689
Net income	$ 90,278	$ 84,779	$108,001

[1] 2006 revenues include a writedown of real property held for sale.

The Company’s financial reporting policy for income tax allocations is based upon a separate entity concept whereby each subsidiary provides income tax expense (or benefits) as if each were a separate taxable entity. The difference between the aggregate separate tax return income tax provisions and the consolidated financial reporting income tax provision is charged or credited to HEI’s separate tax provision.

Hawaiian Electric Industries, Inc.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (continued)
HAWAIIAN ELECTRIC INDUSTRIES, INC. (PARENT COMPANY)
CONDENSED STATEMENTS OF CASH FLOWS

(in thousands)	Years ended December 31, 2008	2007	2006
Cash flows from operating activities			
Net income	$ 90,278	$ 84,779	$ 108,001
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in net income of continuing subsidiaries	(109,830)	(110,618)	(132,584)
Common stock dividends/distributions received from subsidiaries	122,391	72,260	77,662
Depreciation of property, plant and equipment	431	391	262
Other amortization	448	480	424
Deferred income taxes	(10)	2,543	1,550
Excess tax benefits from share-based payment arrangements	(405)	(195)	(1,052)
Changes in assets and liabilities			
Decrease (increase) in accounts receivable	(304)	77	(424)
Decrease in accounts payable	(1,159)	(221)	(3,555)
Increase (decrease) in taxes accrued	6,667	2,034	(777)
Changes in other assets and liabilities	5,003	3,393	(2,592)
Net cash provided by operating activities	113,510	54,923	46,915
Cash flows from investing activities			
Net increase in notes receivable from subsidiaries	(41,550)	—	—
Capital expenditures	(76)	(610)	(530)
Investments in subsidiaries	(1,555)	(80)	(60)
Proceeds from sale of fixed assets	—	457	8
Net cash used in investing activities	(43,181)	(233)	(582)
Cash flows from financing activities			
Net increase (decrease) in notes payable to subsidiaries with original maturities of three months or less	(4,544)	15,814	(6,550)
Net increase (decrease) in short-term borrowings with original maturities of three months or less	(62,990)	(175)	58,270
Proceeds from issuance of short-term borrowings with original maturities greater than three months	—	—	44,891
Repayments of short-term borrowings with original maturities greater than three months	(50,000)	—	(45,590)
Proceeds from issuance of long-term debt	—	—	100,000
Repayment of long-term debt	—	(10,000)	(110,000)
Excess tax benefits from share-based payment arrangements	405	195	1,052
Net proceeds from issuance of common stock	136,443	21,072	5,481
Common stock dividends	(83,604)	(81,489)	(100,673)
Other	—	—	(938)
Net cash used in financing activities	(64,290)	(54,583)	(54,057)
Cash flows provided by discontinued operations—operating activities	—	—	7,536
Net increase (decrease) in cash and equivalents	6,039	107	(188)
Cash and equivalents, January 1	1,091	984	1,172
Cash and equivalents, December 31	$ 7,130	$ 1,091	$ 984

Cash flows from discontinued operations:

For 2008 and 2007, there were no cash flows from the Company's discontinued operations. For 2006, there were no cash flows from investing and financing activities from the Company's discontinued operations.

Supplemental disclosures of noncash activities:

In 2008, 2007 and 2006, $2.7 million, $2.3 million and $1.6 million, respectively, of HEI advances to HEIDI were converted to equity in noncash transactions.

Under the HEI Dividend Reinvestment and Stock Purchase Plan (DRIP), common stock dividends reinvested by shareholders in HEI common stock in noncash transactions amounted to $21 million in 2008 and 2007. From March 23, 2004 to March 5, 2007, HEI satisfied the requirements of the HEI DRIP and the Hawaiian Electric Industries Retirement Savings Plan (HEIRSP) by acquiring for cash its common shares through open market purchases rather than the issuance of additional shares. On March 6, 2007, it began satisfying those requirements by the issuance of additional shares.

Hawaiian Electric Industries, Inc.
and Hawaiian Electric Company, Inc.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
Years ended December 31, 2008, 2007 and 2006

Col. A	Col. B	Col. C		Col. D	Col. E
(in thousands)		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
2008					
Allowance for uncollectible accounts – electric utility	$ 2,010	$ 6,627	$2,582(a)	$ 7,794(b)	$ 3,425
Allowance for uncollectible interest – bank	$ 32	—	$ 602	—	$ 634
Allowance for losses for loans receivable – bank	$30,211	$ 10,334	$ 879(a)	$ 5,626(b)	$35,798
Valuation allowance for deferred tax assets – other	$ 766	$ 37(c)	—	$ 803(d)	—
2007					
Allowance for uncollectible accounts – electric utility	$ 1,674	$ 2,527	$1,050(a)	$ 3,241(b)	$ 2,010
Allowance for uncollectible interest – bank	$ 43	—	—	$ 11	$ 32
Allowance for losses for loans receivable – bank	$31,228	$ 5,700	$1,007(a)	$ 7,724(b)	$30,211
Valuation allowance for deferred tax assets – other	$ 627	$ 139(c)	—	—	$ 766
2006					
Allowance for uncollectible accounts – electric utility	$ 986	$ 2,684	$ 979(a)	$ 2,975(b)	$ 1,674
Allowance for uncollectible interest – bank	$ 99	—	—	$ 56	$ 43
Allowance for losses for loans receivable – bank	$30,595	$ 1,400	$1,118(a)	$ 1,885(b)	$31,228
Valuation allowance for deferred tax assets – other	$ 686	—	—	$ 59(c)	$ 627

(a) Primarily bad debts recovered.
(b) Bad debts charged off.
(c) Estimated change in the non-deductible executive compensation pursuant to Internal Revenue Code §162(m).
(d) Valuation allowance adjustment pursuant to SFAS No. 109.

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(a)(3) and (b) Exhibits

The Exhibit Index attached to this Form 10-K is incorporated herein by reference. The exhibits listed for HEI and HECO are listed in the index under the headings “HEI” and “HECO,” respectively, except that the exhibits listed under “HECO” are also exhibits for HEI.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized. The execution of this report by registrant Hawaiian Electric Company, Inc. shall be deemed to relate only to matters having reference to such registrant and its subsidiaries.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
(Registrant)

By /s/ James A. Ajello
James A. Ajello
Senior Financial Vice President, Treasurer and Chief Financial Officer of HEI
(Principal Financial Officer of HEI)

Date: February 27, 2009

HAWAIIAN ELECTRIC COMPANY, INC.
(Registrant)

By /s/ Tayne S. Y. Sekimura
Tayne S. Y. Sekimura

Senior Vice President, Finance and Administration of HECO
(Principal Financial Officer of HECO)

Date: February 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrants and in the capacities indicated on February 27, 2009. The execution of this report by each of the undersigned who signs this report solely in such person’s capacity as a director or officer of Hawaiian Electric Company, Inc. shall be deemed to relate only to matters having reference to such registrant and its subsidiaries.

Signature	Title
/s/ Constance H. Lau Constance H. Lau	President of HEI and Director of HEI Chairman of the Board of Directors of HECO (Chief Executive Officer of HEI)
/s/ Richard M. Rosenblum Richard M. Rosenblum	President and Director of HECO (Chief Executive Officer of HECO)
/s/ James A. Ajello James A. Ajello	Senior Financial Vice President, Treasurer and Chief Financial Officer of HEI (Principal Financial Officer of HEI)
/s/ Curtis Y. Harada Curtis Y. Harada	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer of HEI)

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SIGNATURES (continued)

Signature	Title
/s/ Tayne S. Y. Sekimura Tayne S. Y. Sekimura	Senior Vice President, Finance and Administration of HECO (Principal Financial Officer of HECO)
/s/ Patsy H. Nanbu Patsy H. Nanbu	Controller of HECO (Principal Accounting Officer of HECO)
/s/ Don E. Carroll Don E. Carroll	Director of HEI
/s/ Shirley J. Daniel Shirley J. Daniel	Director of HEI
/s/ Thomas B. Fargo Thomas B. Fargo	Director of HEI and HECO
/s/ Richard W. Gushman, II Richard W. Gushman, II	Director of HEI
/s/ Timothy E. Johns Timothy E. Johns	Director of HECO
/s/ Bert A. Kobayashi, Jr. Bert A. Kobayashi, Jr.	Director of HECO

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SIGNATURES (continued)

Signature	Title
/s/ Victor Hao Li Victor Hao Li	Director of HEI
/s/ A. Maurice Myers A. Maurice Myers	Director of HEI
/s/ David M. Nakada David M. Nakada	Director of HECO
/s/ Alan M. Oshima Alan M. Oshima	Director of HECO
/s/ Diane J. Plotts Diane J. Plotts	Director of HEI
/s/ James K. Scott James K. Scott	Director of HEI
/s/ Anne M. Takabuki Anne M. Takabuki	Director of HECO
/s/ Kelvin H. Taketa Kelvin H. Taketa	Director of HEI and HECO
/s/ Barry K. Taniguchi Barry K. Taniguchi	Director of HEI and HECO
/s/ Jeffrey N. Watanabe Jeffrey N. Watanabe	Chairman of the Board of Directors of HEI And Director of HECO

EXHIBIT INDEX

The exhibits designated by an asterisk (*) are filed herewith. The exhibits not so designated are incorporated by reference to the indicated filing. A copy of any exhibit may be obtained upon written request for a $0.20 per page charge from the HEI Shareholder Services Division, P.O. Box 730, Honolulu, Hawaii 96808-0730.

Exhibit no.	Description
HEI:	
3(i).1	HEI's Restated Articles of Incorporation (Exhibit 4(b) to Registration Statement on Form S-3, Registration No. 33-7895).
3(i).2	Articles of Amendment of HEI, amending HEI's Restated Articles of Incorporation (Exhibit 4(b) to Registration Statement on Form S-3, Registration No. 33-40813).
3(i).3	Statement of Issuance of Shares of Preferred or Special Classes in Series for HEI Series A Junior Participating Preferred Stock (Exhibit 3(i).3 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-8503).
3(i).4	Articles of Amendment of HEI, amending HEI's Restated Articles of Incorporation, Article Fourth (Exhibit 3(i).4 to HEI's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, File No. 1-8503).
3(i).5	Articles of Amendment of HEI, amending HEI's Restated Articles of Incorporation, Article Sixth (Exhibit 3(i).5 to HEI's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, File No. 1-8503).
3(ii)	Amended and Restated Bylaws of HEI as last amended October 31, 2008 (Exhibit 3(ii) to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
4.1	Agreement to provide the SEC with instruments which define the rights of holders of certain long-term debt of HEI and its subsidiaries (Exhibit 4.1 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 1992, File No. 1-8503).
4.2	[Intentionally omitted].
4.3	Indenture, dated as of October 15, 1988, between HEI and Citibank, N.A., as Trustee (Exhibit 4 to Registration Statement on Form S-3, Registration No. 33-25216).
4.4(a)	First Supplemental Indenture dated as of June 1, 1993 between HEI and Citibank, N.A., as Trustee, to Indenture dated as of October 15, 1988 between HEI and Citibank, N.A., as Trustee (Exhibit 4(a) to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993, File No. 1-8503).
4.4(b)	Second Supplemental Indenture dated as of April 1, 1999 between HEI and Citibank, N.A., as Trustee, to Indenture dated as of October 15, 1988 between HEI and Citibank, N.A., as Trustee (Exhibit 4.1 to HEI's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 1-8503).
4.4(c)	Third Supplemental Indenture dated as of August 1, 2002 between HEI and Citibank, N.A., as Trustee, to Indenture dated as of October 15, 1988 between HEI and Citibank, N.A., as Trustee (Exhibit 4 to HEI's Current Report on Form 8-K, dated August 16, 2002, File No. 1-8503).
4.5(a)	Pricing Supplement No. 13 to Registration Statement on Form S-3 of HEI (Registration No. 33-58820) filed on September 26, 1997 in connection with the sale of Medium-Term Notes, Series B.
4.5(b)	Pricing Supplement No. 1 to Registration Statement on Form S-3 of HEI (Registration No. 333-73225) filed on May 3, 1999 in connection with the sale of Medium-Term Notes, Series C.
4.5(c)	Pricing Supplement No. 2 to Registration Statement on Form S-3 of HEI (Registration No. 333-87782) filed on March 5, 2003 in connection with the sale of Medium-Term Notes, Series D.
4.5(d)	Pricing Supplement No. 3 to Registration Statement on Form S-3 of HEI (Registration No. 333-87782) filed on March 15, 2004 in connection with the sale of Medium-Term Notes, Series D.
4.5(e)	Pricing Supplement No. 4 to Registration Statement on Form S-3 of HEI (Registration No. 333-87782) filed on August 4, 2006 in connection with the sale of Medium-Term Notes, Series D.
10.1	Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc. dated September 23, 1982. (Exhibit 10.1 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8503).
10.2	Regulatory Capital Maintenance/Dividend Agreement dated May 26, 1988, between HEI, HEIDI and the Federal Savings and Loan Insurance Corporation (by the Federal Home Loan Bank of Seattle) (Exhibit (28)-2 to HEI's Current Report on Form 8-K dated May 26, 1988, File No. 1-8503).

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Exhibit no.	Description
10.3	OTS letter regarding release from Part II.B. of the Regulatory Capital Maintenance/Dividend Agreement dated May 26, 1988 (Exhibit 10.3(a) to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 1992, File No. 1-8503).

HEI Exhibits 10.4 through 10.19(b) are management contracts or compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(b) of this report. HEI Exhibits 10.4 through 10.17(a) are management contracts or compensatory plans or arrangements with HECO participants.

Exhibit no.	Description
*10.4	HEI Executive Incentive Compensation Plan amended and restated as of February 23, 2009.
10.5	HEI Executives' Deferred Compensation Plan (Exhibit 10.2 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
10.6	[Intentionally omitted].
10.7(a)	1987 Stock Option and Incentive Plan of HEI (as amended and restated effective January 22, 2008) (Exhibit 10.3 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, File No. 1-8503).
10.7(b)	Form of Hawaiian Electric Industries, Inc. Stock Option Agreement with Dividend Equivalents (Exhibit 10.7(b) to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, File No. 1-8503).
10.7(c)	Form of Hawaiian Electric Industries, Inc. Stock Appreciation Right Agreement with Dividend Equivalents (Exhibit 10.2 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File No. 1-8503).
10.7(d)	Form of Hawaiian Electric Industries, Inc. Stock Appreciation Right Agreement with Dividend Equivalents (effective for April 7, 2005 stock appreciation rights grant) (Exhibit 10.1 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, File No. 1-8503).
10.7(e)	Form of Restricted Stock Agreement Pursuant to the 1987 Stock Option and Incentive Plan of Hawaiian Electric Industries, Inc. (Exhibit 10.2 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, File No. 1-8503).
*10.7(f)	Form of Restricted Stock Unit Agreement Pursuant to the 1987 Stock Option and Incentive Plan of HEI.
*10.8	HEI Long-Term Incentive Plan amended and restated as of February 23, 2009.
10.9	HEI Supplemental Executive Retirement Plan amended and restated as of January 1, 2009 (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
*10.9(a)	Amendments to the HEI Supplemental Executive Retirement Plan Freezing Benefit Accruals Effective December 31, 2008.
*10.10	HEI Excess Pay Plan amended and restated as of January 1, 2009.
*10.10(a)	HEI Excess Pay Plan Addendum for Constance H. Lau.
*10.10(b)	HEI Excess Pay Plan Addendum for Curtis Y. Harada.
*10.11	Form of Change in Control Agreement.
10.12	Nonemployee Director Retirement Plan, effective as of October 1, 1989 (Exhibit 10.15 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, File No. 1-8503).
10.13	HEI 1990 Nonemployee Director Stock Plan As Amended and Restated: May 6, 2008 (Exhibit 10.4 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, File No. 1-8503).
*10.14	Nonemployee Director's Compensation Schedule effective January 22, 2008.
10.15	HEI Non-Employee Directors' Deferred Compensation Plan (Exhibit 10.5 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
10.16	Executive Death Benefit Plan of HEI and Participating Subsidiaries restatement effective as of January 1, 2009 (Exhibit 10.6 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
*10.17	Severance Pay Plan for Merit Employees of HEI and affiliates, restatement effective as of January 1, 2009.

Exhibit no.	Description
*10.17(a)	Addendum A of Severance Pay Plan for Merit Employees of HEI and affiliates, restatement effective as of January 1, 2009 for James A. Ajello and Richard M. Rosenblum.
10.18	American Savings Bank Select Deferred Compensation Plan (Restatement Effective January 1, 2009) (Exhibit 10.7 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
10.19	American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan, effective January 1, 2009 (Exhibit 10.8 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
*10.19(a)	American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan Addendum for Timothy K. Schools, effective December 31, 2008.
*10.19(b)	Amendments to the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan Freezing Benefit Accruals Effective December 31, 2008.
10.20	Credit Agreement, dated as of March 31, 2006, among HEI, as Borrower, the Lenders Party Hereto and Bank of Hawaii, as Co-Syndication Agent, and First Hawaiian Bank, as Co-Syndication Agent, and Wells Fargo Bank, N.A., as Co-Documentation Agent, and U.S. Bank National Association, as Co-Documentation Agent, and Union Bank of California, N.A., as Co-Documentation Agent, and The Bank of New York, as Administrative Agent, and BNY Capital Markets, Inc., as Sole Lead Arranger and Book Runner (Exhibit 10.1 to HEI's Current Report on Form 8-K, dated April 3, 2006, File No. 1-8503).
10.20(a)	Assignment and Acceptance Agreement dated as of September 18, 2008 by and between Lehman Brothers Bank, FSB and Bank Hapoalim BM and HEI Consent (Exhibit 10.1 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-8503).
*10.20(b)	Amendment No. 1 to Credit Agreement, dated as of February 6, 2009, by and among HEI, the Lenders and The Bank of New York Mellon.
*11	Computation of Earnings per Share of Common Stock.
*12	Computation of Ratio of Earnings to Fixed Charges.
13	HEI's 2008 Annual Report to Shareholders (Selected Sections) (HEI Exhibit 13 to HEI's Current Report on Form 8-K dated February 19, 2009, File No. 1-8503).
*21	Subsidiaries of HEI.
*23.1	Consent of Independent Registered Public Accounting Firm.
*31.1	Certification Pursuant to 13a-14 of the Securities Exchange Act of 1934 of Constance H. Lau (HEI Chief Executive Officer).
*31.2	Certification Pursuant to 13a-14 of the Securities Exchange Act of 1934 of James A. Ajello (HEI Chief Financial Officer).
*32.1	Written Statement of Constance H. Lau (HEI Chief Executive Officer) Furnished Pursuant to 18 U.S.C. Section 1350, as Adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Written Statement of James A. Ajello (HEI Chief Financial Officer) Furnished Pursuant to 18 U.S.C. Section 1350, as Adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
*99.1	Hawaiian Electric Industries Retirement Savings Plan, restatement effective January 1, 2008.
99.2(a)	Trust Agreement dated as of February 1, 2000 between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.1 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 1-8503).
99.2(b)	First Amendment dated as of August 1, 2000 to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.1 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, File No. 1-8503).
99.2(c)	Second Amendment dated as of November 1, 2000 to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.2 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, File No. 1-8503).

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Exhibit no.	Description
99.2(d)	Third Amendment dated as of April 1, 2001 to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99 to HEI's Current Report on Form 8-K dated June 19, 2001, File No. 1-8503).
99.2(e)	Fourth Amendment dated as of December 31, 2001 to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.1 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, File No. 1-8503).
99.2(f)	Fifth Amendment dated as of April 1, 2002, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.1 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, File No. 1-8503).
99.2(g)	Sixth Amendment dated as of January 1, 2002, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.8 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, File No. 1-8503).
99.2(h)	Seventh Amendment dated as of July 1, 2002, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.1 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, File No. 1-8503).
99.2(i)	Eighth Amendment dated as of September 1, 2003, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99 to HEI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, File No. 1-8503).
99.2(j)	Ninth Amendment dated as of February 2, 2004, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.2 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, File No. 1-8503).
99.2(k)	Tenth Amendment dated as of October 3, 2005, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.2(k) to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 1-8503).
99.2(l)	Eleventh Amendment dated as of November 1, 2006, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.2(l) to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8503).
99.2(m)	Twelfth Amendment dated as of August 1, 2007, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee (Exhibit 99.2 to HEI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, File No. 1-8503).
*99.2(n)	Thirteenth Amendment dated as of October 17, 2008, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee.
*99.2(o)	Fourteenth Amendment dated as of December 31, 2008, to Trust Agreement (dated as of February 1, 2000) between HEI and Fidelity Management Trust Company, as Trustee.
HECO:	
3(i).1	HECO's Certificate of Amendment of Articles of Incorporation (Exhibit 3.1 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1988, File No. 1-4955).
3(i).2	Articles of Amendment to HECO's Amended Articles of Incorporation (Exhibit 3.1(b) to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, File No 1-4955).
3(i).3	Articles of Amendment to HECO's Amended Articles of Incorporation (Exhibit 3(i).4 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No 1-4955).
3(ii)	HECO's Amended and Restated Bylaws. (Exhibit 3(ii).2 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-4955).
4.1	Agreement to provide the SEC with instruments which define the rights of holders of certain long-term debt of HECO, HELCO and MECO (Exhibit 4.1 to HEI's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, File No. 1-4955).
4.2	Certificate of Trust of HECO Capital Trust III (incorporated by reference to Exhibit 4(a) to Registration No. 333-111073).

Exhibit no.	Description
4.3	Amended and Restated Trust Agreement of HECO Capital Trust III dated as of March 1, 2004 (Exhibit 4(c) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.4	HECO Junior Indenture with The Bank of New York, as Trustee, dated as of March 1, 2004 (Exhibit 4(f) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.5	6.500% Quarterly Income Trust Preferred Security issued by HECO Capital Trust III, dated March 18, 2004 (Exhibit 4(d) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.6	6.500% Junior Subordinated Deferrable Interest Debenture, Series 2004 issued by HECO, dated March 18, 2004 (Exhibit 4(g) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.7	Trust Guarantee Agreement between The Bank of New York, as Trust Guarantee Trustee, and HECO dated as of March 1, 2004 (Exhibit 4(l) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.8	MECO Junior Indenture with The Bank of New York, as Trustee, including HECO Subsidiary Guarantee, dated as of March 1, 2004 (Exhibit 4(h) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.9	HELCO Junior Indenture with The Bank of New York, as Trustee, including HECO Subsidiary Guarantee, dated as of March 1, 2004 (Exhibit 4(j) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.10	6.500% Junior Subordinated Deferrable Interest Debenture, Series 2004 issued by MECO, dated March 18, 2004 (Exhibit 4(i) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.11	6.500% Junior Subordinated Deferrable Interest Debenture, Series 2004 issued by HELCO, dated March 18, 2004 (Exhibit 4(k) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
4.12	Expense Agreement, dated March 1, 2004, among HECO Capital Trust III, HECO, MECO and HELCO (Exhibit 4(m) to HECO's Current Report on Form 8-K dated March 16, 2004, File No. 1-4955).
10.1(a)	Power Purchase Agreement between Kalaeloa Partners, L.P., and HECO dated October 14, 1988 (Exhibit 10(a) to HECO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1988, File No. 1-4955).
10.1(b)	Amendment No. 1 to Power Purchase Agreement between HECO and Kalaeloa Partners, L.P., dated June 15, 1989 (Exhibit 10 (c) to HECO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, File No. 1-4955).
10.1(c)	Lease Agreement between Kalaeloa Partners, L.P., as Lessor, and HECO, as Lessee, dated February 27, 1989 (Exhibit 10(d) to HECO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, File No. 1-4955).
10.1(d)	Restated and Amended Amendment No. 2 to Power Purchase Agreement between HECO and Kalaeloa Partners, L.P., dated February 9, 1990 (Exhibit 10.2(c) to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, File No. 1-4955).
10.1(e)	Amendment No. 3 to Power Purchase Agreement between HECO and Kalaeloa Partners, L.P., dated December 10, 1991 (Exhibit 10.2(e) to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1991, File No. 1-4955).
10.1(f)	Amendment No. 4 to Power Purchase Agreement between HECO and Kalaeloa Partners, L.P., dated October 1, 1999 (Exhibit 10.1 to HECO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, File No. 1-4955).
10.1(g)	Confirmation Agreement Concerning Section 5.2B(2) of Power Purchase Agreement and Amendment No. 5 to Power Purchase Agreement between HECO and Kalaeloa Partners, L.P., dated October 12, 2004 (Exhibit 10.3 to HECO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File No. 1-4955).
10.1(h)	Agreement for Increment Two Capacity and Amendment No. 6 to Power Purchase Agreement between HECO and Kalaeloa Partners, L.P., dated October 12, 2004 (Exhibit 10.4 to HECO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File No. 1-4955).
10.2(a)	Power Purchase Agreement between AES Barbers Point, Inc. and HECO, entered into on March 25, 1988 (Exhibit 10(a) to HECO's Quarterly Report on Form 10-Q for the quarter ended March 31, 1988, File No. 1-4955).
10.2(b)	Agreement between HECO and AES Barbers Point, Inc., pursuant to letters dated May 10, 1988 and April 20, 1988 (Exhibit 10.4 to HECO's Annual Report on Form 10-K for fiscal year ended December 31, 1988, File No. 1-4955).
10.2(c)	Amendment No. 1, entered into as of August 28, 1988, to Power Purchase Agreement between AES Barbers Point, Inc. and HECO (Exhibit 10 to HECO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989, File No. 1-4955).

Exhibit no.	Description
10.2(d)	HECO’s Conditional Notice of Acceptance to AES Barbers Point, Inc. dated January 15, 1990 (Exhibit 10.3(c) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1989, File No. 1-4955).
10.2(e)	Amendment No. 2, entered into as of May 8, 2003, to Power Purchase Agreement between AES Hawaii, Inc. and HECO (Exhibit 10.2(e) to HECO’s Annual Report on Form 10-K for fiscal year ended December 31, 2003, File No. 1-4955).
10.3(a)	Agreement between MECO and Hawaiian Commercial & Sugar Company pursuant to letters dated November 29, 1988 and November 1, 1988 (Exhibit 10.8 to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1988, File No. 1-4955).
10.3(b)	Amended and Restated Power Purchase Agreement by and between A&B-Hawaii, Inc., through its division, Hawaiian Commercial & Sugar Company, and MECO, dated November 30, 1989 (Exhibit 10(e) to HECO’s Quarterly Report on Form 10-Q for the quarter ended September 30, 1990, File No. 1-4955).
10.3(c)	First Amendment to Amended and Restated Power Purchase Agreement by and between A&B-Hawaii, Inc., through its division, Hawaiian Commercial & Sugar Company, and MECO, dated November 1, 1990, amending the Amended and Restated Power Purchase Agreement dated November 30, 1989 (Exhibit 10(f) to HECO’s Quarterly Report on Form 10-Q for the quarter ended September 30, 1990, File No. 1-4955).
10.3(d)	Letter agreement dated December 11, 1997 to Extend Term of Amended and Restated Power Purchase Agreement Between A&B-Hawaii, Inc., through its division, Hawaiian Commercial & Sugar Company, and MECO dated November 30, 1989, as Amended on November 1, 1990 (Exhibit 10.4(c) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.3(e)	Letter agreement dated October 22, 1998 to Extend Term of Amended and Restated Power Purchase Agreement Between A&B-Hawaii, Inc., through its division, Hawaiian Commercial & Sugar Company, and MECO dated November 30, 1989, as Amended on November 1, 1990 (Exhibit 10.4(d) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-4955).
10.3(f)	Termination Notice dated December 27, 1999 for Amended and Restated Power Purchase Agreement by and between A&B Hawaii, Inc., through its division, Hawaiian Commercial & Sugar Company, and MECO, dated November 30, 1989, as amended (Exhibit 10.2 to HECO’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, File No. 1-4955).
10.3(g)	Rescission dated January 23, 2001 of Termination Notice for Amended and Restated Power Purchase Agreement by and between A&B Hawaii, Inc., through its division, Hawaiian Commercial & Sugar Company, and MECO, dated November 30, 1989, as amended (Exhibit 10.4(f) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 2000, File No. 1-4955).
10.4(a)	Purchase Power Contract between HELCO and Thermal Power Company dated March 24, 1986 (Exhibit 10(a) to HECO’s Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, File No. 1-4955).
10.4(b)	Firm Capacity Amendment between HELCO and Puna Geothermal Venture (assignee of AMOR VIII, who is the assignee of Thermal Power Company) dated July 28, 1989 to Purchase Power Contract between HELCO and Thermal Power Company dated March 24, 1986 (Exhibit 10(b) to HECO’s Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, File No. 1-4955).
10.4(c)	Amendment made in October 1993 to Purchase Power Contract between HELCO and Puna Geothermal Venture dated March 24, 1986, as amended (Exhibit 10.5(b) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.4(d)	Third Amendment dated March 7, 1995 to the Purchase Power Contract between HELCO and Puna Geothermal Venture dated March 24, 1986, as amended (Exhibit 10.5(c) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.4(e)	Performance Agreement and Fourth Amendment dated February 12, 1996 to the Purchase Power Contract between HELCO and Puna Geothermal Venture dated March 24, 1986, as amended (Exhibit 10.5(b) to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1995, File No. 1-4955).
10.5(a)	Purchase Power Contract between HECO and the City and County of Honolulu dated March 10, 1986 (Exhibit 10.9 to HECO’s Annual Report on Form 10-K for the fiscal year ended December 31, 1989, File No. 1-4955).
10.5(b)	Amendment No. 1 to Purchase Power Contract between HECO and the City and County of Honolulu dated March 10, 1986 (Exhibit 10.6(a) to HECO’s Annual Report on Form 10-K for fiscal year ended December 31, 2001, File No. 1-4955).

Exhibit no.	Description
10.5(c)	Firm Capacity Amendment, dated April 8, 1991, to Purchase Power Contract, dated March 10, 1986, by and between HECO and the City & County of Honolulu (Exhibit 10 to HECO's Quarterly Report on Form 10-Q for the quarter ended March 31, 1991, File No. 1-4955).
10.5(d)	Amendment No. 2 to Purchase Power Contract Between HECO and City and County of Honolulu dated March 10, 1986 (Exhibit 10.6(c) to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.6(a)	Power Purchase Agreement between Encogen Hawaii, L.P. and HELCO dated October 22, 1997 (but with the following attachments omitted: Attachment C, "Selected portions of the North American Electric Reliability Council Generating Availability Data System Data Reporting Instructions dated October 1996" and Attachment E, "Form of the Interconnection Agreement between Encogen Hawaii, L.P. and HELCO," which is provided in final form as Exhibit 10.6(b)) (Exhibit 10.7 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.6(b)	Interconnection Agreement between Encogen Hawaii, L.P. and HELCO dated October 22, 1997 (Exhibit 10.7(a) to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.6(c)	Amendment No. 1, executed on January 14, 1999, to Power Purchase Agreement between Encogen Hawaii, L.P. and HELCO dated October 22, 1997 (Exhibit 10.7(b) to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-4955).
10.6(d)	Power Purchase Agreement Novation dated November 8, 1999 by and among Encogen Hawaii, L.P., Hamakua Energy Partners and HELCO (Exhibit 10.7(c) to HECO's Annual Report on Form 10-K for fiscal year ended December 31, 2001, File No. 1-4955).
10.6(e)	Guarantee Agreement between Black River Energy, LLC and HELCO effective May 26, 2004 (Exhibit 10.7(e) to HECO's Annual Report on Form 10-K for fiscal year ended December 31, 2004, File No. 1-4955).
10.6(f)	Guarantee Agreement between Black River Energy, LLC and HELCO dated July 15, 2004 (Exhibit 10.7(f) to HECO's Annual Report on Form 10-K for fiscal year ended December 31, 2004, File No. 1-4955).
10.7(a)	Low Sulfur Fuel Oil Supply Contract by and between Chevron and HECO dated as of November 14, 1997 (confidential treatment has been requested for portions of this exhibit) (Exhibit 10.8 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.7(b)	First Amendment to Low Sulfur Fuel Oil Supply Contract by and between Chevron and HECO entered into as of April 12, 2004 (confidential treatment has been requested for portions of this exhibit, which has been redacted accordingly) (Exhibit 10(c) to HECO's Current Report on Form 8-K, dated May 28, 2004, File No. 1-4955).
10.8(a)	Inter-Island Industrial Fuel Oil and Diesel Fuel Supply Contract by and between Chevron and HECO, MECO, HELCO, HTB and YB dated as of November 14, 1997 (confidential treatment has been requested for portions of this exhibit) (Exhibit 10.9 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.8(b)	Amendment to Inter-Island Industrial Fuel Oil and Diesel Fuel Supply Contract by and between Chevron and HECO, MECO and HELCO entered into as of April 12, 2004 (confidential treatment has been requested for portions of this exhibit, which has been redacted accordingly) (Exhibit 10(d) to HECO's Current Report on Form 8-K, dated May 28, 2004, File No. 1-4955).
10.9	Facilities and Operating Contract by and between Chevron and HECO dated as of November 14, 1997 (confidential treatment has been requested for portions of this exhibit) (Exhibit 10.10 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.10(a)	Low Sulfur Fuel Oil Supply Contract by and between BHP Petroleum Americas Refining Inc. and HECO dated as of November 14, 1997 (confidential treatment has been requested for portions of this exhibit) (Exhibit 10.11 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).
10.10(b)	First Amendment to Low Sulfur Fuel Oil Supply Contract by and between Tesoro Hawaii Corporation, formerly known as BHP Petroleum Americas Refining Inc., and HECO dated March 29, 2004 (confidential treatment has been requested for portions of this exhibit, which has been redacted accordingly) (Exhibit 10(a) to HECO's Current Report on Form 8-K, dated May 28, 2004, File No. 1-4955).
10.11(a)	Inter-Island Industrial Fuel Oil and Diesel Fuel Supply Contract by and between BHP Petroleum Americas Refining Inc. and HECO, MECO and HELCO dated November 14, 1997 (confidential treatment has been requested for portions of this exhibit) (Exhibit 10.12 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 1-4955).

Exhibit no.	Description
10.11(b)	First Amendment to Inter-Island Industrial Fuel Oil and Diesel Fuel Supply Contract by and between Tesoro Hawaii Corporation, formerly known as BHP Petroleum Americas Refining Inc., and HECO, MECO and HELCO dated March 29, 2004 (confidential treatment has been requested for portions of this exhibit, which has been redacted accordingly) (Exhibit 10(b) to HECO's Current Report on Form 8-K, dated May 28, 2004, File No. 1-4955).
10.12	Contract of private carriage by and between HITI and HELCO dated December 4, 2000 (Exhibit 10.13 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, File No. 1-4955).
10.13	Contract of private carriage by and between HITI and MECO dated December 4, 2000 (Exhibit 10.14 to HECO's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, File No. 1-4955).
10.14	Energy Agreement among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the Hawaiian Electric Companies (Exhibit 10.12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-4955).
HECO Exhibit 10.15 and 10.16 are management plans required to be filed as an exhibit pursuant to Item 15(b) of this report.	
10.15	Letter agreement dated June 13, 2008 between T. Michael May and HECO (Exhibit 10.10 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-4955).
10.16	HEI Supplemental Executive Retirement Plan Addendum for T. Michael May dated October 28, 2008 (Exhibit 10.11 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-4955).
10.17	Credit Agreement, dated as of March 31, 2006, among HECO, as Borrower, the Lenders Party Hereto and Bank of Hawaii, as Co-Syndication Agent, and First Hawaiian Bank, as Co-Syndication Agent, and Wells Fargo Bank, N.A., as Co-Documentation Agent, and U.S. Bank National Association, as Co-Documentation Agent, and Union Bank of California, N.A., as Co-Documentation Agent, and The Bank of New York, as Administrative Agent, and BNY Capital Markets, Inc., as Sole Lead Arranger and Book Runner (Exhibit 10.2 to HECO's Current Report on Form 8-K, dated April 3, 2006, File No. 1-4955).
*10.17(a)	Amendment No. 1 to Credit Agreement, dated as of October 20, 2006, by and among, HECO, the Lenders and The Bank of New York (now known as The Bank of New York Mellon).
10.17(b)	Assignment and Acceptance Agreement dated as of September 18, 2008 by and between Lehman Brothers Bank, FSB and Bank Hapoalim BM and HECO Consent (Exhibit 10.9 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-4955).
*10.17(c)	Amendment No. 2 to Credit Agreement, dated as of February 6, 2009, by and among, HECO, the Lenders and The Bank of New York Mellon.
11	Computation of Earnings Per Share of Common Stock (See note on HECO's Selected Financial Data on page 4 of HECO Exhibit 99 to HECO's Current Report on Form 8-K, dated February 19, 2009, File No. 1-4955).
*12	Computation of Ratio of Earnings to Fixed Charges.
*21	Subsidiaries of HECO.
*23.2	Consent of Independent Registered Public Accounting Firm.
*31.3	Certification Pursuant to 13a-14 of the Securities Exchange Act of 1934 of Richard M. Rosenblum (HECO Chief Executive Officer).
*31.4	Certification Pursuant to 13a-14 of the Securities Exchange Act of 1934 of Tayne S. Y. Sekimura (HECO Chief Financial Officer).
*32.3	Written Statement of Richard M. Rosenblum (HECO Chief Executive Officer) Furnished Pursuant to 18 U.S.C. Section 1350, as Adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
*32.4	Written Statement of Tayne S. Y. Sekimura (HECO Chief Financial Officer) Furnished Pursuant to 18 U.S.C. Section 1350, as Adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
*99.3	Reconciliation of electric utility operating income per HEI and HECO Consolidated Statements of Income.

Exhibit no.	Description
99.4	Forward-Looking Statements, Selected Financial Data, HECO's MD&A, Quantitative and Qualitative Disclosures about Market Risk, Annual Report of Management on Internal Control Over Financial Reporting, Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting and HECO's Consolidated 2008 Financial Statements (with Report of Independent Registered Public Accounting Firm thereon) (Exhibit 99 to HECO's Current Report on Form 8-K, dated February 19, 2009, File No. 1-4955).

HAWAIIAN ELECTRIC INDUSTRIES, INC.
EXECUTIVE INCENTIVE COMPENSATION PLAN (EICP)

Pursuant to Section 3.1 of the 1987 Stock Option and Incentive Plan of Hawaiian Electric Industries, Inc. as amended and restated effective January 22, 2008, the Compensation Committee of the Board of Directors of Hawaiian Electric Industries, Inc. (HEI) establishes and adopts the following Executive Incentive Compensation Plan (EICP).

1. PURPOSE

The purpose of the EICP is to encourage a high level of performance by HEI and its subsidiaries (the "Company") through the establishment of specific financial and/or nonfinancial goals, the accomplishment of which will require a high degree of competence and diligence on the part of certain key employees of the Company selected to participate in the EICP, and will be beneficial to the owners and customers of the Company.

2. DEFINITIONS

The following definitions apply to the EICP:

2.1 "Award" means payment made in accordance with the provisions of the EICP.

2.2 "Board of Directors" means the Board of Directors of HEI.

2.3 "Committee" means the Compensation Committee of the Board of Directors of HEI.

2.4 "Deferred Account" means an unfunded account within which a Participant's deferred Awards and accrued interest are accumulated.

2.5 "Executives" means the senior officers and managers responsible for determining business and strategic policies.

2.6 "Fair Market Value" means, as of any determination date, the average of the daily high and low sales prices of the Common Stock as quoted in the New York Stock Exchange on the date as of which Fair Market Value is to be determined, or if there is no trading of Common Stock on such date, the average of the daily high and low sales prices of the Common Stock as quoted on the New York Stock Exchange on the next preceding date on which there was trading in such shares, or if the Common Stock is not admitted to trade on the New York Stock Exchange, the Fair Market Value shall be determined by the Committee in such other reasonable manner as the Committee shall decide.

2.7 "HEI Common Stock" means the Common Stock of HEI.

2.8 "Participant" means an employee selected to participate in the EICP.

2.9 "Performance Goals" means the performance objectives of the Company established for the purpose of determining any incentive Award for a Plan Year.

2.10 "Plan Year" means the calendar year.

3. BASIC PLAN CONCEPT

The EICP provides an opportunity for Participants to earn annual incentive compensation Awards depending on the level of Company and individual performance. Performance will be based on a twelve-month period beginning January 1 and ending December 31. Awards may be in cash or HEI Common Stock at the option of the Committee. Awards to Participants are based primarily on Company Performance Goals and may be partially based on other factors including individual Performance Goals. Minimum financial performance "hurdles" may be established that must be exceeded before any Award is made. When Awards are granted, payments will be made in cash and/or HEI Common Stock at the sole discretion of the Committee, and such payments will be made shortly after the end of each Plan Year unless voluntarily deferred by the Participant. HEI Common Stock awards are subject to the availability of authorized shares.

4. ADMINISTRATION

The EICP will be administered by the Committee which shall determine:

4.1 Participants;

4.2 the Performance Goals to which an Award will be subject;

4.3 Incentive Award levels;

4.4 Performance Goal results; and

4.5 Amount of the actual Award, if any, to be made to each Participant and whether it should be granted in cash and/or HEI Common Stock.

5. PARTICIPATION

The Committee will select Participants from those executives whose decisions contribute directly to the annual success of the Company. No employee will at any time have the automatic right to be selected as a Participant in the EICP for any Plan Year, nor, if so selected, to be entitled automatically to an Award, nor, having been selected as a Participant for one Plan Year, to be automatically selected as a Participant in any subsequent Plan Year.

Participants who are placed in the plan after the start of the Plan Year or who terminate employment as a result of retirement, death or disability, within the Plan Year or transfer to a position that is not included in the EICP will be eligible to receive that portion of the award represented by the number of complete months of eligibility during the plan year divided by 12, provided that a participant must have been in a position included in the EICP for at least 9 full months during the Plan Year.

Upon a change-in-control as defined in the Hawaiian Electric Industries, Inc. 1987 Stock Option and Incentive Plan, as amended and restated effective January 22, 2008, participants shall immediately be entitled to receive an award at the target level percentage (determined, as applicable, by reference to the Participant's base salary) prorated by the number of complete months of employment during the year divided by 12. The payment shall be made in cash as soon as practical after the change-in-control.

6. PERFORMANCE GOALS

The Committee will establish for each Plan Year, Performance Goals designed to accomplish such financial and strategic objectives as it may from time to time determine appropriate. The Committee may make adjustments to the Performance Goals for any Plan Year as it deems equitable in recognition of: extraordinary or nonrecurring events experienced by the Company during the Plan Year, or changes in applicable accounting rules or principles or changes in the Company's methods of accounting during the Plan Year.

7. DETERMINATION OF AWARDS

Subject to the provisions of Section 6 as applicable, the Committee will determine the Awards, if any, to be made to each Participant for the Plan Year. Awards will be based primarily on the level of performance within the performance range, but may also be based on each Participant's contribution to overall Company performance during the Plan Year. The Award for each Participant will be calculated by applying an Award percentage to each Participant's base salary.

8. PAYMENT OF AWARDS

8.1 Payment of Nondeferred Awards – The payment of Awards for any Plan Year will be made, as applicable, in cash or HEI Common Stock to the Participant as soon as practical after the close of the Plan year unless, in the case of a cash award, the Participant irrevocably elected to defer payment of all or a portion of the Award, as provided in subparagraph 8.2 below by filing a written election form with the Company before the beginning of the Plan Year or before the executive begins service as a Participant during the Plan Year.

8.2 Payment of Deferred Cash Awards – Each deferred Award will be credited to the Participant's Deferred Account and will be paid to the Participant, or to his or her beneficiary or estate in the event of his or her death, at the end of the deferral period in cash lump sum or in installments, as provided in the written election form. Amounts credited to a Participants' Deferred account shall be credited each year with an amount equivalent to the interest, compounded quarterly, at the annual rate commensurate with the prevailing interest rate on three-year certificates of deposit at American Savings Bank, F.S.B., as of January 1 of that year. Such Deferred Account will be credited with interest from the date the Award would have been paid in cash to the date of receipt by the executive under the Deferral Agreement.

8.3 In the event the payment of any portion of the awards is in HEI Common Stock, the number of shares of stock to be issued will be based on Fair Market Value.

9. ASSIGNMENTS AND TRANSFERS

Participants will not assign, encumber, or transfer their rights and interests under the EICP; any attempt to do so will render the Participants' rights and interests under the EICP null and void.

10. EMPLOYEE RIGHTS UNDER THE EICP

No employee or other person will have any claim or right to be granted an Award under the EICP. Neither the EICP nor any action taken thereunder will be construed as giving any employee any right to be retained in the employ of the Company or any of its affiliated companies.

11. WITHHOLDING TAXES

The Company will withhold the amount of any federal, state, or local income taxes attributable to any amounts payable under the EICP.

12. AMENDMENTS

The Committee may amend, suspend, or terminate the EICP or any portion of it at any time.

RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO
THE 1987 STOCK OPTION AND INCENTIVE PLAN OF
HAWAIIAN ELECTRIC INDUSTRIES, INC.

This Restricted Stock Unit Agreement (this "Agreement") is made and entered into as of [DATE] (the "Date of Grant"), by and between Hawaiian Electric Industries, Inc., a Hawaii corporation (the "Company"), and [NAME] (the "Participant"). Capitalized terms not defined herein shall have the meanings assigned to them in the 1987 Stock Option and Incentive Plan of Hawaiian Electric Industries, Inc., as amended (the "Plan").

1. Number of Units. The Company hereby grants to the Participant [XXXX] Restricted Stock Units, subject to all of the terms and conditions of this Agreement and the Plan.

2. Lapse of Restrictions; Settlement. Subject to Section 4 below, the restrictions with respect to the Restricted Stock Units shall lapse in accordance with the schedule attached hereto as Exhibit A. Upon the lapse of restrictions relating to a Restricted Stock Unit, the Company shall, no later than sixty (60) days following the date on which such restrictions lapse, issue to the Participant (or the Participant's beneficiary designated on the form attached hereto as Exhibit B, as the case may be), net of any withholding for taxes in accordance with Section 8, one share of Common Stock (in either certificated or book entry form) in settlement of each Restricted Stock Unit with respect to which such restrictions have lapsed.

3. Adjustments. If the outstanding shares of Common Stock are adjusted into a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of Common Stock or other securities, then, pursuant to Section 9.1 of the Plan, an appropriate and proportionate adjustment shall be made in the number and kind of Restricted Stock Units subject to this Agreement. The Company will make cash payments in settlement of any fractional Restricted Stock Units at the time the shares are issued.

4. Termination of Service.

(a) If the Participant's employment or service with the Company or any subsidiary is terminated for any reason other than death, Disability or Retirement, the Participant shall forfeit any or all of the Restricted Stock Units for which the restrictions have not yet lapsed (the "Unvested Units").

(b) If the Participant's employment or service with the Company or any subsidiary is terminated by reason of death, Disability or Retirement, then (i) restrictions based on performance which could still have been satisfied absent such termination of employment shall be deemed to have been satisfied and (ii) restrictions based on lapse of time shall be deemed to have lapsed pro-rata based on a ratio in which the numerator is the number of completed quarters

from the date of grant to the date of termination and the denominator is the total number of quarters from the date of grant to the date the restrictions lapse in accordance with the schedule set forth in Exhibit A hereto, and the Participant shall forfeit all remaining Unvested Units. As used in this Agreement, a "quarter" is a calendar quarter, and a "completed quarter" requires employment or service from the first day through the last day of the quarter. However, in that calendar quarter in which the Restricted Stock Units are granted, a completed quarter only requires employment or service from the date of grant through the last day of that quarter.

(c) For purposes of this Agreement, "Disability" shall mean that the Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.

(d) For purposes of this Agreement, "Retirement" shall mean the Participant's termination of employment with the Company and all of its subsidiaries (other than a termination for Cause) at any time upon or after the Participant's attainment of the minimum age and years of continuous employment as defined in the Participant's respective company's retirement plan.

(e) For purposes of this Agreement, "Cause" shall mean:

(i) the willful failure by the Participant to perform his or her duties to the Company or any subsidiary within the 15-day period following written notice from the Company or any subsidiary stating that failure to resume such duties may result in Participant's termination of employment;

(ii) any willful or grossly negligent act, or commission of a felony or misdemeanor, by the Participant that materially harms (monetarily or otherwise) the business or reputation of the Company or its subsidiaries;

(iii) the conviction of the Participant of (or the pleading by the Participant of guilty or nolo contendere to) any misdemeanor involving fraud or embezzlement or any felony; or

(iv) any misappropriation or embezzlement of the property of the Company or its subsidiaries (whether or not a misdemeanor or felony).

(f) Except as provided in Sections 4(a) and 4(b) hereof, the restrictions on Unvested Units shall otherwise terminate in accordance with the schedule for the lapse of the restrictions set forth in Exhibit A hereto.

5. Notices . All notices and other communications under this Agreement shall be in writing and shall be given by facsimile or first class mail, certified or registered with return

receipt requested, and shall be deemed to have been duly given three days after mailing or 24 hours after transmission by facsimile.

6. Rights as a Stockholder . Subject to the restrictions set forth in the Plan and this Agreement, the Participant shall not have any of the rights or privileges of a stockholder of the Company with respect to the Restricted Stock Units granted pursuant to this Agreement unless and until shares of Common Stock have been issued and delivered to the Participant following the lapse of restrictions on such Restricted Stock Units. Notwithstanding the foregoing, the Participant shall have the right to receive dividends with respect to the Restricted Stock Units, which dividends shall accumulate and be paid upon the delivery of the underlying shares of Common Stock in accordance with Section 2 hereof. The dividends shall be calculated as follows: on each date that a cash dividend is paid by the Company while the Restricted Stock Units are outstanding, the Participant shall be credited with an amount in cash equal to the aggregate dollar amount of the cash dividends that would have been paid on the Restricted Stock Units had the Restricted Stock Units been issued as shares of Common Stock on the date of the dividend. The amount of the cash dividends credited to the Participant pursuant to this Section 6 shall be subject to the same terms and conditions as are applicable to the Restricted Stock Units awarded hereunder (including without limitation as to time of vesting and payment) and may be reduced to satisfy any or all of a Participant's tax liabilities owed in connection with the Restricted Stock Units granted pursuant to this Agreement.

7. Protections Against Violations of Agreement . No purported sale, assignment, mortgage, hypothecation, alienation, transfer, pledge, encumbrance, gift, transfer in trust or other disposition of, or creation of a security interest in or lien on, any of the Restricted Stock Units (or the underlying shares of Common Stock) by any holder thereof in violation of the provisions of this Agreement or the Plan will be valid, and the Company will not transfer any of such Restricted Stock Units on its books (or issue shares of Common Stock in settlement thereof), nor will any dividends be credited with respect thereto, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

8. Taxes . Upon the lapse of restrictions with respect to the Restricted Stock Units (and/or any later settlement thereof), the Company shall withhold from the shares of Common Stock issued and cash dividends otherwise payable to the Participant an amount of taxes that the Company determines is the statutory minimum it is required to withhold under applicable tax laws with respect to the Restricted Stock Units and the cash dividends payable. The amount withheld shall first be deducted from the cash dividends payable and, to the extent insufficient, then from the Common Stock issued for the shortfall. The number of shares, including fractional shares of Common Stock required to be withheld shall be based on the Fair Market Value on the settlement date.

Upon a Participant's attainment of Retirement eligibility before the lapse of restrictions, any employment taxes thereafter (but prior to the lapse of restrictions) payable by the Participant shall be satisfied by withholding from the Participant's regular salary payable immediately following the date the employment tax obligation arises (and, to the extent

insufficient, by cash payment by the Participant).

9. Failure to Enforce Not a Waiver . The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

10. Governing Law . This Agreement shall be governed by and construed according to the laws of the State of Hawaii without regard to its principles of conflict of laws.

11. Incorporation of Plan . The Plan is hereby incorporated by reference and made a part hereof, and the Restricted Stock Units and this Agreement shall be subject to all terms and conditions of the Plan.

12. Amendments . This Agreement may be amended or modified at any time only by an instrument in writing signed by each of the parties hereto.

13. Survival of Terms . This Agreement shall apply to and bind the Participant, the Participant's heirs, legatees, executors and administrators, the Company and the Company's legal successors.

14. Agreement Not a Contract for Services . Neither the Plan, the granting of the Restricted Stock Units, this Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Participant has a right to continue to provide services as an officer, director, employee, consultant or advisor of the Company or any subsidiary or affiliate of the Company for any period of time or at any specific rate of compensation.

15. Authority of the Committee . The Compensation Committee of the Board of Directors of the Company shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Committee as to any such matter of interpretation or construction, including, without limitation, as to any adjustment or related matter under Section 3 hereof or any matter under Section 4 hereof, shall be final, binding and conclusive.

16. Representations . The Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that he or she (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

17. Acceptance . The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under this Agreement.

18. Effectiveness of Agreement . This Agreement shall not be effective until signed by an officer of the Company and by the Chairman or other member of the Compensation Committee of the Board of Directors of the Company, such execution on behalf of the Compensation Committee to signify that this Agreement, the award of Restricted Stock Units made hereby and the conditions upon which the restrictions on the Restricted Stock Units shall lapse or be satisfied, have been approved by the Compensation Committee either at a meeting of the Committee or by the unanimous written consent of its members.

19. Section 409A . To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A ("Section 409A") of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, the Participant shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Participant under this Agreement which are payable upon the Participant's termination of employment unless the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Agreement during the six-month period immediately following the Participant's termination of employment shall instead be paid on the first business day after the date that is six months following the Participant's termination of employment (or upon the Participant's death, if earlier).

20. Severability . If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; provided , however , to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

21. Headings . Headings in this Agreement are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any Section hereof.

22. No Limit on Other Arrangements .

(a) Nothing contained in this Agreement shall be construed to prevent the Company or any subsidiary thereof from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of any type of equity-based award (subject to stockholder approval if such approval is required).

(b) Nothing contained in this Agreement shall be construed to prevent the Company or any subsidiary thereof from taking any corporate action which is deemed by it to be

appropriate or in its best interest, whether or not such action would have an adverse effect on the Restricted Stock Units granted under this Agreement. No employee, beneficiary or other person shall have any claim against the Company or any subsidiary thereof as a result of any such action.

23. Signature in Counterparts . This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

HAWAIIAN ELECTRIC INDUSTRIES, INC.:

____
By:
V.P.-Administration & Corporate Secretary

____
By:
[Member of the Compensation Committee]

PARTICIPANT

____
Name:

Exhibit A

VESTING SCHEDULE

Subject to Section 3 (if applicable) and Section 8 of the Plan and Section 4 of the Restricted Stock Unit Agreement to which this Exhibit A is attached, the restrictions on the Restricted Stock Units granted pursuant to this Restricted Stock Unit Agreement shall lapse if:

The Participant is continually employed by the Company or its subsidiary companies from the Date of Grant through [DATE].

Exhibit B

BENEFICIARY DESIGNATION

This beneficiary designation is made in accordance with the Restricted Stock Unit Agreement to which this Exhibit B is attached, the Participant hereby

☐ **INITIAL DESIGNATION OF BENEFICIARY**
OR
☐ **REVISED DESIGNATION OF BENEFICIARY**

I hereby direct that in the event of my death prior to the payment in full of my interest under the Agreement that any unpaid balance be paid to:

Name ______________________________ Relationship ______________________________

Address ____

Social Security No. ______________________________ Date of Birth ______________________________

This beneficiary designation revokes any and all other beneficiary designations under the Agreement made prior to the date of this designation.

By signing below, I acknowledge that I have read and understood the foregoing.

Signed by ______________________________ Date ______________________________
Participant

Receipt acknowledged
Hawaiian Electric Industries, Inc.

By ______________________________ Date ______________________________

HAWAIIAN ELECTRIC INDUSTRIES, INC.
LONG-TERM INCENTIVE PLAN (LTIP)

Pursuant to Section 3.1 of the 1987 Stock Option and Incentive Plan of Hawaiian Electric Industries, Inc., as amended and restated effective January 22, 2008, the Compensation Committee of the Board of Directors of Hawaiian Electric Industries, Inc. (HEI) establishes and adopts the following Long-Term Incentive Plan (LTIP).

1. PURPOSE

The purpose of the LTIP is to encourage a high level of sustained performance by HEI and its subsidiaries (the “Company”) through the establishment of specific long-term financial goals, the accomplishment of which will require a high degree of competence and diligence on the part of certain key employees of the Company selected to participate in the LTIP and will be beneficial to the owners and customers of the Company.

2. DEFINITIONS

The following definitions apply to the LTIP:

2.1 “Award” means payment made in accordance with the provisions of the LTIP.

2.2 “Committee” means the Compensation Committee of the Board of Directors of HEI.

2.3 “Deferred Account” means an unfunded account within which a Participant’s deferred Awards and accrued interest are accumulated.

2.4 “Executives” means the senior officers and managers responsible for determining business and strategic policies.

2.5 “Fair Market Value” means, as of any determination date, the average of the daily high and low sales prices of the Common Stock as quoted in the New York Stock Exchange on the date as of which Fair Market Value is to be determined, or if there is no trading of Common Stock on such date, the average of the daily high and low sales prices of the Common Stock as quoted on the New York Stock Exchange on the next preceding date on which there was trading in such shares, or if the Common Stock is not admitted to trade on the New York Stock Exchange, the Fair Market Value shall be determined by the Committee in such other reasonable manner as the Committee shall decide.

2.6 “HEI Common Stock” means the Common Stock of HEI.

2.7 “Participant” means an employee selected to participate in the LTIP.

2.8 “Performance Goals” means the performance objectives of the Company established for the purpose of determining any incentive Award for a Performance Period.

2.9 “Performance Period” means the three-year calendar period over which performance is measured.

2.10 “Performance Shares” means an Award, under Section 7, of a Share determined by reference to its Fair Market Value on the date of grant.

2.11 “Share” means a share of HEI Common Stock.

3. BASIC PLAN CONCEPT

The LTIP provides an opportunity for Participants to earn incentive compensation Awards depending on the level of Company performance. Performance will be based on a three-year period beginning January 1 of the first year of the Performance Period and ending December 31 of the third year of the Performance Period. Awards may be based on Company performance plus additional goals or objectives. When awards are granted, payments will be made in cash and/or HEI Common Stock at the sole discretion of the Committee during the year following the end of each Performance Period unless voluntarily deferred by the Participant. Stock awards are subject to the availability of authorized shares.

4. ADMINISTRATION

The LTIP will be administered by the Committee which will determine:

4.1 Participants;

4.2 the Performance Goals to which an Award will be subject;

4.3 the number of Performance Shares, if any, to be granted to any Participant;

4.4 Incentive award levels;

4.5 Performance Goal results; and

4.6 Amount of the actual award, if any, to be made to each Participant and whether it should be granted in cash and/or HEI Common Stock.

5. PARTICIPATION

The Committee will select Participants from those executives whose decisions and actions contribute directly to the Company's long-term success. No employee will have the automatic right to be selected as a Participant in the LTIP for any Performance Period, nor, if so selected, be entitled automatically to an Award, nor, having been selected as a Participant for one Performance Period, be automatically selected as a Participant in any subsequent Performance Period.

Participants who are placed in the plan after the start of the Performance Period or who terminate employment as a result of retirement, death or disability, within the Performance Period or transfer to a position that is not included in the LTIP, will be eligible to receive that portion of the award represented by the number of complete months of eligibility during the Performance Period divided by 36; provided that a Participant must have been in a position included in the LTIP for at least 12 full months during the Performance Period.

Upon a change-in-control as defined in the Hawaiian Electric Industries, Inc. 1987 Stock Option Incentive Plan, as amended and restated effective January 22, 2008, participants shall immediately be entitled to receive an award at the target level percentage (determined, as applicable, by reference to the Participant's base salary) prorated by the number of complete months of employment during the applicable three-year period divided by 36. The payment shall be made in cash as soon as practical after the change-in-control.

6. PERFORMANCE GOALS

The Committee will establish, for each Performance Period, Performance Goals designed to accomplish such financial and strategic objectives as it may from time to time determine appropriate. The Committee may make adjustments to the Performance Goals for any Performance Period as it deems equitable in recognition of: extraordinary or nonrecurring events experienced by the Company during the Performance Period, or changes in applicable accounting rules or principles, or changes in the Company's methods of accounting during the Performance Period.

7. PERFORMANCE SHARES

The Committee may establish, at the beginning of each Performance Period, a number of Performance Shares to be granted to any Participant based on a percentage of the Participant's potential LTIP award payout divided by the Fair Market Value of HEI Common Stock on the date the LTIP performance plan is approved by the Committee. Performance Shares will be settled (to the extent of attainment of Performance Goals, as applicable, and any other terms and conditions of the Award) in HEI Common Stock.

8. DETERMINATION OF AWARDS

Subject to the provisions of Section 6 and 7 as applicable, the Committee will determine the Awards, if any, to be made to each Participant for each Performance Period. Awards made will be based primarily on the level of performance within the performance range, but may also be based on each Participant's contribution to overall Company performance during the Performance Period. Cash Awards will be calculated by applying an Award percentage to the Participant's base salary. Performance Share Awards will be based on the level of performance within the performance range determined as a function of the extent to which the applicable Performance Goals and/or other Award terms and conditions have been satisfied. The Committee shall determine the extent to which the applicable Performance Goals were attained following the conclusion of the applicable Performance Period.

9. PAYMENT OF AWARDS

9.1 Payment of Nondeferred Awards – The payment of Awards for any Performance Period will be made, as applicable, in cash or HEI Common Stock to the Participant as soon as practical after the close of the Performance Period unless, in the case of a cash award, the Participant irrevocably elected to defer payment of all or a portion of the Award as provided in subparagraph 9.2 below by filing a written election form with the Company before the beginning of the Performance Period or before the executive begins service as a Participant for the Performance Period.

9.2 Payment of Deferred Cash Awards – Each deferred Award will be credited to the Participant's Deferred Account and will be paid to the Participant, or to his or her beneficiary or estate in the event of his or her death, at the end of the deferral period in cash lump sum or in installments, as provided in the written election form. Amounts credited to a Participant's Deferred Account shall be credited each year with an amount equivalent to interest, compounded quarterly, at the annual rate commensurate with the prevailing interest rate on three-year certificates of deposit at American Savings Bank, F.S.B., as of January 1 of that year. Such Deferred Account will be credited with interest from the date the Award would have been paid in cash to the date of receipt by the Participant under the Deferral Agreement.

9.3 In the event the payment of any portion of the awards is in HEI Common Stock (other than Performance Shares), the number of shares of stock to be issued will be based on Fair Market Value on the date of payment.

10. ASSIGNMENTS AND TRANSFERS

Participants will not assign, encumber, or transfer their rights and interests under the LTIP; any attempt to do so will render the Participant's rights and interests under the LTIP null and void.

11. EMPLOYEE RIGHTS UNDER THE LTIP

No employee or other person will have any claim or right to be granted an Award under the LTIP. Neither the LTIP nor any action taken thereunder will be construed as giving any employee any right to be retained in the employ of the Company or any of its affiliated companies.

12. WITHHOLDING TAXES

The Company will withhold the amount of any federal, state, or local income taxes attributable to any amounts payable under the LTIP.

13. AMENDMENTS

The Committee may amend, suspend, or terminate the LTIP or any portion of it at any time.

**AMENDMENTS TO THE HAWAIIAN ELECTRIC INDUSTRIES, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
FREEZING BENEFIT ACCRUALS EFFECTIVE DECEMBER 31, 2008**

The following amendments are made to the Hawaiian Electric Industries, Inc. Supplemental Executive Retirement Plan (the "Plan"), which was restated effective January 1, 2009, to comply with final regulations under Section 409A of the Internal Revenue Code of 1986, as amended.

1. The following paragraph is added to the end of the Prologue to the Plan:

   The Plan is frozen effective December 31, 2008. After that date, there will be no new Participants in the Plan, and no further benefits will accrue to any Participant.

2. The following is added at the end of Section 1.18:

   Solely for purposes of determining a Participant's Primary Social Security Benefit, each active Participant whose benefit is frozen December 31, 2008, shall be treated as having Separated from Service December 31, 2008.

3. Section 2.1(a) of the Plan is amended and restated in its entirety to read as follows:

   (a) Credited Service shall be granted for the period of time beginning with the initial date on which the Participant commenced employment with an Associated Company and ending on the date the Participant has a Separation from Service with all the Associated Companies; provided, however, that no Credited Service shall be granted for any period after December 31, 2008.

4. The text of Article III, Eligibility, is amended and restated in its entirety to read as follows:

   An officer of an Associated Company shall be a Participant only if and as of when the officer's participation in the Plan has been approved by the Committee (provided that, if no effective date of participation is specified, participation shall commence as of the date of such approval and provided further that participation shall not commence before the Participant first performs an hour of service for the Company or an Associated Company). However, except as may be provided in an addendum to the Hawaiian Electric Industries, Inc. Excess Pay Plan for a specific Participant, in no event may a Participant who is entitled to a benefit under this Plan also be eligible to participate in the Hawaiian Electric

Industries, Inc. Excess Pay Plan. Subject to Section 9.2 of this Plan, a Participant shall not be entitled to a benefit under this Plan except to the extent the Participant is vested in the Retirement Plan or, in respect of those Participants who first participated in the Plan after 2008, unless and until the Participant has completed five years of continuous participation in the Plan.

5. The following is added at the end of Section 5.1(a):

   As part of the freeze of benefit accruals effective December 31, 2008, the offsets in clauses (ii)(2) and (3) above for benefits payable from the Retirement Plan and the American Savings Bank Retirement Plan shall be computed based on the benefits accrued as of December 31, 2008.

6. The text of Section 5.3, Postponed Retirement Income, is amended and restated in its entirety to read as follows:

   If a Participant remains employed subsequent to the Participant's Normal Retirement Date and has a Separation from Service on a Postponed Retirement Date, the Participant's retirement income shall be computed based upon the Participant's Credited Service and Final Average Compensation (including Credited Service and Final Average Compensation credited subsequent to the Participant's Normal Retirement Date) as of the Participant's Postponed Retirement Date.

The foregoing amendments shall be effective December 31, 2008.

TO RECORD the adoption of these amendments, Hawaiian Electric Industries, Inc. has executed this document December 8, 2008.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By /s/ Patricia U. Wong
Its Vice President-Administration

HAWAIIAN ELECTRIC INDUSTRIES, INC.
EXCESS PAY PLAN

PROLOGUE

This Plan amends and collectively restates, as of January 1, 2009, the Hawaiian Electric Industries, Inc. Excess Pay Supplemental Executive Retirement Plan and the Hawaiian Electric Industries, Inc. Excess Benefit Plan. This Plan is not intended to meet or be subject to the qualification requirements of Section 401 of the Internal Revenue Code of 1986, as amended. To the extent this Plan replaces benefits otherwise limited by Section 415 of the Code, it is intended to be an excess benefit plan within the meaning of Section 3(36) of ERISA and exempt from the provisions of Title I of ERISA. To the extent this Plan otherwise provides benefits, it is intended to be an unfunded plan maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees and thus exempt from Parts 2, 3 and 4 of Title I of ERISA.

ARTICLE I
DEFINITIONS

The following terms as used herein shall have the indicated meaning, unless a different meaning is clearly required by the context. Whenever appropriate, words used in the singular may include the plural and vice versa, and the masculine gender shall always include the feminine gender.

1.1 Associated Company means the Company and any corporation that is a member of the same controlled group of corporations (within the meaning of Section 1563(a) of the Code, determined without regard to Section 1563(a)(4) and (e)(3)(C) of the Code) as the Company. A corporation shall be regarded as an Associated Company only during the period it is a member of such controlled group of corporations.

1.2 Code means the Internal Revenue Code of 1986, as amended.

1.3 Committee means the Compensation Committee of the Board of Directors of the Company.

1.4 Company means Hawaiian Electric Industries, Inc.

1.5 ERISA means the Employee Retirement Income Security Act of 1974, as amended.

1.6 Participant means any person meeting the eligibility requirements of Article II hereof.

1.7 Participating Employer means the Company and/or any other corporation that is a member of the same controlled group of corporations (as

defined in Section 414(b) of the Code) as the Company and to which participation in the Retirement Plan is extended.

1.8 Plan means this Hawaiian Electric Industries, Inc. Excess Pay Plan, as amended from time to time.

1.9 Retirement Plan means as to any Participant, whichever one of the following plans in which that individual is a participant: the Retirement Plan for Employees of Hawaiian Electric Industries, Inc. and Participating Subsidiaries as amended from time to time and the American Savings Bank Retirement Plan as amended from time to time.

1.10 Separation from Service means a separation from service within the meaning of Section 409A of the Code.

1.11 SERP means the Hawaiian Electric, Industries, Inc. Supplemental Executive Retirement Plan and American Savings Bank Supplemental Executive Retirement, Disability and Death Benefit, each as amended from time to time.

ARTICLE II
ELIGIBILITY

(a) Each participant in the Retirement Plan shall be a Participant in this Plan, excluding any participant: (i) whose benefits are subject to collective bargaining; (ii) not employed by a Participating Employer; or (iii) who is also entitled to a benefit under the SERP. Subject to Section 8.2 of this Plan, a Participant shall not be entitled to a benefit under this Plan unless and until (and to the extent) he or she is entitled to a benefit under the applicable Retirement Plan.

(b) The individuals referenced in Appendix I hereto shall also be considered Participants.

ARTICLE III
CONTRIBUTIONS

No contributions to this Plan from Participants shall be permitted or required.

ARTICLE IV
BENEFITS

Section 4.1 Excess Benefit

(a) This Plan shall provide to each Participant (exclusive of the individuals referenced in Appendix I hereto) a benefit equal to the amount that would be payable under the Retirement Plan (as of the date of payment hereunder) if the limits under Sections 401(a)(17) and 415 of the Code were not applicable over the amounts actually payable under the Retirement Plan (as of the date of payment hereunder).

(b)(1) Subject to Section 4.3 and the following provisions of this subsection (b), the benefits payable under this Plan shall commence as soon as practicable (but in any event within ninety (90) days) following the Participant's Separation from Service in the form of a single life annuity or any other life annuity available at the time of payment under the applicable Retirement Plan (other than an adjustment for Federal Old Age Benefits (Social Security)) and elected by the Participant; provided that, in the case of a Participant who participates in the Retirement Plan for Employees of Hawaiian Electric Industries, Inc. and Participating Subsidiaries, as amended from time to time, payment will not commence until the Participant has attained age fifty-five (55), and in the case of a Participant who participates in the American Savings Bank Retirement Plan, as amended from time to time, payment will not commence until the earlier of the Participant's attainment of age sixty-five (65) or the Participant's attainment of at least age 55 with vesting service under such plan of at least ten (10) years.

(2) Notwithstanding the foregoing provisions of this subsection (b), no payment shall be made to a Participant until at least six (6) months following the Participant's Separation from Service and all amounts that otherwise would have been payable during such six-month period shall be paid to the Participant (without interest) in a lump sum as soon as practicable (but in any event within five (5) business days) following the expiration of such six-month period, and subsequent payments under the Plan shall be made in accordance with the terms of the Plan determined without regard to such six-month delay requirement.

Section 4.2 Payments following Death

If a Participant dies while entitled to benefits under the Plan but before benefits have commenced pursuant to Section 4.1, his or her surviving spouse (or in the case of a participant in the Retirement Plan for Employees of Hawaiian Electric Industries, Inc. and Participating Subsidiaries, as amended from time to time, his or her designated beneficiary under such plan if not his or her surviving spouse) shall receive a benefit equal to the "survivor annuity" described in the following provisions of this Section 4.2 that commences as soon as practicable (but in any

event within ninety (90) days) following the Participant's death or, if later, the date the Participant would have attained age fifty-five (55). No benefit shall be payable under this Plan in respect of a Participant who dies before benefits have commenced pursuant to Section 4.1, who has no surviving spouse and who, at the time of his or her death, was a Participant in the American Savings Bank Retirement Plan.

For purposes of this Section 4.2, "survivor annuity" means a survivor annuity for the life of the surviving spouse (or designated beneficiary, as the case may be) under which the payments to the surviving spouse or designated beneficiary are equal to the amounts that would be payable as an actuarially equivalent (based on the actuarial assumptions applicable under the Retirement Plan at the date of death) survivor annuity under a joint and 50% survivor annuity based on the benefit calculated under Section 4.1, provided that the Retirement Plan shall pay so much of that benefit as is permitted under the terms of the Retirement Plan, with the excess being paid from this Plan. If the Participant dies before the date on which he or she would have attained age fifty-five (55), the survivor annuity shall be calculated as if such Participant had (i) separated from service on his or her date of death, (ii) survived to such date, (iii) retired with an immediate such joint and survivor annuity at such date, and (iv) died on the day after such date.

Section 4.3 Small-Sum Cashouts

Subject to the provisions of Section 4.1(b)(2): (a) to the extent the lump-sum present value (as determined under the provisions of the applicable Retirement Plan) of the benefit otherwise payable in accordance with Section 4.1 or 4.2, when aggregated with the benefit payable under any other arrangement with which the Plan must be aggregated pursuant to Section 409A of the Code, does not exceed the annual limit on deferrals under Section 402(g) of the Code, determined as of the date of separation from service or death, as the case may be, the benefit shall be paid to the Participant (or his or her beneficiary, as the case may be) in one lump-sum payment, and (b) to the extent the lump-sum present value (as determined under the provisions of the applicable Retirement Plan) of the benefit otherwise payable in accordance with Section 4.1 or 4.2 is not more than $100,000, determined as of the date as of which payment of benefits otherwise would have commenced, the benefit shall be paid to the Participant (or his or her beneficiary, as the case may be) in one lump-sum payment.

Section 4.4 Forfeiture in the Event of Termination for Cause

Notwithstanding any other provision of this Plan to the contrary, a Participant shall not be entitled to any benefit under this Plan if a Participating Employer or an Associated Company terminates the Participant's employment for "cause". For purposes of this Section 4.4, "cause" means the Participant is terminated for violation of the Code of Conduct of the Company or American Savings Bank, F.S.B.

Section 4.5 Application of Article IV

This Article IV applies only to Participants other than those referenced in Appendix I.

ARTICLE V
ADMINISTRATION

Section 5.1 The Committee

(a) The Committee shall be responsible for the administration of the Plan. The Committee shall have the sole authority, in its discretion, to adopt, amend, and rescind such rules and regulations as it deems advisable for the administration of the Plan, to construe and interpret the Plan and its provisions, to resolve any ambiguities in the Plan's provisions, and to make all determinations under the Plan, including determining the rights of Participants and beneficiaries and the amount of any benefits payable under the Plan. All decisions, determinations, and interpretations of the Committee shall be final and binding upon all persons.

(b) The Committee shall have the power to delegate specific responsibilities to any person or group of persons, and such person or group may serve in more than one such delegated capacity. Such delegations may be to employees of an Associated Company or to other individuals, all of whom shall serve at the pleasure of the Committee and the Company, and if full-time employees of an Associated Company, without compensation. Any such person may resign by delivering a written resignation to the Committee.

(c) Without limiting the foregoing provisions of this Article V, the Committee shall have the following specific duties and responsibilities in addition to any other duties specified in the Plan or by applicable law.

(1) Subject to the limitations contained in this Plan, the Committee shall adopt rules for the administration of the Plan as it considers desirable, provided such rules do not conflict with the Plan.

(2) The Committee may authorize an agent, to act on its behalf, and may contract for legal, actuarial, medical, accounting, clerical, and other services to carry out the Plan and to discharge its responsibilities.

(3) Except as otherwise expressly provided herein, the Committee in its discretion may interpret and construe the Plan, or reconcile inconsistencies to the extent necessary to effectuate the Plan, and such action shall be binding upon all persons.

(4) The Committee shall adopt from time to time actuarial tables and actuarial methods for use in all actuarial calculations, if any, required in connection with the determination of benefit payments under the Plan.

(5) The Committee shall be responsible for the maintenance of all employee, Participant, and beneficiary records for the Plan. The Committee shall also be responsible for the maintenance of records, appropriate notifications, and filings in connection with the interest of all Participants or their spouses or contingent annuitants.

Section 5.2 Expenses

The Participating Employers shall pay all expenses of administering the Plan. Such expenses shall include any expenses incurred by a Participating Employer or the Committee, including, but not limited to, the payment of professional fees of consultants.

ARTICLE VI
NO TRUST FUND

No separate trust fund shall be established in connection with this Plan. This Plan shall be unfunded and the benefits thereof paid as necessary from the general assets of the Participating Employers.

ARTICLE VII
CLAIMS PROCEDURE

Section 7.1 Claims Procedure

A Participant or beneficiary or any other person who has not received benefits under this Plan that he or she believes should be paid (each, a “Claimant”) may make a claim for benefits as follows:

(a) Written Claim . The Claimant may initiate a claim by submitting to the Company a written claim for benefits.

(b) Timing of Company Response . The Company shall respond to the Claimant within 90 days after receiving the claim. If the Company determines that special circumstances require additional time for processing the claim, the Company may extend the response period by an additional 90 days by notifying the Claimant in writing, prior to the end of the initial 90-day period, that an additional period is required. The notice of extension shall set forth the special circumstances and the date by which the Company expects to render its decision.

(c) Notice of Decision . If the Company denies part or all of the claim, the Company shall notify the Claimant in writing of such denial. The Company shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth: (i) the specific reasons for the denial; (ii) a reference to the specific provisions of the Plan on which the denial is based; (iii) a description of any additional information or material necessary for the Claimant to perfect the claim and an explanation of why it is needed; (iv) an explanation of the review procedures in Section 7.2 and the time limits applicable to such procedures; and (v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

Section 7.2 Review Procedure

If the Company denies part or all of the claim, the Claimant shall have the opportunity for a full and fair review of the denial by the Committee as follows:

(a) Written Request . In order to initiate the review, the Claimant, within 180 days after receiving the Company's notice of denial, may file with the Committee a written request for review. The Claimant shall then have the opportunity to submit written comments, documents, records, and other information relating to the claim. The Company shall provide the Claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits.

(b) Considerations on Review . In considering the claim on review, the Committee shall take into account all materials and information the Claimant submits relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. No deference shall be given to the initial adverse benefit determination.

(c) Timing of Committee Response . The Committee shall respond in writing to such Claimant within 60 days after receiving the request for review. If the Committee determines that special circumstances require additional time for processing the claim, the Committee may extend the response period by an additional 60 days by notifying the Claimant in writing, prior to the end of the initial 60-day period, that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Committee expects to render its decision.

(d) Notice of Decision . If the Committee denies part or all of the claim, the Committee shall notify the Claimant in writing of its decision on review. The Committee shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth: (i) the specific reasons for the denial; (ii) a reference to the specific provisions of the Plan on which the denial is

based; (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and (iv) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) after exhausting all administrative claims and review procedures in this Article VII.

ARTICLE VIII
AMENDMENT AND TERMINATION

Section 8.1 Amendment

Subject to the provisions hereinafter set forth, the Company reserves the right to amend the Plan at any time by action of its Board of Directors, and (to the extent permitted by applicable law) give any such amendment retroactive effect.

Section 8.2 Termination

The continuation of the Plan is not assumed as a contractual obligation by any Participating Employer. Each Participating Employer reserves the right to terminate the Plan with respect to its participation at any time. If the Plan is terminated (in full or in part), the then accrued benefit under this Plan of each affected Participant shall become 100% vested, and the benefits payable under the Plan shall be payable in accordance with the terms of the Plan as in effect immediately before the termination.

ARTICLE IX
INDEMNIFICATION

The Associated Companies shall indemnify and save harmless and/or insure the members of the Committee and each person who is an employee or a director of an Associated Company, and may indemnify and/or insure those to whom the Committee has delegated its duties, against any and all claims, losses, damages, expenses, and liability arising from their responsibilities in connection with this Plan, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Associated Companies.

ARTICLE X
MISCELLANEOUS

Section 10.1 Right to Employment Or Retirement Income

(a) Nothing contained in the Plan shall be deemed to give any Participant a right to remain in the employ of the Participating Employers.

(b)(1) Nothing contained in the Plan shall be deemed to give any Participant, retired Participant, spouse, beneficiary or contingent annuitant any right or claim to any benefit except as expressly provided in the Plan.

(2) Notwithstanding any other provision in this Plan, in the event the Company fails to fulfill its obligation to make payments to the Participant, his beneficiary, or any other person entitled to payments under the Plan, the Company shall be liable to such person for any attorney's fees and other legal costs related to enforcing such person's claim against the Company (to the extent the person prevails under such claim), provided that such fees and costs must be claimed by such person, and shall be paid by the Company, not later than the end of the person's taxable year following the year in which the fees or costs were incurred.

Section 10.2 Inalienability

No Participant or any person having or claiming to have any interest of any kind or character in or under this Plan shall have any right to sell, assign, transfer, convey, hypothecate, anticipate, or otherwise dispose of such interest, and such interest shall not be subject to any liabilities or obligations of, or any bankruptcy proceedings, claims of creditors, attachment, garnishment, execution, levy, or other legal process against such person or such person's property.

Section 10.3 Facility Of Payment

If any Participant, retired Participant, or spouse or contingent annuitant eligible to receive payments under this Plan is, in the opinion of the Committee, legally, physically, or mentally incapable of personally receiving and receipting for any payment under this Plan, the Committee may direct payments to such other person, persons, or institutions who, in the opinion of the Committee, are then maintaining or having custody of such payee, until claims are made by a duly appointed guardian or other legal representative of such payee. Such payments shall constitute a full discharge of the liability of the Plan to the extent thereof.

Section 10.4 Construction Of Plan

(a) The headings of articles and sections are included herein solely for the convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall be controlling.

(b) To the extent not preempted by ERISA, the Plan shall be governed, construed, administered and regulated according to the laws of the State of Hawaii.

Section 10.5 Forms

All consents, elections, applications, designations, etc. required or permitted under the Plan (if any) must be made on forms prescribed and furnished by the Committee, and shall be recognized only if properly completed, executed, and returned to the Committee.

Section 10.6 Effective Date

TO RECORD the adoption of this Plan, the undersigned have caused this document to be executed this 18th day of November 2008, effective as of January 1, 2009.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By /s/ Patricia U. Wong
Its Vice President-Administration & Corporate Secretary

APPENDIX I

Certain individuals shall be participants in the Plan and eligible for benefits under the Plan in a manner different from that provided under the otherwise applicable terms of the Plan. Such individuals and the benefits to which they are entitled are identified in a schedule maintained by the employee benefits department of the Hawaiian Electric Company, Inc.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
EXCESS PAY PLAN

Addendum for Constance H. Lau

WHEREAS, Ms. Lau is the President and Chief Executive Officer of Hawaiian Electric Industries, Inc. ("HEI");

WHEREAS, HEI sponsors and Ms. Lau is a participant in the Hawaiian Electric Industries, Inc. Supplemental Executive Retirement Plan (the "SERP");

WHEREAS, HEI has frozen the SERP effective December 31, 2008, and Ms. Lau will not accrue benefits under the SERP after that date;

WHEREAS, HEI also sponsors the Hawaiian Electric Industries, Inc. Excess Pay Plan (the "Excess Pay Plan"), which provides non-tax-qualified deferred compensation benefits to a select group of highly compensated management employees of HEI and its subsidiaries in excess of the tax-qualified retirement benefits that can be provided to such employees because of the limitations in Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended;

WHEREAS, historically the President and Chief Executive Officer of HEI has participated in the SERP and not in the Excess Pay Plan, which is generally limited to executive officers of HEI and its subsidiaries who are subordinate to the President and Chief Executive Officer;

WHEREAS, incident to the freeze of benefit accruals under the SERP effective December 31, 2008, HEI wishes to provide Ms. Lau with Excess Pay Plan benefits beginning January 1, 2009; and

WHEREAS, HEI provides participant-specific benefits to certain Excess Pay Plan participants through Appendix I of the Excess Pay Plan;

NOW, THEREFORE, HEI and Ms. Lau agree as follows:

1. Ms. Lau shall be a participant in the Excess Pay Plan effective January 1, 2009.

2. Ms. Lau's Excess Pay Plan benefit shall be determined in accordance with the provisions of the Excess Pay Plan as amended effective January 1, 2009, and as further amended hereafter, subject to the following adjustments:

a. Clause (a)(iii) in Article II of the Excess Pay Plan, which generally excludes from eligibility for participation any person who is entitled to a benefit under the SERP, shall not apply to Ms. Lau.

b. As of January 1, 2009, solely for purposes of determining Ms. Lau's Excess Pay Plan benefit:

i. Ms. Lau shall be treated as if she had no previous "Credited Service" in the Retirement Plan for Employees of Hawaiian Electric Industries, Inc. and Participating Subsidiaries (the "HEI Retirement Plan") (i.e., Ms. Lau will begin to accrue "Credited Service" for purposes of the Excess Pay Plan as of January 1, 2009).

ii. Ms. Lau's "Credited Service" shall be capped at the difference between (A) the maximum number of years of "Credited Service" under the HEI Retirement Plan and (b) the number of years of "Credited Service" for which Ms. Lau accrued benefits under the HEI SERP.

iii. Ms. Lau's "Final Average Compensation" shall be based on her average monthly "Compensation" for the thirty-six consecutive months during her participation in the Excess Pay Plan on or after January 1, 2009, that produces the highest average (or, if she has less than thirty-six consecutive months of such participation, her average monthly "Compensation" during her participation in the Excess Pay Plan on or after January 1, 2009).

3. Except as provided in this Addendum, all provisions of the Excess Pay Plan, as amended effective January 1, 2009, and further amended hereafter, shall apply to Ms. Lau's Excess Pay Plan benefit. For example, subject to Sections 4.1(b)(2) and 4.3 of the Excess Pay Plan and any special transition election that Ms. Lau may be offered and may make in 2008, Ms. Lau's Excess Pay Plan Benefit shall be paid at the time and in the form provided under Section 4.1(b)(1) of the Excess Pay Plan.

4. This Addendum shall be part of Appendix I of the Excess Pay Plan and shall be maintained by the employee benefits department of Hawaiian Electric Company, Inc. as part of the schedule identified in Appendix I.

Hawaiian Electric Industries, Inc. and Ms. Lau have executed this Addendum to the Hawaiian Electric Industries, Inc. Excess Pay Plan this 8 th day of December, 2008.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

/s/ Constance H. Lau
Constance H. Lau

By /s/ Chet A. Richardson
Its Senior Vice President-General Counsel
& Chief Administrative Officer

By /s/ Patricia U. Wong
Its Vice President-Administration

HAWAIIAN ELECTRIC INDUSTRIES, INC.
EXCESS PAY PLAN

Addendum for Curtis Y. Harada

WHEREAS, Mr. Harada is the Controller and Principal Accounting Officer of Hawaiian Electric Industries, Inc. (“HEI”);

WHEREAS, since February 1, 2008, Mr. Harada has also been serving as Acting Financial Vice President, Treasurer, and Chief Financial Officer of HEI, for which he is receiving a monthly bonus of $15,000 in addition to the compensation he receives as Controller and Principal Accounting Officer;

WHEREAS, under the Retirement Plan for Employees of Hawaiian Electric Industries, Inc. and Participating Subsidiaries (the “HEI Retirement Plan”), the definition of “Compensation” excludes “discretionary bonuses” and other irregular pay and has been administered to exclude “over-classification” payments and “special pay” similar to the monthly bonus Mr. Harada is receiving for his services as Acting Financial Vice President, Treasurer, and Chief Financial Officer;

WHEREAS, the monthly bonus Mr. Harada is receiving for his services as Acting Financial Vice President, Treasurer, and Chief Financial Officer is not part of Mr. Harada’s base salary, is not taken into account in determining his salary midpoint for purposes of calculating awards under the Hawaiian Electric Industries, Inc. Executive Incentive Compensation Plan (the “EICP”) or the Hawaiian Electric Industries, Inc. Long-Term Incentive Plan (the “LTIP”), and is not taken into account in calculating or determining any other employee benefits;

WHEREAS, since Mr. Harada has served as Acting Financial Vice President, Treasurer, and Chief Financial Officer for longer than was originally anticipated, HEI wishes to provide Mr. Harada with a non-tax-qualified retirement benefit that takes into account the monthly bonus he is receiving for his services as Acting Financial Vice President, Treasurer, and Chief Financial Officer;

WHEREAS, HEI sponsors the Hawaiian Electric Industries, Inc. Excess Pay Plan (the “Excess Pay Plan”), a non-tax-qualified deferred compensation plan that has been amended and restated effective January 1, 2009, to comply with Section 409A of the Internal Revenue Code of 1986, as amended; and

WHEREAS, HEI provides participant-specific non-tax-qualified retirement benefits to certain highly compensated management employees through Appendix I of the Excess Pay Plan;

NOW, THEREFORE, HEI and Mr. Harada agree as follows:

1. Mr. Harada shall be a participant in the Excess Pay Plan, and Mr. Harada’s Excess Pay Plan benefit shall be determined at all times in accordance with this Addendum and the provisions of the Excess Pay Plan as amended effective January 1, 2009, and as further amended hereafter.

2. For purposes of determining Mr. Harada's Excess Pay Plan benefit, Section 4.1(a) of the Excess Pay Plan shall be read as follows:

"This Plan shall provide to Mr. Harada a benefit equal to the difference between: (1) the amount that would be payable under the Retirement Plan (as of the date of payment hereunder) if the limits under Sections 401(a)(17) and 415 of the Code were not applicable and "Compensation" and "Final Average Compensation," as such terms are defined in the Retirement Plan, included the monthly bonus Mr. Harada received for his services as Acting Financial Vice President, Treasurer, and Chief Financial Officer of the Company, less (2) the amount actually payable to Mr. Harada under the Retirement Plan (as of the date of payment hereunder)."

3. Except for Section 4.1(a) of the Excess Pay Plan, all other provisions of the Excess Pay Plan, as amended effective January 1, 2009, and further amended hereafter, shall apply to Mr. Harada's Excess Pay Plan benefit. For example, subject to Sections 4.1(b)(2) and 4.3 of the Excess Pay Plan, Mr. Harada's Excess Pay Plan Benefit shall be paid at the time and in the form provided under Section 4.1(b)(1) of the Excess Pay Plan (i.e., Mr. Harada's Excess Pay Plan benefit shall commence to be paid six (6) months following Mr. Harada's Separation from Service (but not earlier than Mr. Harada's attainment of age 55) in the form of a single life annuity or other actuarially equivalent life annuity).

4. The monthly bonus Mr. Harada is receiving for his services as Acting Financial Vice President, Treasurer, and Chief Financial Officer shall be included in "Compensation" and "Final Average Compensation" solely for purposes of determining his Excess Pay Plan Benefit, and Mr. Harada understands and agrees that his monthly bonus will not be included in calculating his tax-qualified retirement benefit under the HEI Retirement Plan or in calculating or determining any other employee benefits.

5. Mr. Harada further understands and agrees that the monthly bonus Mr. Harada is receiving for his services as Acting Financial Vice President, Treasurer, and Chief Financial Officer is not part of Mr. Harada's base salary and is not taken into account in determining his salary midpoint for purposes of calculating awards under the EICP or LTIP.

6. This Addendum shall be part of Appendix I of the Excess Pay Plan and shall be maintained by the employee benefits department of Hawaiian Electric Company, Inc. as part of the schedule identified in Appendix I.

Hawaiian Electric Industries, Inc. and Mr. Harada have executed this Addendum to the Hawaiian Electric Industries, Inc. Excess Pay Plan this 20th day of November, 2008.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

/s/ Curtis Y. Harada
Curtis Y. Harada

By /s/ Constance H. Lau
Its President & Chief Executive Officer

By /s/ Patricia U. Wong
Its Vice President-Administration
& Corporate Secretary

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, dated as of [ ] (the "Effective Date"), is made by and between Hawaiian Electric Industries, Inc., a Hawaii corporation (the "Company"), and [ ] (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key management personnel; and

WHEREAS, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control; [and

WHEREAS, the Executive currently is party to a Change-in-Control Agreement (the "Existing CIC Agreement") with the Company; and

WHEREAS, the Company and the Executive intend for the Existing CIC Agreement to cease to be of any force or effect as of the date hereof;]

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms . The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Term of Agreement . The Term of this Agreement shall commence on the Effective Date and shall continue in effect through the second anniversary of the Effective Date; provided , however , that commencing on the first anniversary of the Effective Date, and on each anniversary of the Effective Date thereafter, the Term shall automatically be extended for one additional year unless, not later than 90 days prior to each such date, the Company or the Executive shall have given notice not to extend the Term; and provided , further , that if a Change in Control shall have occurred during the Term, the Term shall expire no earlier than 24 months beyond the date on which such Change in Control occurred. [Effective as of the Effective Date, the Existing CIC Agreement shall terminate and shall cease to be of any further force or effect and the Executive waives all rights that may have accrued thereunder.]

3. Company's Covenants Summarized . In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. No Severance Payments shall be payable under this Agreement unless there shall have been (or,

under the terms of the second sentence of Section 6.1 hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control and during the Term. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. The Executive's Covenants . The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the Term, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six months from the date of such Potential Change in Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death, Disability or Retirement, or (iv) the termination by the Company of the Executive's employment for any reason.

5. Compensation Other Than Severance Payments .

5.1 Following a Change in Control and during the Term, during any period that the Executive fails to perform the Executive's full time duties with the Company as a result of incapacity due to physical or mental illness, the Company shall pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.

5.2 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay the Executive's full salary (determined without regard to any reduction constituting Good Reason) to the Executive through the Date of Termination together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, subject to execution of a release of claims in accordance with Section 6.6 of this Agreement, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason if more favorable to the Executive.

5.3 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay to the Executive the Executive's normal post termination compensation and benefits as such payments become due. Such post termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, subject to execution of a release of claims in accordance with Section 6.6 of this Agreement, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason if more favorable to the Executive.

5.4 For the two-year period commencing immediately following a Change in Control, the Company agrees (A) to provide the Executive with benefits substantially similar to the material benefits provided to the Executive under any of the Company's executive compensation (including bonus, equity or incentive compensation), pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control and to provide the Executive with a number of vacation days that would be no less favorable to the Executive than the number determined in accordance with the vacation policy in effect immediately prior to the Change in Control on the basis of the Executive's years of service with the Company, (B) to timely pay to the Executive the Executive's current compensation and any installments of deferred compensation due under any deferred compensation program of the Company, and (C) not to take any other action that would directly or indirectly deprive the Executive of any material fringe benefit enjoyed by the Executive immediately prior to the Change in Control (in each case except for across the board changes similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company).

6. Severance Payments .

6.1 If the Executive's employment is terminated following a Change in Control and within two (2) years after a Change in Control (provided that such termination of employment constitutes a "separation from service" within the meaning of Section 409A of the Code), other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 ("Severance Payments"), in addition to any payments and benefits to which the Executive is entitled under Section 5 hereof. For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, or (ii) the Executive terminates her employment for Good Reason prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person. For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Board by clear and convincing evidence that such position is not correct.

(A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to [   ] times the sum of (i) the Executive's highest base salary as in effect during the three-year period ending immediately prior to the Date of Termination and (ii) the Executive's target annual bonus pursuant to any annual bonus or incentive plan maintained by the Company in respect of the fiscal year in which occurs the Date of Termination (or, if higher, the actual bonus in respect of any of the three preceding fiscal years). The amount payable pursuant to this Section 6.1(A) shall be reduced by the amount of any cash severance or

salary continuation benefit paid or payable to the Executive under any other plan, policy or program of the Company or any written employment agreement between the Executive and the Company.

(B) For the [ ]-year period immediately following the Date of Termination, the Company shall arrange to provide the Executive and her dependents life, short-term disability, long-term disability, travel accident, accidental death and dismemberment, medical, dental and other health and welfare benefits substantially similar to those provided to the Executive and her dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and her dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence; provided , however , that such health and welfare benefits shall be provided through an arrangement that, as applicable, satisfies the requirements of Sections 105 and 106 of the Code. To the extent that health and welfare benefits of the same type are received by or made available to the Executive during the [ ]-year period following the Executive's Date of Termination (which such benefits received by or made available to the Executive shall be reported by the Executive to the insurance company or other appropriate party in accordance with any applicable coordination of benefits provisions), the benefits otherwise receivable by the Executive pursuant to this Section 6.1(B) shall be made secondary to such benefits; provided , however , that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason.

(C) Vesting shall accelerate and restrictions shall lapse on all unvested or restricted equity or equity-based awards in respect of the Company held by the Executive as of the Date of Termination and each stock option to acquire common stock of the Company and each stock appreciation right in respect of the Company held by the Executive as of the Date of Termination shall remain exercisable following the Date of Termination for the full term of such option or stock appreciation right.

(D) In addition to the benefits to which the Executive is entitled under any Pension Plan that is a defined benefit plan, the Company shall pay the Executive a lump sum amount, in cash, equal to the sum of (i) the amount that would have been accrued thereunder determined (A) as if the Executive had accumulated (after the Date of Termination) [ ] additional months of service credit thereunder and had been credited during such period with compensation at the highest rate in effect during the three-year period ending immediately prior to the Date of Termination, and (B) without regard to any amendment to the Pension Plan made subsequent to a Change in Control and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of benefits thereunder, and (ii) the excess, if any, of (A) the Executive's accrued benefit under the Pension Plan as of the Date of Termination over (B) the portion of such account balance that is nonforfeitable under the terms of the Pension Plan.

(E) In addition to the benefits to which the Executive is entitled under any Pension Plan that is a defined contribution or individual account plan, the Company shall pay the Executive a lump sum amount, in cash, equal to the sum of (i) the amount that would have been

contributed thereto or credited thereunder by the Company on the Executive's behalf during the [ ] years immediately following the Date of Termination, determined (x) as if the Executive made the maximum permissible contributions thereto or credits thereunder during such period, (y) as if the Executive earned compensation during such period at a rate equal to the Executive's highest rate of compensation (as defined in the applicable Pension Plan) during the three-year period ending immediately prior to the Date of Termination, and (z) without regard to any amendment to the Pension Plan made subsequent to the Change in Control and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of benefits thereunder, and (ii) the excess, if any, of (x) the Executive's account balance under the Pension Plan as of the Date of Termination over (y) the portion of such account balance that is nonforfeitable as of the Date of Termination under the terms of the Pension Plan.

(F) Notwithstanding any provision of any annual or long-term incentive plan (exclusive of equity-based plans) to the contrary, the Company shall pay to the Executive a lump sum amount, in cash, equal to the sum of (i) any unpaid incentive compensation which has been allocated or awarded to the Executive for a completed bonus cycle preceding the Date of Termination under any such plan and which, as of the Date of Termination, is contingent only upon the continued employment of the Executive to a subsequent date, (ii) if the Date of Termination occurs before the end of the first half of the then-current bonus cycle under the applicable plan, a pro rata portion to the Date of Termination of the aggregate value of all contingent incentive compensation awards to the Executive for the uncompleted period under any such plan, calculated as to each such award by multiplying the award that the Executive would have earned on the last day of the performance award period, assuming the achievement, at the target level (or if higher, at the then projected actual final level), of the individual and corporate performance goals established with respect to such award, by the fraction obtained by dividing the number of full months and any fractional portion of a month during such performance award period through the Date of Termination by the total number of months contained in such performance award period, and (iii) if the Date of Termination occurs after the end of the first half of the then-current bonus cycle but before the end of such bonus cycle under the applicable plan, the full aggregate value of all contingent incentive compensation awards to the Executive for the uncompleted period under any such plan assuming the achievement, at the target level (or if higher, at the then projected actual final level), of the individual and corporate performance goals established with respect to such award.

(G) If the Executive would have become entitled to benefits under the Company's post-retirement health care or life insurance plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason (in either case, if any), had the Executive's employment terminated at any time within [ ] years after the Date of Termination, the Company shall provide such post-retirement health care or life insurance benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in subsection (B) of this Section 6.1 terminate.

(H) The Company shall reimburse the Executive for expenses incurred for outplacement services suitable to the Executive's position for a period of one (1) year following the Date of Termination (or, if earlier, until the first acceptance by the Executive of an offer of

employment) in an amount not exceeding 15% of the sum of the Executive's highest annual base rate of salary as in effect during the three-year period ending immediately prior to the Date of Termination, which payment shall be made as soon as practicable but in any event within thirty (30) business days following the date of request for reimbursement. Subject to the foregoing, in no event shall any payment described in this Section 6.1(H) be made after the end of the calendar year following the calendar year in which the expenses were incurred.

(I) For the [ ]-year period immediately following the Date of Termination, the Company shall provide the Executive with her customary perquisites (such as any use of a Company provided automobile, club membership fee reimbursements, income tax preparation and financial advisory services) in each case on the same terms and conditions that were applicable immediately prior to the Date of Termination or, if more favorable, immediately prior to the first occurrence of an event or circumstance constituting Good Reason, provided that in no event shall the amount of perquisites to which the Executive is entitled under this Section 6.1(I) for any taxable year of the Executive affect the amount of perquisites to which the Executive is entitled under this Section 6.1(I) for any other taxable year.

6.2 (A) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received or to be received in connection with a Change in Control or the termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the Severance Payments, being hereinafter referred to as the "Total Payments") would not be deductible (in whole or part), by the Company, an affiliate or Person making such payment or providing such benefit as a result of Section 280G of the Code, then, to the extent necessary to make such portion of the Total Payments deductible (and after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement), the cash Severance Payments shall first be reduced (if necessary, to zero), and all other Severance Payments shall thereafter be reduced (if necessary, to zero); provided , however , that, to the extent permitted by Section 409A of the Code, the Executive may elect to have the noncash Severance Payments reduced (or eliminated) prior to any reduction of the cash Severance Payments.

(B) For purposes of this limitation, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "Auditor"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, including by reason of Section 280G(b)(4)(A) of the Code, (iii) the Severance Payments shall be reduced only to the extent necessary so that the Total Payments (other than those referred to in clauses (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4)(B) of the Code or are otherwise not subject to disallowance as deductions by reason of Section 280G of the Code, in the opinion of Tax Counsel, and (iv) the value of any noncash benefit or any

deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(C) If it is established pursuant to a Final Determination that, notwithstanding the good faith of the Executive and the Company in applying the terms of this Section 6.2, the Total Payments paid to or for the Executive's benefit are in an amount that would result in any portion of such Total Payments being subject to the Excise Tax, then, if such repayment would result in (i) no portion of the remaining Total Payments being subject to the Excise Tax and (ii) a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, the Executive shall have an obligation to pay the Company upon demand an amount equal to the sum of (i) the excess of the Total Payments paid to or for the Executive's benefit over the Total Payments that could have been paid to or for the Executive's benefit without any portion of such Total Payments being subject to the Excise Tax; and (ii) interest on the amount set forth in clause (i) of this sentence at the rate provided in Section 1274(b)(2)(B) of the Code from the date of the Executive's receipt of such excess until the date of such payment.

6.3 The payments provided in subsections (A), (D), (E) and (F) of Section 6.1 hereof shall be made as soon as practicable (but in any event not later than the fifth day) following the Date of Termination, subject to Section 6.5 hereof. If the amounts of the payments described in the preceding provisions of this Section 6.3 cannot be finally determined on or before the date payment is to be made, the Company shall pay to the Executive (or shall cause the grantor trust described in Section 6.4 to pay to the Executive) on such day an estimate, as determined in good faith by the Executive of the minimum amount of such payments to which the Executive is clearly entitled and shall pay (or cause to be paid) the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the 30th day after the date payment is to be made. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth business day after demand by the Company (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). To the extent the benefits to be made available under subsections (B) and (I) of Section 6.1 hereof are not medical expenses within the meaning of Treas. Reg. § 1.409A-1(b)(9)(v)(B) and are not short-term deferrals within the meaning of Section 409A of the Code, then to the extent the fair market value of such benefits during the first six months following the Date of Termination exceeds two times the lesser of the Executive's annualized compensation based upon the Executive's annual rate of pay for services during the taxable year of the Executive preceding the year in which the Date of Termination occurs (adjusted for any increase during that year that was expected to continue indefinitely had no separation from service occurred) or the maximum amount that may be taken into

account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Date of Termination occurs, the Executive shall pay to the Company, at the time such benefits are provided, the fair market value of such benefits, and the Company shall reimburse the Executive for any such payment not later than the fifth day following the expiration of such six-month period; provided , however , that this requirement for payment by the Executive and reimbursement by the Company shall apply solely to the extent required by Section 409A(a)(2)(B)(i) of the Code.

6.4 To the extent that the payment of any amount due under subsections (A), (D), (E) or (F) of Section 6.1 hereof or any nonqualified Pension Plan is delayed by reason of Section 409A(a)(2)(B)(i) of the Code, the Company shall, on or as soon as practicable after the Date of Termination, contribute the amounts otherwise payable pursuant to subsections (A), (D), (E) and (F) of Section 6.1 hereof or any nonqualified Pension Plan that are delayed by reason of Section 409A(a)(2)(B)(i) of the Code, together with six months interest thereon at the 409A Interest Rate (as defined in Section 6.5 hereof) or such other rate of return as may be provided for under the applicable nonqualfied Pension Plan, to a grantor ("rabbi") trust (subject to the claims of the Company's creditors, as required pursuant to applicable Internal Revenue Service guidance to prevent the imputation of income to the Executive prior to distribution from the trust), pursuant to which the amounts payable pursuant to subsections (A), (D), (E) and (F) of Section 6.1 hereof or any nonqualified Pension Plan that are delayed by reason of Section 409A(a)(2)(B)(i) of the Code shall be payable from the trust, together with the appropriate amount of interest at the 409A Interest Rate (as defined in Section 6.5 hereof), or such other rate of return as may be provided for under the applicable nonqualfied Pension Plan on or as soon as practicable and in any event within five days after the Section 409A Payment Date (as defined in Section 6.5 hereof), provided that to the extent such amount is paid to the Executive by the Company, the trust shall pay such amount to the Company.

6.5 To the extent required to satisfy the provisions of Section 409A(a)(2)(B)(i) of the Code, the payments and reimbursements provided for under Section 6.1 hereof shall be delayed until the date that is six (6) months after the Date of Termination (the "409A Payment Date"), and shall be paid on the 409A Payment Date, or as soon as practicable thereafter (but in all events within five days after the 409A Payment Date), together with interest at the 6-month certificate of deposit rate published in The Wall Street Journal on the Date of Termination (or if not published on that date, on the next following date when published) or, if less, the maximum rate that will avoid, if applicable, the imposition of any additional excise taxes under Section 4999 of the Code (the "409A Interest Rate").

6.6 Notwithstanding any other provision of this Agreement, no amounts shall be payable or otherwise due pursuant to the foregoing provisions of this Section 6 unless (i) the Executive (or her authorized representative, if disabled or deceased) executes a release of claims against the Company in a form reasonably acceptable to the Company within thirty (30) days (or such longer period as may be required by applicable law) following the Date of Termination and (ii) the Executive (or her authorized representative, if disabled or deceased) fails to revoke such release within any period permitted by applicable law for its revocation. To the extent required in order to avoid tax penalties under Section 409A of the

Code, in the event that the Executive's separation from service occurs within fifty-five (55) days prior to the end of a calendar year, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement on or before December 31 of the year in which the separation occurs shall instead be paid on the first business day following January 1 of the first calendar year beginning after the separation.

7. Termination Procedures and Compensation During Dispute .

7.1 Notice of Termination . After a Change in Control and during the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 10 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, any purported termination of the Executive's employment shall be presumed to be other than for Cause unless the Notice of Termination includes a copy of a resolution duly adopted by the affirmative vote of not less than three quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

7.2 Date of Termination . "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control and during the Term, shall mean (i) if the Executive's employment is terminated for Disability, 30 days after Notice of Termination is given (provided that the Executive shall not have returned to the full time performance of the Executive's duties during such 30 day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than 30 days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than 15 days nor more than 60 days, respectively, from the date such Notice of Termination is given; provided , however , that, in the case of a termination by the Executive, the Company may require a Date of Termination earlier than that specified in the Notice of Termination upon payment to the Executive of the full amount of base salary that would have been paid to the Executive had the Executive continued employment between the actual Date of Termination and the Date of Termination specified in the Notice of Termination).

7.3 Dispute Concerning Termination . If within 15 days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 7.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Term ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final

judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof. Further, the amount of any payment or benefit provided for in this Agreement (other than Section 6.1(B) hereof) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

9. Successors; Binding Agreement.

9.1 The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to be obligated to perform this Agreement (whether by reason of express assumption by the successor or by operation of law) in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

9.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

10. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Executive, to the address of the Executive as maintained from time to time on the payroll system of the Company and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:

Hawaiian Electric Industries, Inc.
900 Richards Street
Honolulu, HI 96813
Attention : [ ]

11. Miscellaneous . No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by the Executive or the Company [(including without limitation the Existing CIC Agreement)]; provided , however , that this Agreement shall supersede any agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated (or under the terms of the second sentence of Section 6.1 hereof, is deemed to have terminated) following a Change in Control, by the Company other than for Cause or by the Executive for Good Reason. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Hawaii without regard to its principles of conflicts of law. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) shall survive such expiration.

12. Validity . The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts . This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Settlement of Disputes .

14.1 Optional Arbitration . In consideration of the substantial payments and benefits provided to the Executive under this Agreement, the Executive agrees that the Company may, but is not required to, submit to arbitration any dispute or controversy arising between the Company and the Executive including, but not limited to, any claim of discrimination under state or federal law. If the Company elects to have any such dispute or controversy resolved by arbitration, then any such arbitration proceedings shall be conducted in Honolulu, Hawaii in accordance with the National Rules for Resolution of Employment Disputes of the American Arbitration Association then in effect by a panel of three arbitrators, one chosen by each of Executive and the Company, with the third arbitrator

to be chosen by the other two arbitrators or if the two arbitrators cannot agree upon a third arbitrator, then by the President of the American Arbitration Association. Judgment may be entered on the arbitrator's award in any court having jurisdiction and attorney fees will be awarded to the prevailing party.

14.2 Jurisdiction and Venue if no Arbitration . If the Company does not make the election described in Section 14.1, any dispute or controversy arising out of Executive's employment or the termination thereof, including, but not limited to, any claim of discrimination under state or federal law, shall be brought exclusively in federal or state court with venue in Honolulu, Hawaii and each party hereby irrevocably submits to the jurisdiction of such courts.

14.3 Fees and Expenses . Any reasonable fees or expenses incurred by the Executive in connection with any proceeding described in this Section 14 shall be reimbursed by the Company as soon as practicable following receipt of supporting documentation reasonably satisfactory to the Company (but in any event not later than the close of the Executive's taxable year following the taxable year in which the fee or expense is incurred); provided that the Executive shall be required to promptly return any such reimbursements to the Company if the Executive does not prevail in such proceeding and the arbitrator or court (as the case may be) determines that the Executive's actions in respect of such proceeding were not in good faith; provided, further, that, upon the Executive's separation from service with the Company, in no event shall any additional reimbursements be made prior to the date that is six months after the date of the Executive's separation from service to the extent such payment delay is required under Section 409A(a)(2)(B)(i) of the Code. In no event shall any reimbursement be made to the Executive for such fees or expenses incurred after the later of (i) the Executive's death and (ii) the date that is 10 years after the date of the Executive's separation from service with the Company.

15. Definitions . For purposes of this Agreement, the following terms shall have the meanings indicated below:

(A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(B) "Auditor" shall have the meaning set forth in Section 6.2 hereof.

(C) "Base Amount" shall have the meaning set forth in Section 280G(b)(3) of the Code.

(D) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(E) "Board" shall mean the Board of Directors of the Company.

(F) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to

Section 7.1 hereof) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board (exclusive of the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth above in this Section 15(F) and specifying the particulars thereof in detail.

(G) "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(I) any Person is or becomes (other than in connection with a transaction described in Paragraph III below) the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or any of its affiliates) representing more than 30% of the combined voting power of the Company's then outstanding securities; or

(II) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including without limitation a consent solicitation, relating to the election of director of the Company) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved cease for any reason to constitute a majority thereof; or

(III) consummation of a merger or consolidation of the Company or any subsidiary of the Company with any other company, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its affiliates, more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(IV) the shareholders of the Company approve a plan of complete liquidation of the Company; or

(V) there is consummated an agreement for the sale, disposition or long-term lease by the Company of all or substantially all of the Company's assets. [And if the executive is employed by Hawaiian Electric Company, Inc. or American Savings Bank FSB respectively, a change in control will also be defined to include a change in control at Hawaiian Electric Company, Inc. or American Savings Bank FSB, as the case may be.]

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in one or more entities which, singly or together, immediately following such transaction or series of transactions, own all or substantially all of the assets of the Company as constituted immediately prior to such transaction or series of transactions.

(H) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(I) "Company" shall mean, unless the context clearly requires otherwise, Hawaiian Electric Industries, Inc. and any of its Affiliates that actually employ the Executive; provided , that (I) for purposes of Sections 15(G) and 15(U) hereof, Company shall mean Hawaiian Electric Industries, Inc., except that in determining under Section 15(G) hereof whether or not any Change in Control of the Company has occurred, Company shall include any successor to Hawaiian Electric Industries, Inc.'s business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise, (II) unless the context clearly requires otherwise, references to the Company in a capacity of employer shall mean Hawaiian Electric Industries, Inc. or any of its Affiliates, whichever actually employs the Executive, and (III) where the Agreement requires the Company to make a payment to the Executive or to take some other action, either Hawaiian Electric Industries, Inc. shall do so or it shall cause any of its Affiliates that actually employ the Executive to do so.

(J) "Date of Termination" shall have the meaning set forth in Section 7.2 hereof.

(K) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full time performance of the Executive's duties with the Company for a period of six consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within 30 days after such Notice of Termination is given, the Executive shall not have returned to the full time performance of the Executive's duties.

(L) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(M) “Excise Tax” shall mean any excise tax imposed under Section 4999 of the Code.

(N) “Executive” shall mean the individual named in the first paragraph of this Agreement.

(O) [“Existing CIC Agreement” shall have the meaning set forth in the recitals to this Agreement.]

(P) “Final Determination” means a final determination by the Internal Revenue Service or, if such determination is appealed, a final determination by any court of competent jurisdiction.

(Q) “Good Reason” for termination by the Executive of the Executive’s employment shall mean the occurrence (without the Executive’s express written consent) after any Change in Control, or prior to a Change in Control under the circumstances described in clauses (i) and (ii) of the second sentence of Section 6.1 hereof (treating all references in paragraphs (I) through (IV) below to a “Change in Control” as references to a “Potential Change in Control”), of any one of the following acts by the Company, or failures by the Company to act, unless such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(I) a material reduction in the Executive’s authority, duties or responsibilities, which for purposes of this Agreement shall include only the assignment to the Executive of any duties substantially inconsistent with the Executive’s status as a senior executive officer of the Company or a material adverse alteration in the nature or status of the Executive’s responsibilities from those in effect immediately prior to the Change in Control (including, as applicable and without limitation, the Executive ceasing to be an executive officer of a public company);

(II) a material diminution in base salary as in effect immediately prior to the Change in Control;

(III) a material change in the geographic location at which the Executive must perform services, which for purposes of this Agreement shall include only the relocation of the Executive’s principal place of employment to a location more than fifty (50) miles distant from the Company’s headquarters immediately prior to the Change in Control or the Company’s requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for reasonably required travel on the Company’s business; or

(IV) any other action or inaction that constitutes a material breach of Section 5.4 or 9.1 of this Agreement.

The Executive’s right to terminate the Executive’s employment for Good Reason shall not be affected by the Executive’s incapacity due to physical or mental illness. For purposes of any determination regarding the existence of Good Reason, any claim by the Executive that Good Reason exists shall be presumed to be correct unless the Company establishes to the Board by

clear and convincing evidence that Good Reason does not exist. The Executive shall be deemed to have consented to any act or failure to act that would otherwise give rise to Good Reason unless the Executive provides Notice of Termination for Good Reason within ninety (90) days following the action or failure to act constituting Good Reason.

(R) "Notice of Termination" shall have the meaning set forth in Section 7.1 hereof.

(S) "Pension Plan" shall mean any tax-qualified or non-qualified defined benefit pension plan, including supplemental or excess benefit pension plans maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive with retirement benefits, and any tax-qualified or non-qualified defined contribution pension plan, including any supplemental or excess defined contribution or individual account plan maintained by the Company and any other defined contribution or individual account plan or agreement entered into between the Executive and the Company.

(T) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(U) "Potential Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(II) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates); or

(IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(V) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.

(W) “Severance Payments” shall have the meaning set forth in Section 6.1 hereof.

(X) “Tax Counsel” shall have the meaning set forth in Section 6.2 hereof.

(Y) “Term” shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).

(Z) “Total Payments” shall mean those payments so described in Section 6.2 hereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement to be effective as of the Effective Date.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By: ______________________________

Name:
Title:

PARTICIPATING EXECUTIVE

____

Nonemployee Director's Compensation Schedule

Effective January 22, 2008

HEI Board Compensation - paid quarterly

Role	Annual Retainer
HEI Chairman of the Board	$ 250,000
HEI Director	$ 40,000
HEI Audit Committee Chair	$ 15,000
HEI Audit Committee Member	$ 6,000
HEI Compensation Committee Chair	$ 10,000
HEI Compensation Committee Member	$ 4,000
HEI Nominating & Corporate Governance Committee Chair	$ 5,000
HEI Nominating & Corporate Governance Committee Member	$ 4,000

ASB Board Compensation - paid quarterly

Role	Annual Retainer
ASB Director	$ 25,000
ASB Audit Committee Chair	$ 12,500
ASB Audit Committee Member	$ 5,000

HECO Board Compensation - paid quarterly

Role	Annual Retainer
HECO Director	$ 25,000
HECO Audit Committee Chair	$ 10,000
HECO Audit Committee Member	$ 4,000

MECO and HELCO Board Compensation - paid quarterly

Role	Annual Retainer
Director	500*

* per meeting fee, approved 1/22/08

Additional Committee Meeting Fees

Role	Meeting Fee per Extra Meeting
HEI Audit Committee Member	$ 1,250*
HECO Audit Committee Member	$ 750*
HEI Compensation Committee Member	$ 500*
HEI Nominating & Corporate Governance Committee Member	$ 500*

* Earned per extra meeting, after attending the following minimum number of committee meetings during the calendar year:
(8) Audit meetings (6) Compensation meetings; (6) Nominating & Corporate Governance meetings

Director Equity Compensation - annual grant

Role	Equity Retainer
HEI Director	1,800 shares
New HEI Director (one-time grant)	2,000 shares
HECO or ASB Director (who is not on HEI Board)	1,000 shares
New HECO or ASB Director (who is not on HEI Board; one-time grant)	1,000 shares

SEVERANCE PAY PLAN FOR MERIT EMPLOYEES OF HAWAIIAN ELECTRIC INDUSTRIES, INC., AND AFFILIATES

SEVERANCE PAY PLAN FOR MERIT EMPLOYEES OF HAWAIIAN ELECTRIC INDUSTRIES, INC., AND AFFILIATES

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Exhibit A

**SEVERANCE PAY PLAN FOR MERIT EMPLOYEES OF
HAWAIIAN ELECTRIC INDUSTRIES, INC. AND AFFILIATES**

Article 1. Introduction

Hawaiian Electric Industries, Inc. (the "Company") hereby restates the Severance Pay Plan for Merit Employees of Hawaiian Electric Industries, Inc., and Affiliates (the "Plan"). The Plan was established for the purpose of providing severance pay to certain classifications of non-union employees of the Company and Participating Affiliates where such employees have been terminated involuntarily, not through any fault or action of their own, but on account of business improvement strategies. The Plan was originally effective September 14, 1998. This restatement is effective as of January 1, 2009.

Article 2. Definitions

2.1 Definitions . Whenever used in the Plan, the following terms shall have the respective meanings set forth below when the first letter of each substantive word of the term is capitalized.

(a) " Affiliate " means the Company and any entity which is owned or controlled by the Company, including any subsidiary and subsidiaries of subsidiaries.

(b) " Base Pay Rate " means the severance pay per week that an Eligible Employee is entitled to under this Plan, as more fully detailed in Section 4.1(c), below.

(c) " COBRA " means the Consolidated Omnibus Budget Reconciliation Act, which provides for continuation coverage of employees and their covered dependents under employers' group health plans upon the occurrence of qualifying events, as codified at Section 4980B of the Code.

(d) " Code " means the Internal Revenue Code of 1986, as amended.

(e) " Company " means Hawaiian Electric Industries, Inc.

(f) “ Compensation Committee ” means the Compensation Committee of the Board of Directors of Hawaiian Electric Industries, Inc.

(g) “ Consideration Period ” means the period of calendar days in which an Eligible Employee may sign and return the Separation Agreement, Release, and Waiver. An Eligible Employee must sign, date, and return the Separation Agreement, Release, and Waiver no earlier than the first day of the Consideration Period and no later than the last day of the Consideration Period in order to participate in the Plan, as more fully detailed in Section 3.3, below.

(h) “ Effective Date ” means September 14, 1998.

(i) “ Eligible Employee ” means an Employee who is eligible for benefits under this Plan. Eligible Employees are limited to Employees who are Regular Merit Employees at the time of a Qualifying Termination and who meet the eligibility requirements stated in Article 3, below. Eligible Employees do not include Bargaining Unit Employees, Casual Hire Employees, Contract Employees, or Temporary Employees.

(j) “ Employee ” means any individual who is a common law employee of an Employer and is treated as such on the payroll records of the Employer. An independent contractor or Leased Employee is not an Employee.

(1) “ Bargaining Unit Employee ” means an Employee whose terms of employment are collectively bargained.

(2) “ Casual Hire Employee ” means an Employee who is hired on a casual or temporary basis.

(3) “ Contract Employee ” means an Employee who is hired pursuant to a contract, written or oral, for a specific project or undertaking.

(4) “ Merit Employee ” means an Employee who is not a Bargaining Unit Employee.

(5) “ Regular Merit Employee ” means an employee whose employment is not collectively bargained and who is hired for

an indefinite term and not for a specific project or undertaking or for a specific or limited duration.

(6) " Temporary Employee " means an Employee who is hired on a temporary basis.

(k) " Employer " means the Company and any Affiliate which is subject to the terms of this Plan. When used in conjunction with Employee, "Employer" means the Employer of such person.

(l) " FlexPlan " means the Hawaiian Electric Industries, Inc. FlexPlan, as amended from time to time, or the successor thereto. The FlexPlan is intended to qualify as a cafeteria plan under Section 125 of the Code.

(m) " FMLA Leave " means leave taken pursuant to the Family and Medical Leave Act.

(n) " Health Benefits Payment " means the lump sum payment to an Eligible Employee on the occurrence of a Qualifying Termination intended to compensate the Employee for loss of health benefits coverage, as more fully detailed in Article 4, below. Health Benefits Payments are made only to Eligible Employees who were receiving health benefits coverage prior to notice to them of a Qualifying Termination.

(o) " Leased Employee " means a person who is not a common law employee of an Employer but who performs services for such under an agreement with a third party that treats the person as the third party's employee for payroll and withholding purposes. A Leased Employee is not an Employee and is not eligible for benefits hereunder.

(p) " Participating Affiliate " means the Company and any Affiliate that adopts this Plan. As of the date of this Restatement, the Participating Affiliates are the Company, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, and Pacific Energy Conservation Services, Inc.

(q) " Period of Service " means a period of time in which an employer-employee relationship existed between an Employee and any Employer hereunder.

(r) " Plan Administrator " means the Vice President – Administration of Hawaiian Electric Industries, Inc. and the Vice President for Corporate Excellence of Hawaiian Electric Company, Inc., or such other person or persons as the Company may appoint from time-to-time to administer the Plan.

(s) " Qualifying Termination " means an Eligible Employee's involuntary separation from service with an Employer (within the meaning of Section 409A of the Code) on account of restructuring, reengineering, new technology, or other business improvement strategies. The following situations are examples of terminations which are not Qualifying Terminations (but do not exhaust such situations):

(1) An Eligible Employee's Termination for Cause;

(2) A termination on account of an Eligible Employee's death, disability, or retirement;

(3) An Eligible Employee's change of status from a Merit Employee to a Bargaining Unit Employee;

(4) A termination of the employment of a non-Merit Employee or of a Casual Hire, Contract, Temporary, or other non-Regular Merit Employee for any reason, including business improvement strategies;

(5) An Eligible Employee's resignation or transfer from one entity to another within the group of Hawaiian Electric Industries, Inc. and Affiliates, whether such transfer is voluntary or involuntary;

(6) An Employee's termination on account of an Employer's being succeeded by another company, in whole or in part, whether through purchase, merger, reorganization, or other transaction. For example, and without limiting the generality of the foregoing, it is not a Qualifying Termination for an Employee if an Employer sells the department or division within which the Employee is employed to another person and the employment relationship of the Employee with the Employer is terminated incident to such sale, regardless of whether the purchaser of such department or division does or does not offer employment to the Employee; and

(7) Any combination of one or more of the foregoing or other situations which do not count as Qualifying Terminations.

(t) "Revocation Period" means the period of 7 calendar days during which an Eligible Employee is entitled to revoke his or her Separation Agreement, Release, and Waiver as more fully detailed in Sections 3.4 and 3.5, below.

(u) "Separation Agreement, Release, and Waiver" means the separation agreement, release, and waiver that an Eligible Employee must sign and not revoke as a condition for participating in this Plan, as more fully detailed in Section 3.3, below.

(v) "Severance Pay" means compensation to which an Eligible Employee is entitled on the occurrence of a Qualifying Termination, as more fully detailed in Article 4, below.

(w) "Termination Date" means the date on which an Eligible Employee experiences a Qualifying Termination.

(x) "Termination for Cause" means an Employee's discharge pursuant to any act or omission by the Employee which violates or fails to meet the Employer's standards of performance and conduct (as provided, for example, in the Employer's employee handbook, Official Notice of Discipline, Corporate Code of Conduct, rules, policies, or guiding principles, whether written or unwritten) and the sanction for which may be discharge for cause.

(y) "Weeks of Severance Pay" means the number of weeks of severance pay to which an Eligible Employee is entitled pursuant to the Employer's Severance Pay Table, as more fully detailed in Article 4, below.

(z) "Welfare Benefits Plan" means the Hawaiian Electric Industries, Inc. Welfare Benefits Plan, as amended from time to time, or any successor group health plan which is adopted by an Employer. The Welfare Benefits Plan provides medical and other welfare benefits to employees of the Company and its Affiliates, including the Employers hereunder.

Article 3. Eligibility and Participation

3.1 Eligibility Requirements . Only an Employee who experiences a Qualifying Termination and is a Regular Merit Employee at the time of such Qualifying Termination is an Eligible Employee under this Plan.

(a) An Employee who is a Bargaining Unit Employee, a Temporary or Casual Hire Employee, or a Contract Employee is not an Eligible Employee under this Plan; a Leased Employee is not an Eligible Employee under this Plan.

(b) A Regular Merit Employee who experiences a termination or separation from service that is not a Qualifying Termination is not an Eligible Employee under this Plan.

3.2 Participation Requirements . Only an Eligible Employee who both signs and returns a Separation Agreement, Release, and Waiver to the Human Resources Department of the Employer within the Consideration Period and does not revoke said agreement within the Revocation Period is entitled to participate in this Plan.

(a) Except as otherwise stated in this Section 3.2(a), an Eligible Employee who refuses or fails to sign and return a Separation Agreement, Release, and Waiver within the Consideration Period is not eligible to participate in this Plan and shall have no further opportunity to participate in this Plan. The foregoing rule shall not apply to an Eligible Employee who signs the Separation Agreement, Release, and Waiver before his or her Termination Date and returns it to the Human Resources Department of the Employer no later than the end of the Consideration Period. Such an Eligible Employee shall have the opportunity to re-sign said agreement as of a date after his or her Termination Date.

(b) An Eligible Employee who revokes his or her Separation Agreement, Release, and Waiver within the Revocation Period is not eligible to participate in this Plan and shall have no further opportunity to participate in this Plan.

3.3 Procedure for Participating . If it is determined that an Eligible Employee will experience a Qualifying Termination, then the Employer shall provide the Eligible Employee with a Separation Agreement, Release, and Waiver no later than the Employee’s Termination Date. To become eligible to participate in the Plan, the Eligible Employee shall sign and date the Separation

Agreement, Release, and Waiver no earlier than the first day of the Consideration Period and no later than the last day of the Consideration Period and shall deliver it to the Human Resources Department of the Employer within the Consideration Period.

(a) Start of Consideration Period . An Eligible Employee's Consideration Period begins on the day after the Employee's Termination Date.

(b) End of Consideration Period . The length of the Consideration Period shall be calculated for all Eligible Employees, regardless of age, so as to satisfy the requirements of the Age Discrimination in Employment Act with respect to waivers of older workers. As of the date of adoption of this Plan, if an Eligible Employee, regardless of age, is being terminated in connection with an exit incentive or other employment termination program offered to a group or class of employees, then the Consideration Period shall be 45 calendar days and shall end on the 45th day after the Eligible Employee's Termination Date. In all other cases, regardless of age, the Consideration Period shall be 21 calendar days and shall end on the 21st day after the Eligible Employee's Termination Date. If such 45th day or 21st day is a holiday or a weekend day, then the Consideration Period ends at the end of the next occurring work day.

(c) Deposit in Mail Deemed Delivered . A Separation Agreement, Release, and Waiver which is mailed to the Human Resources Department of the Employer via the U.S. postal service shall be deemed delivered to said Department on the date postmarked by the U.S. postal service.

(d) Determination of Qualifying Termination . The Employer shall make the preliminary determination as to whether a termination is a Qualifying Termination. The Employer's preliminary determination that a termination is a Qualifying Termination shall be presumed correct. Nothing in this Plan shall require or be deemed to require the Plan Administrator to review or an Employer to permit the review by the Plan Administrator of any termination that the Employer has determined is not a Qualifying Termination.

3.4 Revocation Period . The period of seven (7) calendar days beginning on the day after the day the Eligible Employee delivers the Separation Agreement, Release, and Waiver to the Human Resources Department of the Employer and ending at the end of the 7th day shall be the Revocation Period. If such 7th day is a holiday or weekend day, then the Revocation Period ends at the

end of the next occurring workday. At any time within the Revocation Period, an Eligible Employee who has returned a signed Separation Agreement, Release, and Waiver may revoke the same by delivering a written letter revoking said agreement to the Human Resources Department of the Employer. A revocation of a Separation Agreement, Release, and Waiver which is mailed to the Human Resources Department of the Employer via the U.S. postal service shall be deemed delivered to said Department on the date postmarked by the U.S. postal service.

3.5 Effective Date and Irrevocability of Separation Agreement, Release, and Waiver . A signed Separation Agreement, Release, and Waiver that is not revoked in the Revocation Period shall become effective as of the end of the Revocation Period and shall be irrevocable thereafter.

3.6 Effect of Supervening Nonqualifying Termination; Exception for Retirement . An Eligible Employee who experiences a nonqualifying termination prior to his or her Termination Date shall lose his or her eligibility hereunder even where such Employee has received the notice contemplated in Section 3.3 above, except that an Employee who has received notice of a Qualifying Termination may retire prior to his or her Termination Date without loss of eligibility for benefits hereunder. For example, an Eligible Employee who has received notice of a Qualifying Termination but has a Termination for Cause prior to his or her Termination Date is not eligible for benefits hereunder. An Eligible Employee who has received such notice and is eligible for retirement may retire and receive benefits hereunder.

3.7 Eligible Employees on Leave . Eligible Employees who would have been terminated in a Qualifying Termination but for the fact that they were on FMLA Leave or were receiving worker's compensation benefits, temporary disability insurance benefits, or other legally mandated benefits shall be terminated at the earliest permissible date and shall be given their Separation Agreement, Release, and Waiver on such date. Nothing in this section shall be deemed to bar an Eligible Employee on FMLA Leave from ending the FMLA Leave prior to its originally scheduled end date, provided that such an Employee is first given notice of any benefits that may be lost by ending such leave and acknowledges such notice and waives any such benefits in writing. The foregoing rules of this section shall not apply to an Employee who is terminated for a disability which was incurred before the date that would otherwise have been said Employee's Termination Date. Such an Employee shall be deemed to have been terminated in a supervening nonqualifying termination.

3.8 Indemnification . An Eligible Employee who has signed a Separation Agreement, Release, and Waiver and permitted it to become irrevocable shall

indemnify, defend, and hold his or her Employer, the Plan Administrator, each Affiliate, each fiduciary of the Plan, and each agent, representative, officer, director, manager, or employee of any of the foregoing persons harmless against any assertion or threat of assertion thereafter of any claim or cause of action subject to the Employee's Separation Agreement, Release, and Waiver, whether such claim is brought by the Eligible Employee or by a person claiming by, through, under, or on behalf of the Eligible Employee, regardless of whether on account of subrogation, assignment or other right or purported right. Rights conferred on or exercised by an Employer, the Plan Administrator, an Affiliate, or any other person pursuant to this Section 3.8 shall be without prejudice to any other remedy which may be available to such person.

Article 4. Severance Pay and Health Benefits Payment

4.1 Amount of Severance Pay . An Eligible Employee who fulfills each condition for participation in this Plan shall be entitled to receive Severance Pay in an amount equal to the product of the number of Weeks of Severance Pay to which the Employee is entitled times the Employee's Base Pay Rate.

(a) Weeks of Severance Pay . The Weeks of Severance Pay to which an Eligible Employee is entitled shall be determined by computing the Employee's Years of Service and referring to the Employer's Severance Pay Table. The Weeks of Severance Pay to which the Employee is entitled is the number of weeks which corresponds to the Employee's Years of Service in the Employer's Severance Pay Table, provided that an Eligible Employee shall not be entitled to less than the minimum number of Weeks of Severance Pay shown on such table. The Severance Pay Table of Hawaiian Electric Company, Inc. ("HECO"), is attached hereto as Exhibit A and incorporated herein by this reference. Unless an Employer provides for a different Severance Pay Table in its adoption of this Plan or by subsequent amendment to such adoption, HECO's Severance Pay Table shall be the Severance Pay Table for such Employer, and any amendment by HECO to its Severance Pay Table shall be effective for such Employer.

(b) Method of Counting Years of Service .

(1) Measuring and Rounding Periods of Service . An Eligible Employee's Years of Service shall be the duration, rounded into years, of the Eligible Employee's current Period of Service

plus all prior Periods of Service not separated from the current Period of Service by a break in service.

The duration of each Period of Service shall be measured as the total number of years, months and days in that period during which an employer-employee relationship existed between the Employee and an Employer. Days shall be converted into months on the basis of a 30 day month, and months shall be converted into years on the basis of a 12 month year. For example, an Eligible Employee begins work on January 15th and ends work on May 19th. For this Period of Service, the Employee is credited with 3 months (February, March, April) and 36 days (17 days in January and 19 days in May), or, after conversion, 4 months and 6 days.

In summing Periods of Service together for purposes of determining the duration of an Employee's total Periods of Service, the same conversion rules shall apply. For example, an Eligible Employee has had three Periods of Service not separated by breaks in service having the following durations: 2 years, 6 months, 14 days; 1 year, 9 months, 18 days; and 1 year, 1 month, 22 days. The duration of the Eligible Employee's total Periods of Service is 4 years, 16 months and 54 days, or, after conversion, 5 years, 5 months and 24 days.

To round the duration of an Employee's total Periods of Service into years for purposes of determining an Employee's Years of Service, any period of time equal to or in excess of 6 months shall be rounded up to a year and any period of time less than 6 months shall be rounded down. For example, the Employee in the example in the preceding paragraph would be credited with 5 Years of Service.

(2) Breaks in Service . A break in service shall be deemed to have occurred with respect to an Employee on the most recent date on which the Employee was not employed by the Company or any Employer under this Plan and neither the Company nor any Employer under this Plan was under a legal obligation to restore the Employee to employment. Any Period of Service prior to a break in service shall be disregarded for purposes of determining an Employee's Years of Service.

(3) Included Service . In measuring Years of Service, all periods of regular employment shall be included, whether such employment was as a part-time or full-time employee or as a bargaining unit or non-bargaining unit employee, provided that the Employee is an Eligible Employee for purposes of this Plan at the time of the Qualifying Termination. Periods of employment as a Casual Hire or Temporary Employee shall not be included. Nothing in this paragraph entitles or shall be interpreted to entitle an Employee who is not an Eligible Employee at the time of termination to benefits under this Plan.

(4) Special USERRA Rule for Uniformed Service . Uniformed service of an Eligible Employee who is re-employed by an Employer following such service and who is within the scope of the benefits, rights, and protections conferred by the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended ("USERRA"), shall be deemed continuous service with the Employer for the purpose of measuring Years of Service under this Plan.

(c) Base Pay Rate . An Eligible Employee's Base Pay Rate shall be the Employee's final hourly, monthly, or other rate of compensation converted to a weekly rate. The Base Pay Rate shall not include "variable compensation", overtime, or any other addition to an Employee's final rate of compensation.

4.2 Health Benefits Payment . An Eligible Employee who fulfills each condition for participation in this Plan shall also be entitled to receive a Health Benefits Payment, provided that such Employee was receiving health benefits coverage under the Welfare Benefits Plan prior to notice to the Employee of the occurrence of a Qualifying Termination, and provided, further, that the Employee will not have the right to coverage or to elect coverage under any employee group health plan of the Employer after the Employee's Qualifying Termination except on a COBRA basis. The Health Benefits Payment is intended to give temporary compensation to Eligible Employees receiving health benefits coverage prior to a Qualifying Termination for the loss of such coverage. The Health Benefits Payment shall be equal to (a) the excess of (i) the amount that the Employee would be required to pay on a weekly basis in order to maintain on a COBRA continuation coverage basis the health benefits coverage that was being received by the Employee and dependents of the Employee at the time that the Employee received notice of a Qualifying Termination over (ii) the amount being contributed by the Employee on a weekly basis for such health benefits coverage under the

Welfare Benefits Plan or the FlexPlan prior to the Qualifying Termination (b) multiplied by the number of Weeks of Severance Pay to which the Employee is entitled. For purposes of this Section 4.2, "health benefits" refers to coverage provided by an insurer, health maintenance organization, or other third-party provider, such as mutual benefit societies, pursuant to the Employer's group health plan and not to coverage under a health care reimbursement account plan or to coverage under a plan other than the Employer's group health plan.

4.3 Method of Payment . Payment of Severance Pay and of the Health Benefits Payment, if any, shall be by lump sum within 90 days of the date on which the Employee's Separation Agreement, Release, and Waiver becomes effective.

4.4 Effect of Employment or Reemployment . If an Eligible Employee becomes employed or reemployed by an Employer, an Affiliate, or any successor thereof, the Eligible Employee's Severance Pay and Health Benefits Payment entitlement shall be reduced (but not increased) in proportion to the ratio of the number of days in which the Employee was unemployed between the Employee's Termination Date and date of employment or reemployment to the length of time represented by the number of Weeks of Severance Pay to which the Employee was entitled. The amount of such reduction ("Reduction") shall be equal to the Eligible Employee's Severance Pay plus the Eligible Employee's Health Benefits Payment, if any, multiplied by a factor which shall be equal to one minus a fraction, the numerator of which is the number of days between the Termination Date and the date of said Employee's employment or reemployment and the denominator of which is the number of Weeks of Severance to which the Employee is entitled multiplied by 7. If the Severance Pay and Health Benefits Payment has not yet been paid, the Reduction in such payment shall be forfeited; if already paid, the Reduction shall be repaid to the Employer within one calendar year of the date of the Employee's employment or reemployment.

4.5 Severance Pay Limitations . This Plan is not intended to be an employee pension benefit plan and shall not be deemed or interpreted as such. Without limiting the generality of the foregoing, in no event shall the sum of an Eligible Employee' s Severance Pay and Health Benefits Payment, if any, exceed twice the Eligible Employee's annual base compensation during the year immediately prior to the Qualifying Termination (or, if less, two times the compensation limit under Section 401(a)(17) of the Code for the year in which the Qualifying Termination occurs), and all payments of Severance Pay shall be completed within 24 months of the Qualifying Termination.

4.6 Unfunded Plan . The obligations of the Employer under this Plan are unfunded and unsecured and are payable out of the general funds of the

Employer. Nothing contained in this Plan shall give an Eligible Employee or any person claiming under, through, or on behalf of such Employee any right, title, or interest in any property of the Company, any Employer, any parent of the Company, or any Affiliate.

Article 5. Plan Administration

5.1 Administrative Functions . The Company hereby appoints the Vice President – Administration of Hawaiian Electric Industries, Inc. and the Vice President for Corporate Excellence of Hawaiian Electric Company, Inc. as the Plan Administrator for the Plan. The authority of the Plan Administrator shall include the authority, in its discretion, to adopt, amend, and rescind such rules and procedures as it deems advisable for the administration of the Plan, to construe and interpret the Plan and its provisions, to resolve any ambiguities in the Plan's provisions, and to make all determinations under the Plan, including determining the rights of Participants, the amount of any benefits payable under the Plan, and the eligibility of any person to participate in the Plan. All decisions, determinations, and interpretations of the Plan Administrator shall be final and binding upon all persons. The Plan Administrator may retain such consultants, actuaries, legal counsel and third party administrators and delegate such authority for administrative functions as it deems necessary to fulfill its administrative functions hereunder.

5.2 Reservation of Rights . In addition to the rights enumerated in Section 5.1, the Company hereby reserves the following rights for itself and the Plan Administrator, which the Plan Administrator shall have full power, authority, and discretion to exercise (subject to specific retentions of such rights by, or allocations of such rights to, the Company or adopting Employers hereunder):

(a) to require any person, as a condition to receiving Benefits, to furnish such reasonable information as may be necessary or desirable for the proper administration of the Plan;

(b) to administer the Plan and to adopt such rules and regulations and prescribe the use of such forms as it may determine to be necessary, proper, or desirable for the administration of the Plan;

(c) to settle, compromise or submit to arbitration any claims arising under this Plan, to commence or defend lawsuits or other legal proceedings, and to represent this Plan in all lawsuits or other legal proceedings;

(d) to appoint such agents, counsel, accountants, consultants, and other persons as may be required to assist in administering the Plan; and

(e) to allocate and delegate the exercise of its fiduciary and other rights and duties under the Plan, including, without limitation, by appointing or replacing a person as Plan Administrator.

5.3 Binding Effect of Good Faith Interpretations . All interpretations of the Plan and determinations of fact made in good faith by the Plan Administrator, the Company, and all persons connected therewith shall be binding on Eligible Employees and any person claiming through, under, or on behalf of Eligible Employees. The Plan Administrator, the Company, and any person connected therewith may rely upon all certificates, reports, and opinions furnished by any duly appointed accountant, consultant, third party administration service provider, legal counsel, or other specialist, and shall be fully protected in respect to any action taken or permitted in good faith in reliance thereon. All actions so taken or permitted shall be conclusive and binding as to all persons.

5.4 Expense of Administration . Any expense incurred by an Employer relative to the administration of the Plan, including the Employer's proportionate share of joint or undifferentiated expenses, shall be paid by such Employer.

5.5 Tax Withholding . An Employer may withhold or require the withholding from any payment which it is required to make, of any federal, state, or local taxes required by law to be withheld with respect to such payment and such sum as the Employer may reasonably believe or estimate is necessary to cover any taxes for which the Employer may be liable and which may be assessed with regard to such payment.

Article 6. Claims Procedure

6.1 Procedure if Benefits are Denied Under the Plan . An Employee or duly authorized representative may file a claim for a Plan benefit to which the claimant believes that he or she is entitled. Such a claim must be in writing, in letter form or such other form as may be prescribed by the Plan Administrator, and delivered to the Plan Administrator, in person or by mail, postage prepaid, within one year of the date on which the claim arose. Within 90 days after receipt of such claim, the Plan Administrator shall send to the claimant written notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event

may an extension exceed 90 days from the end of the initial period. If such extension is necessary, the claimant shall be given written notice to this effect prior to the expiration of the initial 90 day period which shall specify the special circumstances requiring extension. If notice of the denial of a claim is not furnished in accordance with this Section, then, unless good cause is shown therefor, the claim shall be deemed denied, and the claimant shall be deemed to have exhausted his or her administrative remedies.

6.2 Requirement for Written Notice of Denial . The Plan Administrator shall provide to every claimant who is denied a claim, in whole or in part, a written notice calculated to be understood by a person of average competence, setting forth the following information:

(a) The specific reason or reasons for the denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) An explanation of the Plan’s claim review procedure.

6.3 Right to Request Review of Denial . Within 60 days after the receipt by the claimant of written notification of the denial, in whole or in part, of the claimant’s claim, the claimant or claimant’s duly authorized representative may make a written application to the Plan Administrator to be afforded a review of such denial; may review pertinent documents; and may submit issues and comments in writing.

6.4 Disposition of Disputed Claims . Upon receipt of a request for review, the Plan Administrator shall make a prompt decision on the review matter. The decision on such review shall be written in a manner calculated to be understood by a person of average competence and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision was based. The decision upon review shall be made not later than 60 days after the Plan Administrator’s receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than 120 days after receipt of a request for review. If such extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial 60 day period. If notice of the

decision on the review is not furnished in accordance with this Section, then the claim shall be deemed denied.

6.5 Preservation of Other Remedies . After exhaustion of the claims procedures provided under this Plan, nothing shall prevent any person from pursuing any other legal or equitable remedy otherwise available, provided that no action shall be commenced or maintained more than ninety (90) days after the final decision of the Plan Administrator on review.

Article 7. Amendment and Termination

7.1 Permanency . While the Company and Participating Affiliates fully expect that this Plan will continue indefinitely, permanency of the Plan will be subject to the right of the Company and such Affiliates to amend or terminate the Plan, in their sole discretion, as provided in Sections 7.2 and 7.3.

7.2 Amendment . The Company hereby reserves the right, in its sole discretion, to amend or modify the Plan at any time and from time-to-time, in whole or in part, in whatever respects it may deem necessary, appropriate, or desirable, and hereby delegates its amendment authority to the Compensation Committee.

7.3 Termination . The Company hereby reserves the right for itself and Participating Affiliates, in the sole discretion of each, to discontinue or terminate the Plan without prejudice at any time and without prior notice to Eligible Employees or to any person claiming under, through, or on behalf of such Employees or to any other person except as may be otherwise required by this Plan. This Plan also shall terminate automatically with respect to the Company or a Participating Affiliate if the Company or such Affiliate (1) is legally dissolved, (2) makes a general assignment for the benefit of its creditors, (3) files for liquidation under the Bankruptcy Code, or (4) merges or consolidates with any other entity and is not the surviving entity, sells or transfers substantially all of its assets, or goes out of business, unless the successor in interest to the Company or such Affiliate, as the case may require, agrees to assume the liabilities under this Plan as to Eligible Employees.

Article 8. General

8.1 Provision for Payment of Benefits . Severance Pay payments to an Eligible Employee shall be made from the general funds of the Employer at the

time and in the amounts that are determined under Article 4 of the Plan, subject to applicable taxes and other deductions.

8.2 No Rights Against Employers Conferred . Neither the establishment of this Plan, nor any modification hereof, nor any payments hereunder, shall be construed as giving to any Employee or any person whomsoever any legal or equitable rights against any Employer, Affiliate, or the Company, or their respective Boards of Directors, officers, Employees, representatives, or agents.

8.3 Nonalienation . No benefit payable under the provisions of the Plan shall be subject in any manner to anticipation, alienation, sale **,** transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void; nor shall such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements, or torts of, or claims against, any Eligible Employee or dependent, including claims of creditors, claims for alimony or support, and any like or unlike claims. If any person entitled to a benefit under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements, or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Plan Administrator, and the Plan Administrator may hold or apply the same or any part thereof to the benefit of any dependent or beneficiary of such person, in such manner and proportion as the Plan Administrator may deem proper.

8.4 Indemnification . To the extent permitted by law, Employees of any Employer, Affiliate, or the Company, and their respective Boards of Directors and officers, shall be indemnified by their respective Employers, and saved harmless against any claims and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan except claims arising from gross negligence, willful neglect, or willful misconduct. The right of indemnity shall be conditioned upon (i) the timely receipt of notice by such Employer of any claim asserted against a person within the scope of this Section, which notice, in the event of a lawsuit, shall be given within 10 days after receipt by such person of the complaint, and (ii) the receipt by such Employer of an offer from such person of an opportunity to participate in the settlement or defense of such claim.

8.5 Incompetence . Every Eligible Employee shall be presumed to be mentally and physically competent and of age until the Plan Administrator receives a written notice, in a form and manner acceptable to the Plan Administrator, that such person is mentally or physically incompetent or a minor,

and that a guardian, conservator, or other person legally vested with the care of such person's estate has been appointed. In such event, payments under this Plan shall be made to such guardian or conservator or other person without responsibility to follow the application of amounts so paid. To the extent permitted by law, any such payment so made shall be a complete discharge of any liability therefor of the Plan Administrator, the Company, and any Employer.

8.6 Post-Mortem Payments . In the event of the death of an Eligible Employee at a time that the Employee is due payments hereunder, any cash payment that is owed to the Eligible Employee shall be paid to a person or entity legally entitled to receive such payment. If there is doubt as to the right of any person to receive any amount, the Plan Administrator may retain such amount until the rights thereto are determined, without liability for any interest thereon, or it may pay such amount into any court of appropriate jurisdiction, in either of which events neither the Plan Administrator, nor any Employer, shall be under any further liability to any person.

8.7 Inability to Locate Payee . If the Plan Administrator is unable to make payment to any Eligible Employee or other person to whom a payment is due under the Plan because the identity or whereabouts of such Eligible Employee or other person cannot be ascertained after reasonable efforts have been made to identity or locate such person (including a notice of the payment so due mailed to the last known address of such Eligible Employee or other person as shown on the records of the Employer), such payment and all subsequent payments otherwise due to such Eligible Employee or other person shall be forfeited seven (7) years after the date such payment first became due.

8.8 Adoption by Affiliates . Any Affiliate may adopt this Plan and become an Employer hereunder by action of its board of directors and by taking such other action as the Company may require. A Participating Affiliate, by the act of adopting the Plan, shall agree to cooperate in the administration of the Plan and to be bound by the terms of the Plan, and shall appoint the Plan Administrator as its agent for purposes of administering the Plan. Any Participating Affiliate may be required to withdraw from this Plan by the Company at any time and may voluntarily withdraw from this Plan of its own accord upon the expiration of 30 days following its delivery to the Company of a written notice of withdrawal, unless the Company and such Affiliate agree to a shorter time. In such event, the Affiliate shall cease to be bound by the terms of the Plan, except to the extent that the provisions relating to the termination of this Plan with respect to the withdrawing Affiliate and its covered Employees may be applicable. Withdrawal by one Affiliate shall not affect the continued operation of the Plan with respect to other adopting Affiliates and the Company. An Affiliate which adopts this Plan shall adopt the Plan in its entirety, without modification, provided that an adopting

Affiliate may opt to pay Severance Pay in accordance with its own Severance Pay Table and may adopt such a different Severance Pay Table as part of its resolution adopting this Plan.

8.9 Multiple Functions . Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

8.10 Tax Effects . Neither any Employer nor the Plan Administrator makes any warranty or representation as to whether or not any payments received by an Eligible Employee hereunder will be treated as includible in or excludable from gross income, constructively or otherwise, for federal or state income tax purposes.

8.11 Gender and Number . Except when otherwise indicated by the context, any masculine or feminine terminology used herein shall also include the neuter and other gender, and the use of any term in the singular or plural shall also include the opposite number.

8.12 Headings . Headings in this Plan are for convenience only and shall not be used to interpret or construe its provisions.

8.13 Applicable Laws . The Plan shall be governed by, construed, and administered in accordance with the laws of the State of Hawaii, except to the extent otherwise provided in any applicable federal law.

IN WITNESS WHEREOF, HAWAIIAN ELECTRIC INDUSTRIES, INC. has caused this instrument to be executed, effective as of September 14, 1998, and, as amended and restated, as of January 1, 2009.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By /s/ Patricia U. Wong
Its Vice President-Administration &
Corporate Secretary
Date October 28, 2008

EXHIBIT A

SEVERANCE PAY TABLE

Years of Service	# of Severance Weeks	Years of Service	# of Severance Weeks
0	4	26	37
1	4	27	39
2	6	28	41
3	6	29	43
4	6	30	45
5	6	31	47
6	7	32	49
7	8	33	51
8	9	34	52
9	10	35	52
10	11	36	52
11	12	37	52
12	13	38	52
13	14	39	52
14	15	40	52
15	16	41	52
16	17	42	52
17	19	43	52
18	21	44	52
19	23	45	52
20	25	46	52
21	27	47	52
22	29	48	52
23	31	49	52
24	33	50	52
25	35		

ADDENDUM A

SEVERANCE PAY PLAN FOR MERIT EMPLOYEES
OF HAWAIIAN ELECTRIC INDUSTRIES, INC .

1. Introduction . Certain executives of Hawaiian Electric Industries, Inc. and its affiliates (collectively, the "Company") were offered participation in the Severance Pay Plan for Merit Employees of Hawaiian Electric Industries, Inc. ("Plan") on certain special conditions. The subject executives (hereafter, "Applicable Executives") accepted participation in the Plan on the terms offered. This Addendum A to the Plan sets forth the terms of the Applicable Executives' participation in the Plan.

2. Benefits . Notwithstanding anything in the Plan to the contrary, an Applicable Executive shall be entitled to the following benefits under the Plan, and to no other benefits, through the third anniversary of the Applicable Executive's date of employment:

(a) The amount of Applicable Executive's Severance Pay shall be:

- For Qualifying Terminations occurring on or before the first anniversary of the Applicable Executive's date of employment, the sum of 18 months or 150% of (i) the annual base salary and (ii) any target annual bonus amount,
- For Qualifying Terminations occurring after the first anniversary and on or before the second anniversary of the Applicable Executive's date of employment, the sum of 12 months or 100% of (i) the annual base salary and (ii) any target annual bonus amount, and
- For Qualifying Terminations occurring after the second anniversary and on or before the third anniversary of the Applicable Executive's date of employment, the sum of 6 months or 50% of (i) the annual base salary and (ii) any target annual bonus amount.

(b) The limitations on the amount of Severance Pay under the Plan shall not apply to limit the amount of Severance Pay paid to an Applicable Executive under Section 2(a) of this Addendum, provided that, if Section 409A of the Internal Revenue Code should be determined to apply to this Addendum, then only the amount of the Severance Pay, if any, in excess of the limitation stated under Section 4.5 of the Plan shall be subject to Section 409A of the Code.

(c) All Severance Pay provided under Section 2(a) of this Addendum shall be paid in a single sum as soon as administratively feasible but in no event shall a payment be made later than March 15 th of the calendar year following the calendar in which the Applicable Executive's Qualifying Termination occurs. The intent of this Section 2(c) is that all Severance Pay benefits provided under Section 2(a) of this Addendum shall be paid in a manner meeting the requirements of "short-term" deferrals for purposes of Section 409A of the Code.

(d) Eligibility for Severance Pay under Section 2(a) of this Addendum shall be subject to the otherwise applicable terms and conditions of Plan, including the requirement for a release of claims, provided, however, that, notwithstanding anything in the Plan to the contrary,

such release shall be executed not more than 60 days following a Qualifying Termination of employment.

(e) After an Applicable Executive's third anniversary of employment, this Addendum A shall cease to apply to the Applicable Executive, and the Executive shall be eligible for benefits under the terms of any severance pay plan of the Company then applicable, including the Plan, in accordance with the terms and conditions of such plan.

3. Applicable Executives. As of the date of execution of this Addendum A, the Applicable Executives are Richard M. Rosenblum, President and Chief Executive Officer of Hawaiian Electric Company, Inc. and James A. Ajello, Senior Financial Vice President, Treasurer, and Chief Financial Officer of Hawaiian Electric Industries, Inc.

4. Effective Date. With respect to an Applicable Executive, this Addendum A is effective as of the Applicable Executive's date of employment.

5. Supersession; Continuing Effect. This Addendum A shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with this Addendum A. Except as modified by this Addendum A, all the terms and provisions of the Plan remain in full force and effect.

6. Amendment. This Addendum A shall not be amended or otherwise modified with respect to an Applicable Executive, except in a writing signed by the Applicable Executive and one or more duly authorized representatives of the Company. This Addendum A is a part of the Plan.

IN WITNESS WHEREOF, this Addendum A has been executed by Hawaiian Electric Industries, Inc., Richard M. Rosenblum, and James A. Ajello, this 19th day of February, 2009, to be effective in accordance with its terms.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

/s/ Richard M. Rosenblum
RICHARD M. ROSENBLUM

By /s/ Constance H. Lau
Its President & CEO

/s/ James A. Ajello
JAMES A. AJELLO

By /s/ Chet A. Richardson
Its SVP

AMERICAN SAVINGS BANK SUPPLEMENTAL EXECUTIVE RETIREMENT, DISABILITY, AND DEATH BENEFIT PLAN

Addendum for Timothy K. Schools

WHEREAS, Timothy K. Schools is the President of American Savings Bank, F.S.B. (the "Bank") and a participant in the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan (the "SERP"), a non-tax-qualified deferred compensation plan that is subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code");

WHEREAS, the Bank has amended and restated the SERP to comply with final regulations under Section 409A of the Code, which are effective January 1, 2009, and has frozen benefit accruals under the SERP effective December 31, 2008;

WHEREAS, in connection with the restatement of the SERP to comply with Section 409A of the Code, the Bank has provided special transition elections to current participants with respect to benefits payable after 2008, and in connection with the freeze of benefit accruals under the SERP, the Bank has amended the SERP to provide for the cash out of the SERP benefits of certain participants in January 2009 in lieu of transition elections;

WHEREAS, Mr. Schools is not in the category of participants whose SERP benefits would be cashed out in January 2009 under the amendments to the SERP freezing benefit accruals, but the Bank wishes to cash out Mr. Schools' SERP benefit in January 2009;

NOW, THEREFORE, the Bank and Mr. Schools agree as follows:

1. Mr. Schools shall not be given a transition election in 2008 as to the time and form of his SERP benefit payable after 2008. Rather, the present value of Mr. Schools' accrued benefit in the SERP, determined as of the month of payment, shall be paid to Mr. Schools in a lump sum in the first quarter of 2009.

2. Except as provided in this Addendum, all provisions of the SERP, as amended, shall apply to Mr. Schools' SERP benefit.

American Savings Bank, F.S.B. and Mr. Schools have executed this Addendum to the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan this 11th day of December, 2008.

AMERICAN SAVINGS BANK, F.S.B.

/s/ Timothy K. Schools
Timothy K. Schools

By /s/ K. Elizabeth Whitehead
Its Executive Vice President, Chief Administrative Officer and General Counsel

AMENDMENTS TO THE AMERICAN SAVINGS BANK SUPPLEMENTAL EXECUTIVE RETIREMENT, DISABILITY, AND DEATH BENEFIT PLAN FREEZING BENEFIT ACCRUALS EFFECTIVE DECEMBER 31, 2008

The following amendments are made to the American Savings Bank Supplemental Executive Retirement, Disability, and Death Benefit Plan (the "Plan"), which was restated effective January 1, 2009, to comply with final regulations under Section 409A of the Internal Revenue Code of 1986, as amended. For purposes of the freeze of benefit accruals, the provisions of the restated Plan, as amended by this document, shall be effective December 31, 2008.

1. The following paragraph is added to the end of the Prologue to the Plan:

   The Plan is frozen effective December 31, 2008. After that date, there will be no new Participants in the Plan, and no further benefits will accrue to any Participant.

2. Effective January 1, 2009, the definition of "Final Pay" in Section 1.12 is deleted.

3. Section 1.19 is amended and restated in its entirety to read as follows:

   1.19 Primary Social Security Benefit means the monthly amount of primary old age insurance benefits available to a Participant at the Participant's Normal Retirement Date or Postponed Retirement Date, as applicable, under the provisions of Title II of the Social Security Act as in effect for the year during which the Participant Separates from Service, without regard to any increases in the wage base or benefit levels or any other change in law that takes effect thereafter and, if the Participant Separates from Service prior to reaching his or her Normal Retirement Date, assuming the Participant's salary would have remained constant to his or her Normal Retirement Date. Solely for purposes of determining a Participant's Primary Social Security Benefit, each active Participant whose benefit is frozen December 31, 2008, shall be treated as having Separated from Service December 31, 2008.

4. Section 1.24 is amended and restated in its entirety to read as follows:

   1.24 Year of Service means each 12-month period beginning with the date the Participant commences employment with a Participating Employer or Associated Company and ending on the date the Participant Separates from Service with all the Participating Employers and Associated Companies. If a non-vested Participant Separates from Service and is subsequently reemployed by a Participating Employer, the Committee may determine in its discretion whether to readmit the former

Participant as a Participant and, if so, whether to credit the Participant's Years of Service prior to the break in service in determining vesting credit and benefit accrual under the Plan. If a vested Participant Separates from Service and is subsequently reemployed by a Participant Employer and readmitted as a Participant by the Committee, the Participant's Years of Service before and after the break in service shall be aggregated for all purposes under the Plan. As part of the freeze of benefit accruals, after December 31, 2008, no Years of Service shall be credited for purposes of benefit accrual or vesting; however, Participants will continue to receive credit for Years of Service for purposes of determining eligibility for early retirement benefits.

5. Section 4.1(b)(1) is amended and restated in its entirety to read as follows:

   (1) the vested benefit accrued under the Retirement Plan (or under any other tax-qualified defined benefit pension plan sponsored by an Associated Company) as of December 31, 2008 **,** computed in the form of a single life annuity payable at the Participant's Normal Retirement Date;

6. The following is added at the end of Section 4.1(c):

   Notwithstanding the foregoing, the "aggregate vested account balance" in the HEIRS Plan for any active Participant whose benefit is frozen December 31, 2008, shall be determined as of December 31, 2008, but taking into account any AmeriMatch and AmeriShare contributions and any other discretionary employer contributions made with respect to the 2008 Plan Year.

7. The following is added at the end of Section 4.3:

   All Participants who are actively employed by a Participating Employer on December 31, 2008, shall be fully vested in their retirement benefits accrued as of such date.

8. A new paragraph is added at the end of Section 4.7 to read as follows:

   Notwithstanding the preceding paragraph, if the present value of the accrued benefit of a Participant determined as of December 31, 2008, is less than the limit on elective deferrals under Section 402(g) of the Code for 2008 ($15,500), such Participant shall not be given a transition election. Rather, the present value of such Participant's accrued benefit, determined as of the month of payment, shall be paid to the Participant in a lump sum in the first quarter of 2009.

9. Section 4.8(a) is amended and restated in its entirety to read as follows:

(a) Active Participant Death Benefit . Subject to Section 4.10, if a married Participant dies while employed by a Participating Employer or an Associated Company, the Participant's Spouse shall be entitled to receive a monthly death benefit commencing as soon as practicable (but in any event within ninety (90) days) after the Participant's death for a ten-year period or until the death of the Participant's Spouse, if earlier, that is equal to the Actuarial Equivalent of the frozen monthly normal retirement benefit the Participant would have been entitled to receive as of the Participant's Normal Retirement Date based on the formula in Section 4.1, as adjusted for payment prior to Normal Retirement Date in the form of a payment for the lesser of ten (10) years or the life of the Participant's Spouse.

The Active Participant Death Benefit is not available to any Participant whose benefit is cashed out (or deemed to be cashed out) in connection with the freeze of benefit accruals effective December 31, 2008.

10. The text of Section 4.9, Disability Benefits, is amended and restated in its entirety to read as follows:

The Disability benefit is terminated effective December 31, 2008. No Disability benefit shall be payable to any Participant who becomes Disabled after December 31, 2008.

TO RECORD the adoption of these amendments, American Savings Bank, F.S.B., has executed this document December 11, 2008.

AMERICAN SAVINGS BANK, F.S.B.

By /s/ K. Elizabeth Whitehead
Its Executive Vice President, Chief Administrative Officer and General Counsel

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT NO. 1 (this " *Amendment* "), dated as of February 6, 2009, by and among **HAWAIIAN ELECTRIC INDUSTRIES, INC.** (the " *Borrower* "), the Lenders party hereto and **THE BANK OF NEW YORK MELLON** (formerly known as The Bank of New York), as Administrative Agent for the Lenders.

RECITALS

A. The Borrower, the Lenders, Bank of Hawaii and First Hawaiian Bank, as Co-Syndication Agents, Wells Fargo Bank, N.A., U.S. Bank National Association and Union Bank of California, N.A., as Co-Documentation Agents, and the Administrative Agent are parties to the Credit Agreement, dated as of March 31, 2006 (the " *Credit Agreement* "). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that the Administrative Agent and the Required Lenders amend the Credit Agreement in certain respects.

C. The Administrative Agent has advised the Borrower that the Required Lenders are willing to agree to its request on the terms and subject to the conditions set forth in this Amendment.

Accordingly, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. Amendments to Credit Agreement .

(a) Definitions . Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of " *ERISA Event* " in its entirety and substituting the following therefor:

" ***ERISA Event*** " means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure with respect to any Plan to pay the "minimum required contribution" (as defined in Section 430 of the Code or Section 303 of ERISA), unless waived; (c) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (d) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (e) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (f) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any

Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

(b) ERISA . Section 4.10 of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

Section 4.10 ERISA

No ERISA Event has occurred that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

(c) General . All references to " *this Agreement* " in the Credit Agreement and to " *the Credit Agreement* " in the other Loan Documents shall be deemed to refer to the Credit Agreement as amended hereby.

2. Conditions to Effectiveness .

(a) This Amendment shall be effective upon the receipt by the Administrative Agent of an executed counterpart of this Amendment signed by the Borrower, the Required Lenders and the Administrative Agent.

(b) The Administrative Agent shall have received all fees and other amounts (including, without limitation, reasonable fees and expenses of counsel) payable prior to or concurrently with the effectiveness of this Amendment.

(c) The representations and warranties set forth in Article 4 of the Credit Agreement (other than the representations and warranties in Sections 4.04(b) and 4.06 of the Credit Agreement) shall be true and correct in all material respects, except to the extent such representations and warranties relate to an earlier date.

(d) The Administrative Agent shall notify the Borrower and the Credit Parties of the effective date of this Amendment, and such notice shall be conclusive and binding.

3. Representations and Warranties . The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

(a) No Default now exists.

(b) (i) The execution, delivery and performance by the Borrower of this Amendment is within its corporate powers and have been duly authorized by all necessary corporate action, (ii) this Amendment is the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether

considered in a proceeding in equity or at law, and (iii) neither this Amendment nor the execution, delivery and performance by the Borrower hereof: (A) will violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any order, rule or regulation of any Governmental Authority or (B) will result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

4. Miscellaneous .

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws.

(b) This Amendment shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and permitted assigns.

(c) This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[*Signature pages follow* .]

AS EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Amendment to be executed on its behalf.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By: /s/ James A. Ajello
Name: James A. Ajello
Title: Senior Financial Vice President, Treasurer and Chief Financial Officer

By: /s/ Curtis Y. Harada
Name: Curtis Y. Harada
Title: Vice President, Controller and Chief Accounting Officer

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

THE BANK OF NEW YORK MELLON (formerly known as The Bank of New York), as Administrative Agent and as a Lender

By: /s/ Mark W. Rogers
Name: Mark W. Rogers
Title: Vice President

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

BANK OF HAWAII, as Co-Syndication Agent and as a Lender

By: /s/ Steven R. Nakahara
Name: Steven R. Nakahara
Title: Vice President

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

FIRST HAWAIIAN BANK, as
Co-Syndication Agent and as a Lender

By: /s/ Paula C.H. Chang
Name: Paula C.H. Chang
Title: Vice President

UNION BANK OF CALIFORNIA, N.A., as
Co-Documentation Agent and as a Lender

By: /s/ Bryan P. Read
Name: Bryan P. Read
Title: Vice President

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

WELLS FARGO BANK, N.A., as
Co-Documentation Agent and as a Lender

By: /s/ Lisa Larpenteur
Name: Lisa Larpenteur
Title: Vice President

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

U.S. BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and as a Lender

By: /s/ Janice T. Thede
Name: Janice T. Thede
Title: Senior Vice President

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

BANK HAPOALIM B.M., as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

HAWAIIAN ELECTRIC INDUSTRIES AMENDMENT NO. 1 SIGNATURE PAGE

WILLIAM STREET COMMITMENT CORPORATION, as a Lender

By: ____________________
Name: ____________________
Title: ____________________

Hawaiian Electric Industries, Inc.
COMPUTATION OF EARNINGS PER SHARE
OF COMMON STOCK
Years ended December 31, 2008, 2007, 2006, 2005 and 2004

(in thousands, except per share amounts)	2008	2007	2006	2005	2004
Net income (loss)					
Continuing operations	$90,278	$84,779	$108,001	$127,444	$107,739
Discontinued operations	—	—	—	(755)	1,913
	$90,278	$84,779	$108,001	$126,689	$109,652
Weighted-average number of common shares outstanding	84,631	82,215	81,145	80,828	79,562
Adjusted weighted-average number of common shares outstanding	84,720	82,419	81,373	81,200	79,719
Basic earnings (loss) per common share					
Continuing operations	$ 1.07	$ 1.03	$ 1.33	$ 1.58	$ 1.36
Discontinued operations	—	—	—	(0.01)	0.02
	$ 1.07	$ 1.03	$ 1.33	$ 1.57	$ 1.38
Diluted earnings (loss) per common share					
Continuing operations	$ 1.07	$ 1.03	$ 1.33	$ 1.57	$ 1.36
Discontinued operations	—	—	—	(0.01)	0.02
	$ 1.07	$ 1.03	$ 1.33	$ 1.56	$ 1.38

On April 20, 2004, the HEI Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend with a record date of May 10, 2004 and a distribution date of June 10, 2004. All share and per share information has been adjusted to reflect the stock split for all periods presented.

Hawaiian Electric Industries, Inc.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Years ended December 31	2008 (1)	2008 (2)	2007 (1)	2007 (2)	2006 (1)	2006 (2)
(dollars in thousands)						
Fixed charges						
Total interest charges (3)	$120,083	$181,566	$156,575	$238,454	$148,160	$221,774
Interest component of rentals	5,354	5,354	5,367	5,367	4,729	4,729
Pretax preferred stock dividend requirements of subsidiaries	2,894	2,894	2,899	2,899	2,974	2,974
Total fixed charges	$128,331	$189,814	$164,841	$246,720	$155,863	$229,477
Earnings						
Pretax income from continuing operations	$139,256	$139,256	$131,057	$131,057	$171,055	$171,055
Fixed charges, as shown	128,331	189,814	164,841	246,720	155,863	229,477
Interest capitalized	(3,741)	(3,741)	(2,552)	(2,552)	(2,879)	(2,879)
Earnings available for fixed charges	$263,846	$325,329	$293,346	$375,225	$324,039	$397,653
Ratio of earnings to fixed charges	2.06	1.71	1.78	1.52	2.08	1.73

(1) Excluding interest on ASB deposits.
(2) Including interest on ASB deposits.
(3) Interest on nonrecourse debt from leveraged leases is not included in total interest charges nor in interest expense in HEI's consolidated statements of income.

Hawaiian Electric Industries, Inc.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Continued

Years ended December 31	2005		2004	
	(1)	(2)	(1)	(2)
(dollars in thousands)				
Fixed charges				
Total interest charges (3)	$144,671	$196,735	$142,779	$189,963
Interest component of rentals	4,133	4,133	3,935	3,935
Pretax preferred stock dividend requirements of subsidiaries	2,976	2,976	2,956	2,956
Total fixed charges	$151,780	$203,844	$149,670	$196,854
Earnings				
Pretax income from continuing operations	$201,344	$201,344	$200,219	$200,219
Fixed charges, as shown	151,780	203,844	149,670	196,854
Interest capitalized	(2,020)	(2,020)	(2,542)	(2,542)
Earnings available for fixed charges	$351,104	$403,168	$347,347	$394,531
Ratio of earnings to fixed charges	2.31	1.98	2.32	2.00

(1) Excluding interest on ASB deposits.
(2) Including interest on ASB deposits.
(3) Interest on nonrecourse debt from leveraged leases is not included in total interest charges nor in interest expense in HEI's consolidated statements of income.

Hawaiian Electric Industries, Inc.
SUBSIDIARIES OF THE REGISTRANT

The following is a list of all direct and indirect subsidiaries of the registrant as of February 27, 2009. The state/place of incorporation or organization is noted in parentheses and subsidiaries of intermediate parent companies are designated by indentations.

Hawaiian Electric Company, Inc. (Hawaii)
    Maui Electric Company, Limited (Hawaii)
    Hawaii Electric Light Company, Inc. (Hawaii)
    Renewable Hawaii, Inc. (Hawaii)
    Uluwehiokama Biofuels Corp. (Hawaii)
    HECO Capital Trust III (Delaware)
HEI Diversified, Inc. (Hawaii)
    American Savings Bank, F.S.B. (federally chartered)
        American Savings Investment Services Corp. (Hawaii)
            Bishop Insurance Agency of Hawaii, Inc. (Hawaii)
Pacific Energy Conservation Services, Inc. (Hawaii)
HEI Investments, Inc. (Hawaii) (in dissolution)
HEI Properties, Inc. (Hawaii)
Hawaiian Electric Industries Capital Trust II (a statutory trust) (Delaware) (potential financing entity)
Hawaiian Electric Industries Capital Trust III (a statutory trust) (Delaware) (potential financing entity)
The Old Oahu Tug Service, Inc. (Hawaii)

HEI Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Hawaiian Electric Industries, Inc.:

We consent to incorporation by reference in Registration Statement Nos. 333-108110, 333-141622, and 333-155053 on Form S-3 and Registration Statement Nos. 333-05667, 333-02103, and 333-105404 on Form S-8 of Hawaiian Electric Industries, Inc., and Registration Statement No. 333-155053-02 on Form S-3 of Hawaiian Electric Industries Capital Trust II and Registration Statement No. 333-155053-01 on Form S-3 of Hawaiian Electric Industries Capital Trust III of our reports dated February 20, 2009, with respect to the consolidated balance sheets of Hawaiian Electric Industries, Inc. and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008 and the effectiveness of internal control over financial reporting as of December 31, 2008, and our report dated February 20, 2009 on all related financial statement schedules, which reports are incorporated by reference and appear, respectively, in the 2008 annual report on Form 10-K of Hawaiian Electric Industries, Inc.

Our reports refer to the adoption of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* , in 2008 and FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , in 2007.

/s/ KPMG LLP

Honolulu, Hawaii
February 27, 2009

Certification Pursuant to Section 13a-14 of the Securities Exchange Act of 1934 of Constance H. Lau (HEI Chief Executive Officer)

I, Constance H. Lau, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2008 of Hawaiian Electric Industries, Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 27, 2009

/s/ Constance H. Lau
Constance H. Lau
President and Chief Executive Officer

HEI Exhibit 31.2

Certification Pursuant to Section 13a-14 of the Securities Exchange Act of 1934 of James A. Ajello (HEI Chief Financial Officer)

I, James A. Ajello, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2008 of Hawaiian Electric Industries, Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 27, 2009

/s/ James A. Ajello

James A. Ajello
Senior Financial Vice President, Treasurer and
Chief Financial Officer

Hawaiian Electric Industries, Inc.

Written Statement of Chief Executive Officer Furnished Pursuant to 18 U.S.C. Section 1350, as Adopted by Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Hawaiian Electric Industries, Inc. (HEI) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (the Report), I, Constance H. Lau, Chief Executive Officer of HEI, certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(2) The consolidated information contained in the Report fairly presents, in all material respects, the financial condition as of December 31, 2008 and results of operations for the year ended December 31, 2008 of HEI and its subsidiaries.

/s/ Constance H. Lau
Constance H. Lau
President and Chief Executive Officer
Date: February 27, 2009

A signed original of this written statement required by Section 906 has been provided to Hawaiian Electric Industries, Inc. and will be retained by Hawaiian Electric Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Hawaiian Electric Industries, Inc.

**Written Statement of Chief Financial Officer Furnished Pursuant to
18 U.S.C. Section 1350,
as Adopted by
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Hawaiian Electric Industries, Inc. (HEI) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (the Report), I, James A. Ajello, Chief Financial Officer of HEI, certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(2) The consolidated information contained in the Report fairly presents, in all material respects, the financial condition as of December 31, 2008 and results of operations for the year ended December 31, 2008 of HEI and its subsidiaries.

/s/ James A. Ajello
James A. Ajello
Senior Financial Vice President,
Treasurer and Chief Financial Officer
Date: February 27, 2009

A signed original of this written statement required by Section 906 has been provided to Hawaiian Electric Industries, Inc. and will be retained by Hawaiian Electric Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

HEI Exhibit 99.1

Hawaiian Electric Industries Retirement Savings Plan

(Restatement effective January 1, 2008)

January 30, 2008

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INTRODUCTION

Hawaiian Electric Industries, Inc. (the "Company") established the Hawaiian Electric Industries Retirement Savings Plan (the "Plan") April 1, 1984, to enable the eligible employees of the Company and its participating subsidiaries to save for retirement on a tax-deferred basis.

Effective December 31, 2007, American Savings Bank, F.S.B., (the "Bank"), an indirect wholly owned subsidiary of the Company and Participating Employer in the Plan, froze benefit accruals for all participants under its defined benefit pension plan. Effective January 1, 2008, the Bank has enhanced the employer-contribution component of this Plan by adding matching contributions and profit-sharing contributions for Bank employees.

The Plan is intended to meet the tax-qualification requirements in Sections 401(a) and 401(k) of the Internal Revenue Code. The Plan document was last restated effective January 1, 1998, and the Internal Revenue Service issued a favorable determination letter with respect to the Plan on September 18, 2003. This restatement is effective January 1, 2008, except as otherwise provided herein.

DEFINITIONS

Capitalized terms used in this document are defined in Article XII.

ARTICLE I
PARTICIPATION

Section 1.1 Eligibility to Participate

There are different eligibility rules for the different kinds of contributions made under the Plan. Specifically, there are eligibility rules for Salary Reduction Contributions (a.k.a. 401(k) contributions) that apply to all Eligible Employees. There are eligibility rules for HEIDI Contributions that apply only to Eligible Employees employed by a HEIDI Employer. Finally, there are eligibility rules for matching contributions ("AmeriMatch Contributions") and profit-sharing contributions ("AmeriShare Contributions") that apply only to Eligible Employees employed by the Bank.

(a) Salary Reduction Contributions

(i) Nonunion Employees . A nonunion Eligible Employee shall become eligible to participate for purposes of Salary Reduction Contributions as of the date he or she first performs an Hour of Service for a Participating Employer.

(ii) Bargaining Unit Employees . An Eligible Employee whose employment with a Participating Employer is governed by a collective bargaining agreement shall become eligible to participate for purposes of Salary Reduction Contributions as of the date he or she first performs an Hour of Service as a "regular" bargaining unit Eligible Employee. "Regular" employment is defined by reference to the governing collective bargaining agreement.

(iii) Salary Reduction Elections . An Eligible Employee who has met the requirements for participation in Section 1.1(a)(i) or 1.1(a)(ii) becomes a Participant for purposes of Salary Reduction Contributions by making a salary reduction election. A salary reduction election is an election by the Participant to forego taxable cash compensation in return for a tax-deferred, employer contribution of equal amount to the Participant's Account in the Plan. A Participant's salary reduction election becomes effective as soon as practicable following its completion and submission in accordance with procedures approved by the Administrative Committee, but only with respect to amounts that are not "currently available" to the Participant at the time the election is made. An amount is "currently available" if it has been paid to the Participant or if the Participant is able currently to receive the amount at the Participant's discretion.

A Participant may amend or revoke a salary reduction election for any reason, such changes to take effect prospectively. If a Participant voluntarily terminates a salary reduction election, the Participant may resume Salary Reduction Contributions by making and submitting a new election. A Participating Employer, the PIC, or the Administrative Committee may also revoke or amend a salary reduction election to prevent the Participant from exceeding one of the maximum limitations described in

Article III. The Administrative Committee may adopt and modify rules and procedures for salary reduction elections.

(b) HEIDI Contributions . An Eligible Employee who is employed by a HEIDI Employer and has satisfied the requirements for participation in Section 1.1(a)(i) is a HEIDI Participant. Each HEIDI Participant who meets the service requirements set forth in Section 2.4 is eligible to receive a HEIDI Contribution in accordance with the rules in Section 2.4.

(c) AmeriMatch Contributions and AmeriShare Contributions for Bank Participants . The Bank shall make AmeriMatch Contributions and AmeriShare Contributions for Eligible Employees of the Bank who have met the eligibility requirements in this Section 1.1(c) and the allocation requirements in Sections 2.2 and 2.3, respectively. Any Eligible Employee employed by the Bank on December 31, 2007, who is a participant in the American Savings Bank Retirement Plan shall be deemed to have met the requirements in subparagraphs (i) and (ii) below as of January 1, 2008, and shall become a Bank Participant for purposes of AmeriMatch and AmeriShare Contributions as of January 1, 2008.

(i) AmeriMatch Contributions . An Eligible Employee of the Bank shall become eligible to participate for AmeriMatch Contributions as of the first paycheck following the first day of the month coinciding with or next following the date the Eligible Employee completes one year of “AmeriMatch Eligibility Service”. “AmeriMatch Eligibility Service” is determined under the elapsed time method, which is based on periods of employment. To complete one year of “AmeriMatch Eligibility Service,” an Eligible Employee must be employed by the Bank or an Associated Company for twelve consecutive months. For this purpose, an Employee’s employment with the Bank or an Associated Company commences on the first day the Employee performs one Hour of Service and ends on the Employee’s severance from service date. An Employee’s “severance from service date” is the earlier of (i) the date the Employee quits, Retires, is discharged, or dies, or (ii) the first anniversary of the first day of absence for any other reason (e.g., Disability, vacation, or leave of absence). If an Employee severs from service and later again becomes an Employee, the Employee’s periods of employment before and after the break in service shall be aggregated for purposes of eligibility to participate for AmeriMatch Contributions. If an Employee quits, is discharged, or Retires and then performs an Hour of Service within twelve (12) months of such Employee’s severance from service date, the period of severance is counted as a period of employment for purposes of determining AmeriMatch Eligibility Service. If an Employee is on an approved leave of absence from employment at the time such Employee quits, is discharged, or Retires and such Employee performs an Hour of Service within twelve (12) months from the beginning of the leave of absence, the period of severance is counted as a period of employment for purposes of determining AmeriMatch Eligibility Service.

(ii) AmeriShare Contributions . An Eligible Employee of the Bank shall become eligible to participate for AmeriShare Contributions on the first day of the month coinciding with or next following the date the Eligible Employee completes one year of “AmeriShare Eligibility Service”. “AmeriShare Eligibility Service” is determined by counting Hours of Service. To complete one year of “AmeriShare Eligibility Service,”

an Eligible Employee must be credited with 1000 Hours of Service during a computation period of twelve (12) consecutive months. The initial computation period is the twelve-month period beginning with the date the Eligible Employee first performs one Hour of Service with the Bank or an Associated Company. If the Eligible Employee does not complete 1000 Hours of Service in his or her first twelve months of employment, the computation period changes to the Plan Year, beginning with the Plan Year immediately following the year in which the Eligible Employee first performs one Hour of Service.

Section 1.2 Employment Rules

(a) Utility Participants and HEIDI Participants . If a Utility Participant or a HEIDI Participant terminates employment with the Participating Employers and returns to employment as an Eligible Employee of a Utility or a HEIDI Employer, such Participant shall be eligible to recommence active participation in the Plan immediately for purposes of Salary Reduction Contributions and HEIDI Contributions, as applicable.

(b) Bank Participants . If a Bank Participant terminates employment with the Bank and later returns to employment as an Eligible Employee of the Bank, the Bank Participant shall be eligible to recommence active participation in the Plan on the same basis as before the Bank Participant's severance from employment.

(c) Employment with an Associated Company . Employment with a Participating Employer or an Associated Company shall be treated as employment with all Participating Employers for purposes of determining an Employee's eligibility service. However, although an Employee of a Participating Employer or Associated Company may have met the service requirements for a specific contribution (e.g., an Employee of a Utility has met the one year of employment requirement for AmeriMatch Contributions), such Employee shall not be eligible to share in contributions made by a Participating Employer that does not employ the Employee.

(d) Pre-participation Service Recognized Under the American Savings Bank Retirement Plan . To the extent pre-participation service with an employer acquired by the Bank was recognized under the American Savings Bank Retirement Plan for purposes of determining eligibility to participate, such pre-participation service shall also be recognized under this Plan for purposes of determining eligibility to participate for AmeriMatch and AmeriShare contributions.

(e) Employee Becomes an Eligible Employee . If an Employee becomes an Eligible Employee after he or she has commenced working, the service requirements in Section 1.1 shall be treated as having begun on the Employee's first day of work for the Participating Employer or an Associated Company.

Section 1.3 Duration of Participation

A Participant who terminates employment with the Participating Employers with a vested Account balance shall continue to be a Participant on an inactive basis until his or her entire vested Account balance is distributed in accordance with the terms of the Plan.

ARTICLE II
CONTRIBUTIONS

There are five types of possible contributions to the Plan. Salary Reduction Contributions (which include Catch-up Contributions) and Rollover Contributions may be made by all Participants. HEIDI Contributions are made only by HEIDI Employers on behalf of HEIDI Participants. AmeriShare and AmeriMatch Contributions are made only by the Bank on behalf of Bank Participants.

Section 2.1 Salary Reduction Contributions

Each Participating Employer shall make Salary Reduction Contributions in accordance with this Section and the salary reduction elections made by its Participants in accordance with Section 1.1(a)(iii).

(a) Regular Salary Reduction Contributions . Effective May 3, 2004, a Participant may elect Regular Salary Reduction Contributions of up to 30% of the Participant's Compensation for the period in the Plan Year during which he or she is a Participant. In addition to these percentage limitations, a Participant's Regular Salary Reduction Contributions are subject to the limitations in Article III of the Plan.

(b) Catch-up Contributions . Any Participant who will have attained age 50 before the end of the Plan Year (a "catch-up eligible Participant") is eligible to make Catch-up Contributions in accordance with, and subject to the limitations in, Section 3.2(b) of the Plan and Section 414(v) of the Code. Catch-up Contributions are not subject to the 30%-of-Compensation limit that applies to Regular Salary Reduction Contributions, but total Salary Reduction Contributions (Regular Salary Reduction Contributions plus Catch-up Contributions) may not exceed 75% of a Participant's Compensation.

Catch-up Contributions are not subject to the limits on annual additions, are not counted in the ADP test, and are not counted in determining the minimum allocation under Section 416 of the Code (but Catch-up Contributions made in prior years are counted in determining whether the Plan is top-heavy). Provisions in the Plan relating to Catch-up Contributions apply to Salary Reduction Contributions made after 2001.

A catch-up eligible Participant may elect to make Catch-up Contributions for the Plan Year regardless of whether his or her Regular Salary Reduction Contributions have yet reached the Plan limitation set forth in Section 2.1(a) or the Code limitations set forth in Sections 3.2 or 3.4. However, if such catch-up eligible Participant's Regular Salary Reduction Contributions do not reach such limits by the end of the Plan Year, the Catch-up Contributions shall be recharacterized as Regular Salary Reduction Contributions to the extent necessary to meet the requirements of Section 414(v) of the Code.

(c) Application of Section 401(a)(17) Limit . Section 401(a)(17) of the Code limits the amount of Compensation that may be taken into account in determining contributions for a Plan Year, and this limit is reflected in the definition of Compensation in Article XII. The limit applies on an annual basis. However, salary reduction elections are applied on a payroll period basis. In accordance with Section 1.1(a)(iii), a Participant may change the salary reduction percentage in effect at any time. Since contributions are limited by dollar amount under Section 402(g) of the Code ($15,500 for 2008), the Section 402(g) limit will apply to stop contributions before a Participant is limited by the Plan's 30% limit on Compensation, as capped by Section 401(a)(17) of the Code ($230,000 for 2008).

> **Example** : Participant A, age 45, earns $20,000 per month. From January through October 2008, Participant A has a salary reduction election in effect to contribute 5% of Compensation to the Plan. By the end of October, Participant A has contributed $10,000 to the Plan. In October, Participant A decides to maximize her Salary Reduction Contributions for the year up to the Section 402(g) limit. Effective November 1, Participant A increases her contributions to 15% of Compensation. During November and December, Participant A contributes a total of $5,500 to the Plan, reaching the 402(g) limit. (Her Salary Reduction Contributions are capped at the 402(g) limit.) During the year, Participant A has not contributed in excess of 30% of the Section 401 (a)(17) limit.

(d) No Other Benefits Conditioned on Salary Reduction Election . No other employee benefit, including, but not limited to, benefits under a defined benefit plan, non-elective employer contributions to a defined contribution plan, the availability, cost, or amount of health benefits, vacations or vacation pay, life insurance, dental benefits, legal services plans, loans (including Plan loans), financial planning services, subsidized retirement benefits, stock options, property subject to Code Section 83, or dependent care assistance, shall be directly or indirectly conditioned upon any Participant making a salary reduction election.

(e) Deposit of Salary Reduction Contributions . The Participating Employers shall deposit Salary Reduction Contributions with the Trustee on the earliest date such contributions can reasonably be segregated from the Participating Employer's general assets; provided that, except as permitted under U.S. Department of Labor Regulations, Salary Reduction Contributions must be deposited no later than the fifteenth (15th) business day of the month following the month in which such amounts would have been paid to the Participant in cash but for the Participant's salary reduction election.

(f) No Prefunding of Salary Reduction Contributions . In accordance with Section 1.401(k)-1(a)(3)(iii) of the Treasury Regulations, effective January 1, 2006, the Participating Employers may not make Salary Reduction Contributions prior to the Participant's 401(k) election and the Participant's performance of service with respect to which the Salary Reduction Contributions are made. However, this "prefunding" limitation shall not apply to contributions

that are made due to bona fide administrative considerations as provided in the Treasury Regulations.

(g) Administrative Procedures . The Administrative Committee shall have the power to adopt reasonable procedures for administering Salary Reduction Contributions. Such procedures may provide for salary reduction elections to be stated as dollar amounts, percentages, or a combination thereof, and may employ measures of compensation other than Compensation as defined in Section 12.12. The procedures may impose reasonable limitations on the amount a Participant may contribute for any pay period, provided such limitations do not unreasonably limit Participants' opportunities to make the maximum permissible Regular Salary Reduction Contributions and Catch-up Contributions over the course of a Plan Year. The procedures may provide for an Eligible Employee to receive salary reduction election materials within a reasonable time before or after he or she becomes eligible to participate, and thus may defer the effective date of the Eligible Employee's initial election for a reasonable time after his or her eligibility date to allow for the distribution of election materials and the processing of the initial election. The procedures shall not discriminate in favor of Highly Compensated Employees.

Section 2.2 AmeriMatch Contributions

(a) Amount . The Bank shall match the Salary Reduction Contributions of Bank Participants who have met the eligibility requirements in Section 1.1(c)(i) on a dollar-for-dollar basis on the first 4% of Compensation deferred by the Bank Participant.

(b) Matching by Payroll Periods . AmeriMatch Contributions shall be calculated separately with respect to each payroll period, and the Bank shall true-up the match throughout the Plan Year. On an aggregate basis, the Bank shall contribute the lesser of: (i) 4% of Compensation paid by the Bank year-to-date, or (ii) 100% of the Participant's Salary Reduction Contributions year-to-date, up to a maximum of 4% of the limit on Compensation in effect for the Plan Year under Section 401(a)(17) of the Code.

> **Example** : Participant A earns $10,000 per payroll period and has an election in place during the first payroll period in 2008 to contribute 15% of Compensation as a Salary Reduction Contribution. For the first 10 payroll periods in 2008, the Bank contributes to the Plan on behalf of Participant A $1,500 as a Salary Reduction Contribution and matches the contribution with an AmeriMatch Contribution of $400. During the 11th payroll period, Participant A reaches the 402(g) limit for 2008 when the Bank contributes $500 as a Salary Reduction Contribution. However, assuming Participant A continues to receive $10,000 per payroll period, the Bank will continue to contribute $400 as an AmeriMatch Contribution for the 11th payroll period and continuing payroll periods until Participant A reaches the maximum match for 2008 of $9,200 (4% x $230,000 = $9,200).

(c) Deposit of AmeriMatch Contributions . The Bank expects to deposit the AmeriMatch Contributions with the Trustee at or about the same time it deposits the Salary Reduction Contributions to which the AmeriMatch Contributions relate. In any event, the Bank will pay the AmeriMatch Contributions to the Trustee no later than the due date, including extensions thereof, for filing the Bank's tax return for the taxable year with respect to which the AmeriMatch Contributions are made.

Section 2.3 AmeriShare Contributions

(a) Tiered Amount . The Bank shall make AmeriShare Contributions on behalf of Bank Participants who have met the eligibility requirements in Section 1.1(c)(ii) and the annual allocation requirements in Section 2.3(b). AmeriShare Contributions are tiered, discretionary **,** non-elective contributions. The tiers are based on whole Years of Vesting Service. The Bank will allocate the AmeriShare Contributions among eligible Bank Participants in accordance with the following schedule:

Whole Years of Vesting Service	AmeriShare Contribution
0 - 4 Years	Base Contribution
5 - 9 Years	125% x Base Contribution
10 - 19 Years	137.5% x Base Contribution
20 Years or more	150% x Base Contribution

Currently, the "Base Contribution" is 4% of AmeriShare Compensation.

(b) Annual Allocation Requirements . To be eligible to share in any AmeriShare Contribution for a Plan Year, a Bank Participant must have completed 1000 Hours of Service during the Plan Year and must be employed on the last day of the Plan Year. However, if a Bank Participant terminates employment because of Retirement, death, or Disability, such Bank Participant shall be eligible to share in any AmeriShare Contribution for that Plan Year if the Bank Participant is working at the rate of at least 1000 Hours of Service when the Bank Participant terminates employment.

(c) Deposit of AmeriShare Contributions . The Bank shall pay the AmeriShare Contributions to the Trustee no later than the due date, including extensions thereof, for filing the Bank's tax return for the taxable year with respect to which the AmeriShare Contributions are made.

Section 2.4 HEIDI Contributions

(a) Amount . For each Plan Year, each HEIDI Employer may determine and make a non-elective HEIDI Contribution, which shall be allocated among the eligible HEIDI Participants in accordance with the rules in Section 2.4(d). Currently, the HEIDI Employers will make a HEIDI Contribution equal to six percent (6%) of the HEIDI Compensation the eligible HEIDI Participant earned from the HEIDI Employer during the Plan Year.

(b) Deposit of HEIDI Contributions . Each HEIDI Employer shall pay its HEIDI Contribution to the Trustee no later than the due date, including extensions thereof, for filing the HEIDI Employer's tax return for the taxable year with respect to which the contribution is made.

(c) Eligibility to Share in HEIDI Contributions . A HEIDI Participant is eligible to share in the HEIDI Contribution for a Plan Year if the HEIDI Participant (1) is employed by the HEIDI Employer on the last day of the Plan Year, (2) transferred employment during the year to another Participating Employer and remains employed by such other Participating Employer on the last day of the Plan Year, or (3) terminated employment because of Retirement, death or Disability. If a HEIDI Employer terminates its participation in the Plan in accordance with Section 9.2, such HEIDI Employer may make a HEIDI Contribution for the Plan Year in which such termination occurs, in which event all HEIDI Participants who are employed by such HEIDI Employer on the effective date of such termination shall be treated as if they were employed on the last of the Plan Year for purposes of this Section 2.4(c).

(d) Allocation of HEIDI Contributions . Each HEIDI Employer's HEIDI Contribution shall be allocated among the Accounts of its respective eligible HEIDI Participants, so that each such HEIDI Participant shall receive an allocation equal to the same percentage of his or her HEIDI Compensation as every other eligible HEIDI Participant employed by the same HEIDI Employer for the year. Except for HEIDI Participants returning from Qualified Military Service who are entitled to USERRA contributions under Section 2.7, no HEIDI Participant shall be credited while on leave of absence with deemed HEIDI Compensation for purposes of calculating the HEIDI Contribution.

Section 2.5 Return of Contributions

(a) Mistake of Fact . If a contribution is made because of a mistake of fact, the contribution may be returned within one year after the contribution is made. The amount that may be returned is the amount contributed over the amount that would have been contributed had no mistake of fact occurred. For AmeriShare Contributions, AmeriMatch Contributions, and HEIDI Contributions, earnings on mistaken contributions may not be returned, but losses attributable thereto reduce the amount returned. Mistaken Regular Salary Reduction and Catch-up Contributions shall be adjusted for earnings or losses.

(b) Loss of Deduction . If an AmeriShare Contribution, AmeriMatch Contribution, or HEIDI Contribution is not deductible under the Code, such contribution (to the extent the deduction is disallowed) may be returned to the Bank or HEIDI Employer, as applicable, within one year after the disallowance of the deduction. Earnings on nondeductible contributions may not be returned, but losses attributable thereto reduce the amount returned.

Section 2.6 Rollover Contributions

(a) Direct Rollovers . A Participant or an Eligible Employee (whether or not a Participant) may make a "direct rollover" to the Plan of an "eligible rollover distribution" from: (i) a retirement plan qualified under Section 401(a) of the Code; (ii) an annuity plan described in Section 403(a) of the Code; (iii) an annuity contract described in section 403(b) of the Code; (iv) an individual retirement account or individual retirement annuity described in Section 408 of the

Code; or (v) an eligible Section 457(b) deferred compensation plan established and maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

A "direct rollover" is a direct payment of an eligible rollover distribution by any reasonable means from the trustee or annuity provider of the former plan or arrangement to the trustee of this Plan. An "eligible rollover distribution" means a payment of cash, the full amount of which would otherwise be taxable to the Participant, which is not one of a series of periodic payments, and which is not a payment required to be distributed to the Participant under Section 401(a)(9) of the Code.

The Administrative Committee may adopt reasonable standards and procedures for determining whether a proposed rollover is permissible.

(b) Direct Rollovers of After-Tax Amounts . The Plan may accept direct rollovers of after-tax amounts from retirement plans qualified under Section 401(a) of the Code or from annuity contracts described in Section 403(b) of the Code. The Trustee shall separately account for the after-tax portion of any direct rollover under this Section 2.6(b).

(c) Traditional Rollovers . The Administrative Committee may consider traditional rollovers by Eligible Employees. To protect the tax-qualified status of the Plan, the Administrative Committee may ask the Eligible Employee to provide an opinion of counsel or other evidence to establish that the requirements for a rollover distribution have been satisfied.

Section 2.7 USERRA Rights of Participants Returning from Qualified Military Service

If a Participant returns to employment with a Participating Employer following a leave of absence for Qualified Military Service, the Participant shall be eligible to have his or her military leave of absence counted as employment with the Participating Employer for purposes of Salary Reduction Contributions, AmeriShare Contributions, AmeriMatch Contributions, and HEIDI contributions, as applicable. The Administrative Committee has established written procedures to meet the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"). These procedures establish rules permitting reemployed veterans to make up Salary Reduction Contributions upon their return to employment with a Participating Employer and granting makeup AmeriShare Contributions, AmeriMatch Contributions, and HEIDI contributions for returning Bank Participants and HEIDI Participants, as applicable. The USERRA procedures are incorporated herein by this reference and may be amended at any time without notice and without further amendment to this document.

ARTICLE III
NONDISCRIMINATION RULES; LIMITATIONS ON CONTRIBUTIONS

Section 3.1 Section 401(k) Nondiscrimination Rules (Effective January 1, 2006)

(a) ADP Test . Salary Reduction Contributions are tested for discrimination under the actual deferral percentage (“ADP”) test of Section 401(k)(3)(ii) of the Code. The Plan uses the prior-year ADP testing method, under which the ADP in the current year for the group of Eligible Employees who are HCE’s is compared to the ADP in the previous year for the group of Eligible Employees who were NHCE’s in the previous year. The comparative percentages must satisfy one of the following tests:

(i) 1.25 Test . The ADP for the current Plan Year for the group of Eligible Employees who are HCE’s is not more than the ADP in the previous Plan Year for the group of Eligible Employees who were NHCE’s in the previous Plan Year multiplied by 1.25 [HCE ADP ≤ (NHCE ADP x 1.25)], or

(ii) 2% Spread Test . The excess of the ADP for the current Plan Year for the group of Eligible Employees who are HCE’s is not more than two percentage points greater than the ADP in the previous Plan Year for the group of Eligible Employees who were NHCE’s in the previous Plan Year, and the ADP for the current Plan Year for the group of Eligible Employees who are HCE’s is not more than twice the ADP in the previous Plan Year for the group of Eligible Employees who were NHCE’s in the previous Plan Year [HCE ADP ≤ (NHCE ADP + 2%)] and [HCE ADP ≤ (NHCE ADP x 2)].

(b) ADP Rules .

(i) Groups . The ADP for a specified group of Eligible Employees for a Plan Year means the average of the ratios (calculated separately for each Eligible Employee in such group) of (A) the amount of salary reduction contributions allocated to the Eligible Employee’s Account as of a date within such Plan Year to (B) such Eligible Employee’s ADP Compensation for such Plan Year. The ADP of an Eligible Employee who is eligible to but does not elect to have Salary Reduction Contributions made on his or her behalf for a Plan Year is zero.

(ii) Special Rule for HCE’s . The ADP for any Eligible Employees who is an HCE for the Plan Year and who is eligible to have contributions allocated to his or her account under two or more cash or deferred arrangements described in Section 401(k) of the Code that are maintained by a Participating Employer shall be determined as if such contributions were made under a single arrangement.

(iii) Lookback . The ADP for the eligible NHCE’s is determined using the actual deferral ratios for the Eligible Employees who were NHCE’s in the previous Plan Year, regardless of whether those NHCE’s are Eligible Employees or NHCE’s in the Plan Year for which the ADP test is being calculated.

(iv) Catch-up Contributions . Catch-up Contributions are not taken into account under the ADP test for any Plan Year.

The provisions of Section 401(k)(3) of the Code and Section 1.401(k)-2 of the Treasury Regulations are incorporated in the Plan by this reference.

(c) Correction of Excess Contributions . Excess contributions are corrected under a four-step process as follows:

(i) Step 1 . If the Plan does not satisfy either of the ADP tests for a Plan Year, the dollar amount of excess contributions for each affected HCE shall be calculated in a manner consistent with Section 401(k)(8)(B) of the Code and Section 1.401(k)-2(b)(2) of the Treasury Regulations, which states that the amount of excess contributions for an HCE is the amount (if any) by which such HCE's contributions must be reduced for the HCE's actual deferral ratio ("ADR") to equal the highest permitted ADR for the year. To calculate the highest permitted ADR, the ADR of the HCE with the highest ADR is reduced by the amount required to cause that HCE's ADR to equal the ADR of the HCE with the next highest ADR. If a lesser reduction would enable the arrangement to satisfy the ADP test after reductions, only this lesser reduction would be used. The process described in this Step 1 must be repeated until the arrangement would satisfy the ADP test after reductions. The sum of all reductions for all HCE's is the total amount of excess contributions for the Plan Year.

(ii) Step 2 . The total amount of excess contributions determined in Step 1 shall be apportioned among the HCE's in accordance with this Step 2. The contributions of the HCE with the highest dollar amount of contributions taken into account under the ADP test shall be reduced by the amount required to cause that HCE's contributions to equal the dollar amount of the contributions for the HCE with the next highest dollar amount of contributions taken into account under the ADP test. However, if a lesser apportionment to the HCE would enable the Plan to apportion the total amount of excess contributions, only the lesser apportionment would apply The procedure in this Step 2 must be repeated until the total amount of excess contributions has been apportioned.

(iii) Step 3 . The amount of excess contributions apportioned to an HCE must then be adjusted for earnings or losses as follows: The income or loss allocable to such excess contributions shall be the sum of:

(A) the income or loss allocable to the HCE's Salary Reduction Subaccount for the Plan Year for which the excess contributions occurred multiplied by a fraction, the numerator of which is the HCE's excess contributions for the Plan Year and the denominator of which is the balance of the HCE's Salary Reduction Subaccount as of the beginning of the Plan Year plus the HCE's Salary Reduction Contributions during the Plan Year; and

(B) 10% of the amount determined under (A) above multiplied by the number of whole calendar months between the end of such Plan Year and the date

of distribution, counting the month of distribution if distribution occurs after the 15th day of such month.

(iv) Step 4. Within twelve months after the close of the Plan Year in which the excess contribution occurred, the Plan must distribute to each HCE the excess contributions apportioned to the HCE under Step 2 and the allocable income determined under Step 3. To avoid the 10% excise tax under Section 4979 of the Code, the distributions must be made within 2 1/2 months after the close of the Plan Year in which the excess contribution occurred. The distribution shall be designated as a corrective distribution of excess contributions.

(v) Special Rule for Catch-up Contributions. If an HCE who would otherwise receive a corrective distribution is eligible to make Catch-up Contributions for the year in which the excess contributions occurred and if the Catch-up Contributions for such HCE are less than the Catch-up Contribution dollar limit in Section 3.2(b), some or all of the amount that would otherwise be distributed to the HCE shall be recharacterized as a Catch-up Contribution and retained in such HCE's Account. The amount to be recharacterized and retained shall be equal to the lesser of (1) the difference between the Catch-up Contribution dollar limit for the Plan Year and the HCE's prior Catch-up Contribution for the Plan Year or (2) the total amount that would otherwise be distributed to the HCE as a corrective distribution.

Section 3.2 Maximum 401(k) Contributions

(a) Dollar Limit on Salary Reduction Contributions. No Participant shall be permitted to make Salary Reduction Contributions during any calendar year in excess of the amount of elective deferrals permitted by Section 402(g)(1) of the Code. The limit is set annually by the IRS and is adjusted for cost-of-living increases. For 2008, the limit is $15,500.

(i) Designation of Excess Elective Deferrals. The 402(g) limit applies to the Participant and is based not only on salary reduction contributions to this Plan but also on "elective deferrals" to any other qualified retirement plan, including plans of other employers. "Elective deferrals" are contributions made to employer-sponsored, qualified retirement plans pursuant to salary reduction agreements and include 401(k) contributions, 403(b) annuity contributions, and elective contributions to SIMPLE plans. Since neither the Participating Employers, the PIC, nor the Administrative Committee has knowledge of a Participant's elective deferrals to qualified retirement plans of other employers, it is the Participant's responsibility to monitor this limit with respect to all elective deferrals. If a Participant's elective deferrals for a Plan Year are in excess of the 402(g) limit, the Participant must choose which plan to allocate the excess to. If the Participant chooses to allocate some or all of the excess to this Plan, the Participant must so notify the Administrative Committee no later than March 1 of the year following the year in which the excess occurred. The Participant's notice to the Administrative Committee must (a) be in writing, (b) specify the amount of such excess for the preceding year allocated to the Plan, and (c) be accompanied by the Participant's written statement to the effect that if such amounts are not distributed, such excess (when added to amounts deferred under other qualified retirement plans or arrangements) would exceed the limit

imposed on the Participant by Section 402(g) of the Code for the year in which the contribution occurred. A Participant shall be deemed to have provided the foregoing notice to the Administrative Committee if the Participant's elective deferrals have exceeded the 402(g) limit taking into account only Salary Reduction Contributions to this Plan and elective deferrals to other plans sponsored by the Participating Employers or an Associate Company.

(ii) Distribution of Excess Elective Deferrals . Any excess elective deferrals allocated to the Plan in accordance with the foregoing paragraph, plus any income and minus any loss allocable thereto, shall be distributed to the Participant no later than April 15 of the year following the year in which the excess elective deferrals were contributed. The income or loss allocable to such excess elective deferrals shall be the sum of:

(A) the income or loss allocable to the Participant's Salary Reduction Subaccount for the Plan Year multiplied by a fraction, the numerator of which is the Participant's excess elective deferrals for the Plan Year and the denominator of which is the balance of the Participant's Salary Reduction Subaccount as of the beginning of the Plan Year plus the Participant's Salary Reduction Contributions during the Plan Year; and

(B) 10% of the amount determined under (A) above multiplied by the number of whole calendar months between the end of such Plan Year and the date of distribution, counting the month of distribution if distribution occurs after the 15th day of such month.

(ii) Special Rule for Catch-up Contributions . If a catch-up eligible Participant has made Regular Salary Reduction Contributions in excess of the 402(g) limit but has not made the full amount of Catch-up Contributions permitted under Section 3.2(b), the amount of Regular Salary Reduction Contributions in excess of the 402(g) limit shall be recharacterized as Catch-up Contributions to the extent permitted under Section 3.2(b).

(b) Dollar Limit on Catch-up Contributions . No catch-up eligible Participant shall be permitted to make Catch-up Contributions during any calendar year in excess of the amount permitted under Section 414(v)(2)(B)(i) of the Code, as adjusted for cost-of-living increases. For 2008, the limit is $5,000.

Section 3.3 Section 401(m) Nondiscrimination Rules

(a) ACP Test . AmeriMatch Contributions shall be tested for discrimination under the actual contribution percentage ("ACP") test of Section 401(m)(2) of the Code. The Plan uses the prior-year ACP testing method, under which the ACP in the current year for the group of Eligible Employees who are HCE's is compared to the ACP in the previous year for the group of Eligible Employees who were NHCE's in the previous year. The comparative percentages must satisfy one of the following tests:

(i) 1.25 Test . The ACP for the current Plan Year for the group of Eligible Employees who are HCE's is not more than the ACP in the previous Plan Year for the

group of Eligible Employees who were NHCE’s in the previous Plan Year multiplied by 1.25 [HCE ACP ≤ (NHCE ACP x 1.25)], or

(ii) 2% Spread Test. The excess of the ACP for the current Plan Year for the group of Eligible Employees who are HCE’s is not more than two percentage points greater than the ACP in the previous Plan Year for the group of Eligible Employees who were NHCE’s in the previous Plan Year, and the ACP for the current Plan Year for the group of Eligible Employees who are HCE’s is not more than twice the ACP in the previous Plan Year for the group of Eligible Employees who were NHCE’s in the previous Plan Year [HCE ACP ≤ (NHCE ACP + 2%)] and [HCE ACP ≤ (NHCE ACP x 2)].

(b) ACP Rules.

(i) Groups. The ACP for a specified group of Eligible Employees for a Plan Year means the average of the ratios (calculated separately for each Eligible Employee in such group) of (A) the amount of AmeriMatch contributions allocated to the Eligible Employee’s Account as of a date within such Plan Year to (B) such Eligible Employee’s ADP Compensation for such Plan Year.

(ii) Special Rule for the 2008 Plan Year. For the 2008 Plan Year, which is the first year in which AmeriMatch Contributions are made, the ACP for NHCE’s shall be deemed to be 3%.

(iii) Special Rule for HCE’s. The ACP for any Eligible Employees who is an HCE for the Plan Year and who is eligible for matching contributions or employee contributions under more than one plan maintained by a Participating Employer shall be determined as if such contributions were made under a single arrangement.

(iv) Lookback. The ACP for the eligible NHCE’s is determined using the actual contribution ratios for the Eligible Employees who were NHCE’s in the previous Plan Year, regardless of whether those NHCE’s are Eligible Employees or NHCE’s in the Plan Year for which the ACP test is being calculated.

The provisions of Section 401(m)(2) of the Code and Section 1.401(m)-2 of the Treasury Regulations are incorporated in the Plan by this reference.

(c) Correction of Excess Aggregate Contributions. Excess aggregate contributions are corrected under a four-step process as follows:

(i) Step 1. If the Plan does not satisfy either of the ACP tests for a Plan Year, the dollar amount of excess aggregate contributions for each affected HCE shall be calculated in a manner consistent with Section 401(m)(6) of the Code and Section 1.401(m)-2(b)(2) of the Treasury Regulations, which states that the amount of excess aggregate contributions for an HCE is the amount (if any) by which such HCE’s contributions must be reduced for the HCE’s actual contribution ratio (“ACR”) to equal the highest permitted ACR for the year. To calculate the highest permitted ACR, the ACR of the HCE with the highest ACR is reduced by the amount required to cause that

HCE's ACR to equal the ACR of the HCE with the next highest ACR. If a lesser reduction would enable the arrangement to satisfy the ACP test, only this lesser reduction would be used. The process described in this Step 1 must be repeated until the arrangement would satisfy the ACP test after reductions. The sum of all reductions for all HCE's is the total amount of excess aggregate contributions for the Plan Year.

(ii) Step 2 . The total amount of excess aggregate contributions determined in Step 1 shall be apportioned among the HCE's in accordance with this Step 2. The contributions of the HCE with the highest dollar amount of contributions taken into account under the ACP test shall be reduced by the amount required to cause that HCE's contributions to equal the dollar amount of the contributions for the HCE with the next highest dollar amount of contributions taken into account under the ACP test. However, if a lesser apportionment to the HCE would enable the Plan to apportion the total amount of excess aggregate contributions, only the lesser apportionment would apply The procedure in this Step 2 must be repeated until the total amount of excess aggregate contributions has been apportioned.

(iii) Step 3 . The amount of excess aggregate contributions apportioned to an HCE must then be adjusted for earnings or losses as follows: The income or loss allocable to such excess contributions shall be the sum of:

(A) the income or loss allocable to the HCE's AmeriMatch Subaccount for the Plan Year for which the excess aggregate contributions occurred multiplied by a fraction, the numerator of which is the HCE's excess aggregate contributions for the Plan Year and the denominator of which is the balance of the HCE's AmeriMatch Subaccount as of the beginning of the Plan Year plus the HCE's AmeriMatch Contributions for the Plan Year; and

(B) 10% of the amount determined under (A) above multiplied by the number of whole calendar months between the end of such Plan Year and the date of distribution, counting the month of distribution if distribution occurs after the 15th day of such month.

(iv) Step 4 . Within twelve months after the close of the Plan Year in which the excess aggregate contributions occurred, the Plan must distribute to each HCE the excess aggregate contributions apportioned to the HCE under Step 2 and the allocable income determined under Step 3. To avoid the 10% excise tax under Section 4979 of the Code, the distributions must be made within 2 $^{1}/_{2}$ months after the close of the Plan Year in which the excess aggregate contributions occurred. The distribution shall be designated as a corrective distribution of excess aggregate contributions.

Section 3.4 Section 415 Limitations

(a) Annual Additions . For each Plan Year, "Annual Additions" to the Plan (plus "Annual Additions" to any other defined contribution plan that a Participating Employer maintains) on behalf of each Participant may not exceed the lesser of $40,000 (adjusted for cost-of-living increases under Section 415(d) of the Code ($46,000 for 2008)) or 100% of the

Participant's 415 Compensation for the Plan Year. "Annual Additions" means the sum credited to a Participant's Account for a Plan Year of:

- all employer contributions (including Salary Reduction Contributions),
- all Employee contributions (none are currently allowed),
- forfeitures,
- with respect to "Key Employees" only, as defined in Section 11.1(a), amounts contributed to a 401(h) account in a defined benefit plan or to a qualified asset account in a welfare benefit fund to provide postretirement medical benefits to or on behalf of the Key Employee, except that the 100% limitation on Annual Additions shall not apply to any amounts treated as Annual Additions under this paragraph.

Catch-up Contributions and assets transferred or rolled over from another qualified plan are not Annual Additions. Furthermore, the reinvestment of dividends on Company Stock held in the Company Stock Fund, described in Sections 4.3(a) and (e), the allocation of a restorative payment, described in Section 1.415(c)-1(b)(2)(ii)(C) of the Treasury Regulations, and the repayment of a Plan loan are not Annual Additions. However, Annual Additions include excess Salary Reduction Contributions and excess aggregate contributions for a Plan Year that are subsequently distributed to a Participant pursuant to Section 3.1(c) and 3.3(c), as applicable. Annual Additions also include Salary Reduction Contributions that exceed the limits of Section 402(g) of the Code, except to the extent such excess amounts are refunded to the Participant by April 15 of the following Plan Year.

(b) Section 415 Aggregation Rules . In applying the limitations of Section 415 of the Code, all defined contribution plans (whether or not terminated) of a Participating Employer (or a predecessor employer, as defined in Section 1.415(f)-1(c) of the Treasury Regulations) under which the Participant has received Annual Additions shall be treated as one plan, and the term "Participating Employer" shall include the Company and all corporations that are members of the same controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c), as modified, except in the case of a brother-sister group of trades or businesses under common control, by Code Section 415(h)), affiliated service groups (as defined in Code Section 414(m)), and any other entity required to be aggregated with the Company under Code Section 414(o).

ARTICLE IV
ACCOUNTING AND INVESTMENTS

Section 4.1 Assets To Be Held by Trustee

All assets of the Plan shall be held and invested by the Trustee pursuant to the Trust Agreement and the rules set forth in this Article IV.

Section 4.2 Accounting and Expenses

The Trustee or an affiliate of the Trustee shall maintain accurate accounting of each Participant's interest in the Plan in accordance with the Trust Agreement or separate record keeping agreement.

(a) Subaccounts . Although the total interest of a Participant in the Plan is reflected in or expressed as his or her Account, the Trustee may maintain Subaccounts to reflect different sources of contributions to a Participant's Account. For example, all Salary Reduction Contributions and any other 401(k) monies must be separately accounted for to ensure that the distribution restrictions under Section 401(k) are complied with. As of January 1, 2008, the Trustee maintains the following Subaccounts with respect to Participant Accounts:

- Salary Reduction
- Rollover
- AmeriShare
- Employer ASB
- IRA
- Employer HEISOP
- After-Tax Rollover
- Participant Voluntary
- HEI Diversified Plan ("HEIDI")
- AmeriMatch
- Employer Supplemental
- Voluntary HEISOP
- Employee Pre-Tax Catch-up
- Employer BIA

The Subaccounts may be changed by agreement between the PIC and the Trustee.

(b) Valuation of Accounts . The Account and Subaccounts of each Participant shall be valued at the end of each day that the New York Stock Exchange is open (each, a "valuation date"). All distributions, withdrawals, and Plan loans shall be based on the value of a Participant's Account as of the last valuation date.

(c) Expenses . To the extent not paid by the Participating Employers, all costs and expenses of the Plan and any taxes assessed against the Plan shall be paid from the Plan. Each Participant may be assessed a recordkeeping fee by the Trustee with respect to his or her Account. Other fees and expenses paid from the Plan shall be allocated among Accounts as determined by the Administrative Committee, which shall have the authority, in its discretion, to cause fees and expenses that are properly allocable to particular, individual Accounts to be charged directly to such Accounts and to cause fees and expenses that are not so allocable to be allocated among all Accounts in a reasonable manner determined by the Administrative Committee. The Administrative Committee shall maintain and make available, or ensure that the Trustee maintains and makes available, a current fee schedule for routine fees and expenses that the Administrative Committee has determined to be directly chargeable to the Accounts of

particular Participants and Beneficiaries; provided, however, that the Administrative Committee may cause specific expenses to be allocated directly to one or more particular Accounts if the Administrative Committee determines that such allocation is reasonable and appropriate under applicable law and administrative guidance, even if such expenses are not listed on the fee schedule.

Section 4.3 Investment of Accounts

(a) Broad Range of Investments . The Plan offers a broad range of investment funds, including, but not limited to, mutual funds managed by an affiliate of the Trustee and other companies, a money market account at American Savings Bank, F.S.B., and an employer stock fund that invests primarily in common stock of the Company (the "Company Stock Fund"). The PIC may change the investment funds offered at any time. A prospectus describing the Plan and the investment risks associated with an investment in the Plan is available to Participants. Appendix A to such prospectus describes the investment funds offered under the Plan. Prospectuses are also available for the mutual fund options.

(b) Participant Direction . Each Participant is responsible for investing all of his or her Account. A Participant exercises his or her investment responsibility by choosing from among the investment funds offered. Participants are responsible for educating themselves regarding the investment funds available to them. Initial investment choices and subsequent changes are made directly with the Trustee via the telephone or internet. The PIC is authorized to establish additional rules to regulate or restrict investment elections. The Trustee and the mutual funds may impose their own rules and restrictions with respect to investments, including imposing redemption fees and penalties to restrict certain trading practices. Investment elections and exchanges under the Plan are subject to all such rules, restrictions, fees, and penalties.

(c) Qualified Default Investment Alternative . Effective August 1, 2007, if a Participant does not choose an investment option for any portion of the Participant's Account, the Participant shall be deemed to have chosen the appropriate target-date Fidelity Freedom Fund ("Target Fund") as the investment option applicable to the non-directed portion of the Participant's Account. (Prior to August 1, 2007, the default investment was the American Savings Bank, F.S.B. Money Market Account.) It is intended that the Target Funds shall meet the requirements to be a "qualified default investment alternative," as defined in U.S. Department of Labor ("DOL") Regulations implementing Section 404(c)(5) of ERISA.

(d) Section 404(c) Plan . The Plan is intended to constitute a plan described in Section 404(c) of ERISA and the DOL Regulations thereunder. Under Section 404(c) of ERISA, fiduciaries of the Plan are relieved of liability for any losses that are the direct and necessary result of a Participant's or Beneficiary's exercise of control over investments in the Participant's Account. This means that each Participant bears the risks and rewards of the Participant's own investment decisions. Investment losses may occur based on those decisions. Neither the Participating Employers nor their officers and directors, the PIC, the Administrative Committee, the Trustee, nor any of their representatives insure or otherwise guarantee the performance of any investment fund offered under the Plan.

(e) Company Stock Fund

(i) ESOP Status . The portion of the Plan comprising the Company Stock Fund is an “employee stock ownership plan” (“ESOP”), as defined in Section 4975(e)(7) of the Code. The Company Stock Fund is a unitized fund that is invested primarily in common stock of the Company.

(ii) Voting of Shares . Each Participant shall have the right to direct the Trustee as to the manner in which the Trustee is to vote that number of shares of common stock of the Company represented by units in the Company Stock Fund credited to the Participant’s Account. Participant ownership of Company stock and voting by Participants with respect to such stock shall be kept confidential in accordance with procedures approved by the PIC. The Trust Agreement sets forth the responsibilities of the Company, the PIC, and the Trustee with respect to notification to Participants of annual or special meetings, the means of communicating directions, and the voting of shares for which no direction is received by the Trustee. The Trust Agreement, as it may be amended, shall be followed by the Trustee in performing its responsibilities with respect to common stock of the Company held by the Plan.

(iii) Tender Offers . In the event of a tender offer or other situation that involves the potential for undue influence, tabulation of Participant votes shall be controlled by the Trustee in accordance with the terms of the Trust Agreement.

(iv) Section 16 Insiders . With respect to a Participant who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 (an “Affected Participant”), the provisions of the Plan and all transactions hereunder are intended and shall be construed and applied so as to comply with all applicable requirements and conditions for exemption under Rule 16b-3 or any successor rule. In this regard, an Affected Participant’s investment election directing the investment, disposition, or reinvestment of the Participant’s Account in the Company Stock Fund shall be structured to meet the requirements for a “discretionary transaction” under Title 17, Section 240.16b-3 (f) of the Code of Federal Regulations. Specifically, the Affected Participant shall be allowed to make such investment election with respect to the acquisition or disposition of an interest in the Company Stock Fund only if such election is made on or after the date that is six months following the date of the most recent investment election for an “opposite way” transaction under any employee benefit plan sponsored by a Participating Employer or Associated Company. For this purpose, an “opposite way” transaction means a previous acquisition if the current transaction is a disposition, and vice versa. However, an acquisition or disposition of an interest in the Company Stock Fund resulting from an election to receive, or defer the receipt of, Company stock or cash in connection with the death, Disability, Retirement, or termination of service of the Participant falls outside the meaning of a “discretionary transaction” under Rule 16b-3(f), and shall not be subject to, or considered in applying, the above six-month election restriction.

(v) Change in Shares . If the outstanding shares of common stock of the Company are decreased or exchanged for a different number or kind of shares or other

securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of common stock or other securities through merger, consolidation, sale of all or substantially all the assets of the Company, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other distribution with respect to such shares of common stock or other securities, an appropriate and proportionate adjustment may be made to the maximum number and kind of shares or other securities that are subject to an effective registration statement filed with the Securities Exchange Commission pursuant to the Securities Act of 1933, as amended. Any adjustment under this paragraph shall be subject to the requirements of applicable federal and state securities laws and regulations.

(vi) Purchase and Sale of Shares . All purchases of Company stock by the Trustee shall be made at a price that does not exceed the fair market value of such Company stock as of the date of purchase. Purchases may be made directly with the Company or on the open market. The PIC may direct the Trustee to sell or resell shares of Company stock to any person, including the Company or any Participating Employer, at a price that is not less than the fair market value of such Company stock as of the date of sale. Any such sale shall be made in conformance with Section 408(e) of ERISA.

(vii) Diversification . Subject to Section 4.3(e)(iv) and applicable trading restrictions imposed by the PIC, the Trustee, or an investment fund, Participants are free to diversify the investments of their Accounts at all times.

(viii) Dividends . Dividends on Company stock held in the Company Stock Fund shall be paid to the Trustee and allocated among Participants in accordance with their Account balances invested in the Company Stock Fund. Each Participant's allocable share of each such dividend payment shall, at the election of the Participant, be either (A) paid to the Participant in cash, or (B) reinvested in the Company Stock Fund for the benefit of the Participant and held as part of such Participant's Account. Such Participant elections and cash payments shall be made in accordance with procedures established by the Administrative Committee. The Administrative Committee may establish reasonable restrictions on the right to receive dividends in cash, including a reasonable minimum amount for such distributions and a reasonable deadline prior to each dividend distribution for making elections. If a Participant does not affirmatively elect to receive a dividend in cash, he or she shall be deemed to have elected reinvestment of such dividend. Any payment of cash dividends to the Participants (or Beneficiaries) shall be accounted for as if the Participants (or Beneficiaries) receiving the dividends were direct owners of the shares of Company stock, and the payment shall not be treated as a Plan distribution for purposes of Article VI.

Section 4.4 General Investment Powers of the PIC

(a) General . The PIC may authorize or direct investments in any investment permitted under ERISA and agreed to by the Trustee. The PIC may remove the authority given to Participants to direct the investments in their own Accounts, in which case the PIC or other fiduciary will be responsible for the investments in Participant Accounts.

(b) Investment Managers. The PIC may contract with one or more investment managers for the management of all or a portion of the Plan's assets in accordance with the requirements of ERISA. An investment manager must be registered as an investment adviser under the Investment Advisers Act of 1940 or otherwise meet the requirements of section 3(38)(B) of ERISA, and an investment manager must acknowledge in writing that the investment manager is a fiduciary of the Plan. The PIC may remove or replace an investment manager, as the PIC deems appropriate, in accordance with the applicable investment management contract.

(c) Company Stock and Bank Deposits. Subject to the limitations in Sections 407 and 408 of ERISA, up to 100% of the assets of the Plan may be invested in (i) common stock of the Company or (ii) the American Savings Bank, F.S.B., Money Market Account or other bank deposits of American Savings Bank that bear a reasonable rate of interest.

(d) Common and Collective Trust Funds. A transaction may be made between the Plan (including a trust or insurance contract forming a part thereof) and (i) a common or collective trust fund or pooled investment fund maintained by a party in interest (as such term is defined in ERISA) that is a bank or trust company supervised by a state or federal agency or (ii) a pooled investment fund of an insurance company qualified to do business in a state, if (A) the transaction is a sale or purchase of an interest in such fund, and (B) the bank, trust company, or insurance company receives not more than reasonable compensation.

(e) 81-100 Trusts. Assets of the Plan may be invested in a group trust qualifying for exemption from tax under Section 501(a) of the Code in accordance with Revenue Ruling 81-100, as modified by Revenue Ruling 2004-67, (an "81-100 Trust"). To the extent any assets of the Plan are invested in an 81-100 Trust, the provisions of the trust agreement governing the 81-100 Trust, as amended from time to time, and the trust thereby created, are hereby adopted as part of this Plan and the trust hereunder with respect to Plan assets invested therein.

Section 4.5 Plan Loans to Active Participants

A Plan loan program is available to Participants who are actively employed by a Participating Employer. Participants who are no longer actively employed by a Participating Employer may access their Accounts through distributions in accordance with the provisions of Article VI. The loan program is administered by the Trustee in accordance with procedures approved by the Administrative Committee. The loan procedures are incorporated herein by this reference and may be amended at any time without notice and without further amendment to the Plan. If there is any conflict between the loan procedures and this Section 4.5, the loan procedures shall control.

(a) Loan Sources. Plan loans may be taken only from the following Subaccounts: Salary Reduction, AmeriMatch, Participant Voluntary, Rollover, Employer ASB, Employer BIA, Employee Pre-Tax Catch-up, and After-Tax Rollover.

(b) Application Procedures. A Participant wishing to obtain a loan may initiate the process with the Trustee by telephone or internet. The Participant has thirty days after initiating the loan to complete the loan application process. If the process is not completed within thirty

days, the Participant must reinitiate the process. The loan application includes a promissory note and security agreement.

(c) Maximum Loan Amount . The maximum amount which may be borrowed by any Participant is the lesser of:

(i) 50% of the Participant's vested Account balance, or

(ii) $50,000, reduced by the excess (if any) of:

(A) the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which the loan is made, minus

(B) the outstanding balance of loans from the Plan on the date the loan is made.

(d) Minimum Loan Amount . Loans will not be permitted for less than $1,000.

(e) Repayment Terms . Loans must be repaid within five years, unless the Participant establishes that the loan proceeds are to be used to buy the Participant's principal residence, in which case the Administrative Committee may agree to a repayment period of up to fifteen years. The principal residence exception to the five-year repayment rule does not apply to loans for the improvement of a Participant's principal residence. A Participant seeking a loan must agree to have the loan repaid by payroll deduction. If a Participant has terminated employment, or is on a leave of absence other than for Qualified Military Service and is not receiving sufficient Compensation to cover the loan payments, the Participant must make loan payments directly to the Trustee. Interest shall be paid as it accrues, with level amortization.

(f) Purposes for Which Loans May Be Granted . A Participant may have up to two loans outstanding without restriction on the use of the loan proceeds, provided the maximum loan amount is not exceeded. Under no circumstances shall the Administrative Committee or the Trustee administer the loan program in a manner that is more favorable to Participants who are HCE's than to other Participants.

(g) Interest Rates . The interest rate charged for Plan loans during any calendar month shall be one percentage point above the Federal Reserve prime rate of interest as of the last working day of the month preceding the month in which the loan is made. The Administrative Committee has the authority, in its discretion, to revise the interest rate charged on Plan loans, in which event the interest rate so determined by the Administrative Committee shall apply to Plan loans made thereafter in lieu of the interest rate set forth herein.

(h) Collateral . The loan shall be secured by 50% of the Participant's vested Account balance at the time the loan is approved.

(i) Repayment Upon Distribution . If a Participant or Beneficiary applies for or otherwise becomes entitled to an immediate distribution in accordance with Article VI of the Plan upon the Participant's severance from employment, Retirement, Disability, or death

(including the automatic distribution of a small Account balance without the Participant’s consent), the unpaid balance of any outstanding loan shall be due and payable in full immediately prior to such distribution. If repayment is not made in full prior to the distribution, the Participant’s Account shall be reduced or offset by the unpaid balance when the distribution is made. The offset amount will be part of the taxable distribution to the Participant or Beneficiary.

(j) Default . Default will occur if the Participant fails to make a payment within ninety (90) days of when the payment was due. If there is a default, the following will occur:

- The principal amount of the loan plus interest accrued through the date of default will be a deemed distribution, subject to all applicable taxes. The Trustee will issue Internal Revenue Service Form 1099-R to the Participant, reflecting the deemed distribution.
- Although the default will be a deemed distribution, the Trustee will not reduce the Participant’s Account until a distributable event occurs under the terms of the Plan.
- The Participant will not be able to take another Plan loan until the Participant repays the balance of the defaulted loan (with interest).

(k) Leaves of Absence . Generally, repayments must continue in a timely manner during an authorized leave of absence. However, the repayment of any Plan loan may be suspended while the Participant is on leave for Qualified Military Service. The USERRA procedures adopted by the Administrative Committee contain rules with respect to suspension of loan payments.

(l) Self-Directed Investment . As with all other Plan investments, a Plan loan is a self-directed investment. In accordance with Section 4.2 (c), the reasonable expenses of a loan may be charged against the Participant’s Account. Interest and principal paid on a loan will be credited solely to the Participant’s Account, and any loss suffered by reason of default or otherwise will be borne solely by the Participant’s Account.

ARTICLE V
VESTING AND FORFEITURES

Section 5.1 Vesting

Vesting determines the portion of the Participant's Account that the Participant is entitled to receive when a distributable event occurs, such as Retirement or other severance from employment. Any portion of a Participant's Account that is not vested upon severance from employment shall be forfeited in accordance with the rules in Section 5.2.

(a) Immediate Vesting in All Subaccounts Other than AmeriShare Subaccounts and HEIDI Subaccounts

Each Participant shall always be 100% vested in all the Participant's Subaccounts other than an AmeriShare Subaccount or HEIDI Subaccount.

(b) Vesting in AmeriShare Subaccounts

(i) Termination of Employment Prior to Death, Disability, or Attainment of Normal Retirement Age . AmeriShare Contributions and their earnings are not immediately vested when made. Rather, for a Bank Participant who terminates employment with the Participating Employers prior to death, Disability, or the attainment of Normal Retirement Age, vesting in the Bank Participant's AmeriShare Subaccount is determined under the following schedule:

Years of Vesting Service	**Vested Percentage**
Less than 2 Years	0%
2 Years	25%
3 Years	50%
4 Years	75%
5 or more Years	100%

(ii) Death, Disability, or Attainment of Normal Retirement Age . If a Bank Participant reaches Normal Retirement Age while employed by a Participating Employer or terminates employment with the Participating Employers because of death or Disability, the Bank Participant shall be 100% vested in his or her total Account, including any AmeriShare Subaccount, regardless of the Bank Participant's Years of Vesting Service.

(c) Vesting in HEIDI Subaccounts

(i) Termination of Employment Prior to Retirement, Death, or Disability . HEIDI Contributions and their earnings are not immediately vested when made. Rather, for a HEIDI Participant who terminates employment with the Participating Employers prior to Retirement, death, or Disability, vesting in the HEIDI Participant's HEIDI Subaccount is determined under the following schedule:

Years of Vesting Service	Vested Percentage
Less than 2	0%
2 or more Years	100%

(ii) Retirement, Death, or Disability . If a HEIDI Participant Retires or terminates employment with the Participating Employers because of death or Disability, the HEIDI Participant shall be fully vested in his or her total Account, including any HEIDI Subaccount, regardless of the HEIDI Participant's Years of Vesting Service.

(d) Calculation of Years of Vesting Service . For full-time Bank Participants and regular, full-time HEIDI Participants, Years of Vesting Service are calculated using the elapsed time method, which is based on periods of employment. For part-time and peak-time Bank Participants and part-time HEIDI Participants, Years of Vesting Service are calculated under the general method, which is based on Hours of Service.

(i) Full-Time Bank and HEIDI Participants . For full-time Bank Participants and regular, full-time HEIDI Participants, vesting service is granted for the period of time beginning on the date such Bank Participant or HEIDI Participant first performs one Hour of Service for a Participating Employer or Associated Company and ending on the date the Bank Participant or HEIDI Participant severs from service with all Participating Employers and Associated Companies. A Participant "severs from service" on the earlier of (i) the date the Participant quits, Retires, is discharged, or dies, or (ii) the first anniversary of the first day of absence for any other reason (e.g., Disability, vacation, or leave of absence).

(A) Reemployment . If a former full-time Bank Participant or HEIDI Participant is reemployed by a Participating Employer or Associated Company, vesting service shall be granted for the period of time beginning on the date such Bank Participant or HEIDI Participant is reemployed and ending on the date such Bank Participant or HEIDI Participant subsequently severs from service with all the Participating Employers and Associated Companies. If such Bank Participant or HEIDI Participant is reemployed within the 12-consecutive month period following the date on which the Bank Participant or HEIDI Participant severs from service, vesting service shall also be granted for the interim period.

(B) Maternity and Paternity Absences . If a full-time Bank Participant or HEIDI Participant is absent from work for any period (a) by reason of pregnancy, the birth of a child, or the placement of a child in connection with such Bank Participant's or HEIDI Participant's adoption of the child or (b) for purposes of caring for such child for a period beginning immediately following such birth or adoption, the full-time Bank Participant or HEIDI Participant shall be credited with additional vesting service equal to the lesser of such period or twelve months. The severance from service date for a full-time Bank Participant or HEIDI Participant who is absent from work beyond the first anniversary of the first day of maternity or paternity absence shall be the second anniversary of the

first day of such absence. The period between the first and second anniversaries shall not be regarded as a period of service or a period of severance.

(C) Other Leaves of Absence . With respect to leaves of absence other than maternity or paternity, vesting service shall be granted for:

(1) Military Leave . The period of time spent on leave for Qualified Military Service. If a full-time Bank Participant or HEIDI Participant on leave for Qualified Military Service does not return to covered employment within five years after the completion of the Qualified Military Service, no additional vesting credit shall be granted for the period of the Qualified Military Service.

(2) Authorized Personal Leave . Personal leave of absence authorized by a Participating Employer that is not in excess of one year. In determining leaves of absence, a Participating Employer must act in a nondiscriminatory manner.

(3) Curtailment of Work . A period of absence because of curtailment of work, not to exceed six months, provided the full-time Bank Participant or HEIDI Participant returns to employment within two weeks after notification by a Participating Employer that work is available.

(D) Special Five-Year Break-in-Service Rule . If a full-time Bank Participant or HEIDI Participant incurs five consecutive One-Year Breaks in Service, vesting service credited subsequent to such One-Year Breaks in Service shall be disregarded for purposes of determining the vesting percentage in AmeriShare Contributions or HEIDI Contributions before such One-Year Breaks in Service.

(ii) Part-Time and Peak-Time Bank Participants and Part-Time HEIDI Participants . A part-time or peak-time Bank Participant and a part-time HEIDI Participant earns one Year of Vesting Service for each Plan Year in which such Bank Participant or HEIDI Participant is credited with 1000 Hours of Service, beginning with the Plan Year in which the part-time or peak-time Bank Participant or part-time HEIDI Participant first performs one Hour of Service for a Participating Employer or Associated Company.

(A) One-Year Break in Service . If a part-time or peak-time Bank Participant or part-time HEIDI Participant incurs a One-Year Break in Service, which can occur even while the Bank Participant or HEIDI Participant remains employed by the Participating Employer, the part-time or peak-time Bank Participant's or part-time HEIDI Participant's vested interest in any AmeriShare Subaccount or HEIDI Subaccount, as applicable, shall be affected as follows:

(1) Special Five-Year Break-in-Service Rule . If a part-time or peak-time Bank Participant or part-time HEIDI Participant incurs five

consecutive One-Year Breaks in Service, such Bank Participant's or HEIDI Participant's Years of Vesting Service after such five-year break shall not be taken into account for purposes of determining such Bank Participant's or HEIDI Participant's vested interest in AmeriShare Contributions or HEIDI Contributions, as applicable, made prior to the break.

(2) One-Year Break in Service for Part-time and Peak-time Participants, Defined . For a part-time or peak-time Bank Participant or a part-time HEIDI Participant, a "One-Year Break in Service" means a calendar year during which the part-time or peak-time Bank Participant or part-time HEIDI Participant does not complete more than 500 Hours of Service. If a part-time or peak-time Bank Participant or part-time HEIDI Participant is absent from work because of the pregnancy of the Participant, the birth of the Participant's child, the adoption of a child by the Participant, or for purposes of caring for a new child immediately following its birth or adoption, the Participant shall receive credit for up to 501 Hours of Service, which shall be counted under the Plan solely to determine whether a One-Year Break in Service has occurred. Hours of Service for maternity/paternity leave shall be credited at the normal rate of Hours worked by the Participant, or, if there is no normal rate, at the rate of eight (8) Hours of Service per day of absence (up to 501 Hours). These Hours of Service shall be credited to the Plan Year in which the paternity/maternity absence begins if necessary to prevent a One-Year Break in Service in such Plan Year; otherwise, the Hours shall be credited to the immediately following Plan Year.

(B) Special Reemployment Rule for HEIDI Participants . Following a One-Year Break in Service, a part-time HEIDI Participant's Years of Vesting Service prior to the break will not be taken into account in determining the HEIDI Participant's vested interest in HEIDI Contributions made after the break until such HEIDI Participant has again completed one Year of Vesting Service.

(e) Change in Status . If a part-time or peak-time Bank Participant or part-time HEIDI Participant transfers to full-time status, the part-time or peak-time Participant's Years of Vesting Service shall consist of the number of Years of Vesting Service credited to such Participant prior to the Plan Year in which the change in status occurred, plus the greater of (1) the Vesting Service that would be granted under the elapsed time method for the Plan Year in which the change in status occurred or (2) the Vesting Service that would be taken into account under the general method of counting Hours of Service as of the date the change in status occurred. In Plan Years after the change in status, the former part-time or peak-time Bank Participant or part-time HEIDI Participant shall have his or her Years of Vesting Service credited under the elapsed time method.

If a full-time Bank Participant or HEIDI Participant transfers to part-time or peak-time status, the Participant shall receive vesting credit for the number of full Years of Vesting Service credited under the elapsed time method as of the date of the transfer. Plus, for any partial Year

of Vesting Service credited under the elapsed time method as of the date of the transfer, the Participant shall be credited with 190 Hours of Service for each month that the Participant would have been credited with one Hour of Service if Hours had been counted. These converted Hours of Service shall be credited to the Plan Year in which the transfer occurs. After the change in status, the Participant shall have his or her Years of Vesting Service determined based on the general method of counting Hours of Service, as set forth in Section 5.1(d)(ii).

(f) Employment with Associated Companies . If a Bank Participant or HEIDI Participant is at any time employed by an Associated Company, such employment shall be treated as employment by the Bank or a HEIDI Employer for purposes of determining such individual's vesting service.

(g) Pre-participation Service Recognized Under the American Savings Bank Retirement Plan . To the extent pre-participation service with an employer acquired by the Bank was recognized under the American Savings Bank Retirement Plan for purposes of vesting, such pre-participation service shall also be recognized under this Plan for purposes of vesting.

Section 5.2 Forfeitures

(a) Forfeiture of AmeriShare Contributions . If a Bank Participant terminates employment with the Participating Employers without being 100% vested in his or her AmeriShare Subaccount, the nonvested portion of the Bank Participant's AmeriShare Subaccount shall be forfeited at the time the vested portion of the Bank Participant's Account is distributed or, if earlier, at the end of the period in which the Bank Participant has incurred five (5) consecutive One-Year Breaks in Service. A Bank Participant with a 0% vested interest in AmeriShare Contributions and the earnings thereon shall be deemed to have received a distribution of the vested portion of the Bank Participant's AmeriShare Subaccount upon termination of employment, causing an immediate forfeiture of any AmeriShare Contributions and the earnings thereon credited to such Participant's Account.

(b) Restoration of Forfeited AmeriShare Subaccounts . Any forfeiture from an AmeriShare Subaccount may be restored if the Bank Participant is reemployed by a Participating Employer before the Bank Participant incurs five (5) consecutive One-Year Breaks in Service and the Bank Participant repays the full amount of any distribution made to the Bank Participant from the Bank Participant's AmeriShare Subaccount after the Participant terminated employment. The Bank Participant shall have five years from the date of reemployment to make the necessary repayment. If the Bank Participant makes the repayment, the exact amount forfeited shall be restored to the Bank Participant's AmeriShare Subaccount, without adjustment for interest or any earnings or losses for the interim period. If the forfeiture occurred because the Bank Participant had a 0% vested interest in his or her AmeriShare Subaccount, the restoration shall occur when the Bank Participant has completed one Year of Vesting Service upon return to employment with the Participating Employers. Any forfeited amounts that must be restored shall be restored first from current forfeitures from AmeriShare Subaccounts or second from an additional contribution by the Bank.

(c) Forfeiture of HEIDI Contributions . If a HEIDI Participant terminates employment with the Participating Employers with a 0% vested interest in a HEIDI Subaccount,

the HEIDI Subaccount shall be forfeited after the HEIDI Participant incurs five (5) consecutive One-Year Breaks in Service.

(d) Use of Forfeitures to Reduce Employer Contributions . Forfeited AmeriShare Subaccounts that are not used to restore amounts previously forfeited under Section 5.2(b) shall be used to reduce the Bank's AmeriShare and AmeriMatch Contributions for the Plan Year in which the forfeiture occurred. If the AmeriShare forfeitures for a Plan Year exceed the AmeriShare Contribution and AmeriMatch Contributions for such Plan Year, the excess shall be held in a suspense account and used to reduce AmeriShare Contributions and AmeriMatch Contributions in succeeding years. Forfeited HEIDI Subaccounts shall be used to reduce the HEIDI Employers' HEIDI Contributions for the Plan Year in which the forfeiture occurred. If the HEIDI forfeitures for a Plan Year exceed the HEIDI Contributions for such Plan Year, the excess shall be held in a suspense account and used to reduce HEIDI Contributions in succeeding years.

(e) Restoration of Forfeitures from BIA Plan . If an individual was a participant in the Bishop Insurance Agency of Hawaii, Inc. 401(k) Profit Sharing Plan (the "BIA Plan") before the BIA Plan was merged into this Plan and such individual terminated employment and incurred a forfeiture of all or part of his or her individual account in the BIA Plan on or before December 31, 2001, the individual may be entitled to restoration of the forfeited amount if he or she subsequently becomes an Employee of a Participating Employer. The forfeited amount will be restored only if (i) the individual becomes an Employee before he or she has incurred five consecutive One-Year Breaks in Service (applied as if Bishop Insurance Agency of Hawaii, Inc. had been a Participating Employer at all relevant times), and (ii) the Employee repays any amount distributed to him or her from the BIA Plan within five years from the date he or she becomes an Employee. Any amount restored pursuant to this subsection shall be fully vested from the time of such restoration.

ARTICLE VI
PAYMENT OF VESTED BENEFITS

Section 6.1 Severance from Employment

A Participant may apply for and receive a distribution of his or her vested Account balance (determined as of the most recent valuation date preceding the distribution and reduced for any outstanding Plan loan) as soon as administratively feasible following the Participant's severance from employment.

Section 6.2 Small Account Balances

Effective March 28, 2005, if a Participant's vested Account balance is $1,000 or less (determined without regard to source), the Participant's vested Account balance shall be distributed to the Participant in a single sum as soon as administratively practicable following the Participant's severance from employment. No consent of the Participant or Participant's spouse is required for this involuntary cashout to be made. If a Participant's vested Account balance is more than $1,000 but less than or equal to $5,000 and if the Participant does not elect to have the Participant's Account balance rolled over in a direct rollover or distributed to the Participant, the Participant's Account balance shall automatically be rolled over into an individual retirement account designated by the Administrative Committee. If a Participant's vested Account balance exceeds $5,000 (disregarding any amounts attributable to Rollover Contributions), no distribution may be made to the Participant before the Participant reaches Normal Retirement Age without the consent of the Participant.

Section 6.3 Statutory Commencement Date

Benefits must commence no later than the 60th day after the close of the Plan Year in which the latest of the following occurs:

(a) the Participant reaches Normal Retirement Age,

(b) the Participant reaches the tenth anniversary of the year in which the Participant commenced participation in the Plan, or

(c) the Participant severs employment.

Notwithstanding the foregoing, subject to Section 6.8, a Participant must make a claim for benefits and complete the proper distribution processes before benefits will commence under this Section 6.3.

Section 6.4 Forms of Benefit Following Severance from Employment

The forms of benefit available to Participants and Beneficiaries following severance from employment are:

(a) a single sum (also known as a lump sum) payable as soon as administratively feasible following completion of all applicable distribution forms;

(b) an installment option with respect to HEISOP Subaccounts only, as described in Section 6.5;

(c) periodic payments of required minimum distributions only, as described in Section 6.6; and

(d) a partial withdrawal of the Participant's vested Account balance (reduced by any outstanding loan balance) as elected by the Participant. A Participant may elect a partial withdrawal no more than once in any Plan Year.

All distributions shall be in cash, except that a Participant's investment in the Company Stock Fund shall be converted to an equivalent number of shares of common stock of the Company. However, a Participant may elect to receive cash in lieu of common stock (and shall be deemed to have made such an election with respect to any automatic distribution of $5,000 or less, in accordance with Section 6.2, unless the Participant affirmatively elects to receive the distribution in the form of Company stock before the automatic distribution is made). The value of any fractional share of stock shall be paid in cash.

Materials explaining the available forms of benefit and the benefit election procedures will be provided to Participants upon termination of employment, and a Participant may make a benefit election on the Trustee's website or by contacting the Trustee by telephone. Effective January 1, 2007, a Participant shall be informed of the Participant's right to defer distribution until the Participant's Normal Retirement Date and the consequences of failing to defer the distribution. Distribution materials shall be provided to the Participant no less than thirty (30) days and no more than one hundred eighty (180) days before the distribution commences; provided, however, that the distribution may commence less than thirty (30) days after the distribution materials are provided to the Participant if the materials clearly inform the Participant that the Participant has the right to a period of at least thirty (30) days to consent to the distribution and, after receiving the materials, the Participant affirmatively elects a distribution.

Section 6.5 Installment Option for HEISOP Subaccounts .

Unless the Participant elects otherwise, the portion of the Participant's HEISOP Subaccounts, if any, invested in the Company Stock Fund shall be distributed in substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of

(i) five years, or

(ii) in the case of a Participant with investments in the Company Stock Fund in excess of $935,000, five years plus one additional year (but no more than five additional years) for each $185,000 or fraction thereof by which such balance exceeds $935,000. The $935,000 and $185,000 amounts are subject to increase with the cost of living in accordance with Section 409(o)(2) of the Code.

Section 6.6 Periodic Payments of Minimum Distributions

Effective for Participants with "required beginning dates" on or after April 1, 2005, a Participant may request that his or her vested Account balance be distributed in the form of periodic

payments of required minimum distributions only, commencing on the Participant's required beginning date and continuing until the Participant's Account has been fully distributed to the Participant in accordance with this Section 6.6 or to the Participant's Beneficiary in accordance with Section 6.7, and determined and paid in accordance with Section 6.8. A Participant who has elected to receive periodic payments of required minimum distributions may elect to receive a single-sum distribution of his or her remaining vested Account balance (reduced by any outstanding loan balance) at any time. "Required beginning date" is defined in Section 6.8(h)(v).

Section 6.7 Death Benefits

If a Participant dies prior to distribution of the Participant's total vested Account balance, such Participant's designated Beneficiary shall be entitled to receive the Participant's remaining Account balance (reduced by any outstanding loans) as a death benefit. Death benefits may be paid as soon as administratively feasible following the Participant's death and must be made by the end of the year which contains the fifth anniversary of the Participant's death. Death benefits shall be paid in a single sum distribution, except that (a) to the extent, if any, that required minimum distributions are required to be made to the Beneficiary between the date of the Participant's death and the time at which the remaining Account balance is required to be distributed pursuant to the preceding sentence (or, if earlier, the date the Beneficiary elects to receive a single sum distribution), such required minimum distributions shall be made in accordance with Section 6.8; and (b) subject to Section 6.8, the Beneficiary may elect (or, if distributions to the Participant previously commenced, may continue to receive) installment payments with respect to HEISOP Subaccounts only, as described in Section 6.5.

A Participant's Beneficiary shall be the person or legal entity designated by the Participant in accordance with procedures approved by the Administrative Committee, provided that a married Participant's spouse shall automatically be his or her Beneficiary unless the spouse has consented to an alternate Beneficiary. The spouse's signature on the consent form must be notarized or witnessed by an authorized Plan representative. A married Participant may name a contingent Beneficiary in the event the spouse predeceases the Participant. Unmarried Participants may name a primary and a secondary Beneficiary. Spousal consent shall not be required if it is established to the satisfaction of the Administrative Committee that such consent may not be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as the Treasury Regulations may prescribe.

Subject to the rights of a married Participant's spouse, a Participant may revoke or change designation of the Participant's Beneficiary at any time in accordance with procedures approved by the Administrative Committee. Whenever a Participant designates a new Beneficiary, all former Beneficiary designations by such Participant shall be revoked automatically. If, upon the death of a Participant, there is no valid Beneficiary designation on file with the Administrative Committee or third-party record keeper or the Beneficiary has predeceased the Participant, the Beneficiary of the Participant's vested Account balance shall be, in order of priority:

(a) the Participant's surviving spouse, if any;

(b) the estate of the deceased Participant.

Facts as shown by the records of the Plan at the time of the Participant's death shall be conclusive as to the identity of the proper Beneficiary. If a Beneficiary has expressly waived his or her rights as a Beneficiary as part of a court-approved property settlement in a divorce and the Administrative Committee receives a copy of the court order approving the waiver, the waiver will be treated as a valid waiver of the Beneficiary's rights under the Plan. Any person who has waived his or her rights as a Beneficiary shall be treated as the Beneficiary under this Plan only if after the divorce the Participant expressly redesignates the person as the Participant's Beneficiary.

Section 6.8 Required Minimum Distributions

The provisions of this Section 6.8 shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

(a) Precedence . The requirements of this Section 6.8 shall take precedence over any inconsistent provisions of the Plan, provided that this Section 6.8 shall not be read to create a form of distribution that is not otherwise available under this Article VI.

(b) Requirements of Treasury Regulations Incorporated . All distributions required under this Section 6.8 shall be determined and made in accordance with the Treasury Regulations under Section 401(a)(9) of the Code, which are incorporated herein by this reference.

(c) Time and Manner of Distribution .

(i) Required Beginning Date . The Participant's entire interest must be distributed, or begin to be distributed, no later than the Participant's required beginning date.

(ii) Death of Participant Before Distributions Begin . If the Participant dies before distributions begin, the Participant's entire interest will be distributed to the Participant's Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) Forms of Distribution . Distributions shall be made in accordance with Sections 6.8(e) and (f).

(e) Required Minimum Distributions During Participant's Lifetime .

(i) Amount of Required Minimum Distribution for Each Distribution Calendar Year . During the Participant's lifetime, the minimum amount distributed for each distribution calendar year shall be the lesser of:

(A) the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9, Q&A-2, of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(B) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401 (a)(9)-9, Q&A-3, of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(ii) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death . Required minimum distributions shall be determined under this Section 6.8(e) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(f) Required Minimum Distributions After Participant's Death .

(i) Death On or After the Date Distributions Begin .

(A) Participant Survived by Designated Beneficiary . If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that must be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary . If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that shall be distributed for each distribution calendar year after the year of the

Participant’s death is the quotient obtained by dividing the Participant’s Account balance by the Participant’s remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin .

(A) General Rule . If the Participant dies before the date distributions begin, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account balance by the remaining life expectancy of the Participant’s designated Beneficiary, determined as provided in Section 6.8(f)(i).

(B) No Designated Beneficiary . If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant’s death, distribution of the Participant’s entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin . If the Participant dies before the date distributions begin, the Participant’s surviving spouse is the Participant’s sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under section 6.8(c)(ii), this section 6.8(f)(ii) shall apply as if the surviving spouse were the Participant.

(g) Full Distribution Required by End of Fifth Year After Death . This Section 6.8 establishes the minimum amount that must be distributed for each distribution calendar year after the year of the Participant’s death, but shall not be read to permit any Beneficiary to retain an Account in the Plan after the date on which distribution is required under Section 6.7.

(h) Definitions . The following definitions supplement the definitions in other parts of the Plan, in particular Article XII.

(i) Designated Beneficiary . The “designated Beneficiary” is the individual who is designated as the Beneficiary in accordance with Section 6.7 of the Plan and is the designated Beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-4 of the Treasury Regulations. Section 1.401(a)(9)-4, Q&A-5 permits the designation of a trust as Beneficiary provided the requirements of the cited Section are met. Under Section 6.7 of the Plan, spousal consent is required for a married Participant to designate a trust or any other person or entity other than the Participant’s surviving spouse as Beneficiary.

(ii) Distribution Calendar Year . A “distribution calendar year” is a calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant’s required beginning date. For distributions beginning after the Participant’s death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 6.8(c)(ii).

The required minimum distribution for the Participant's first distribution calendar year shall be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, shall be made on or before December 31 of that distribution calendar year.

(iii) Life Expectancy . "Life expectancy" means life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9, Q&A-1, of the Treasury Regulations.

(iv) Participant's Account Balance . A "Participant's Account balance" is the total balance of a Participant's Account as of the last valuation date in the calendar year immediately preceding the distribution calendar year (the "valuation calendar year") increased by the amount of any contributions made and allocated to the Participant's Account as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(v) Required Beginning Date . "Required beginning date" means the following:

(A) 5% Owners . The "required beginning date" for a Participant who was a 5% owner at any time during the five Plan Year period ending in the calendar year in which the Participant attains age 70 1/2 shall be April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 . In the case of a Participant who becomes a 5% owner during any subsequent Plan Year, the required beginning date shall be the April 1 of the calendar year following the calendar year in which such subsequent Plan Year ends. Once distributions begin to a 5% owner because they are required to begin under this Section 6.8, they must continue even if the Participant ceases to be a 5% owner in a subsequent calendar year.

(B) Other Participants . The "required beginning date" for a Participant who is not a 5% owner shall be April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 1/2 or the calendar year in which the Participant Retires. Every Participant other than a 5% owner who reaches age 70 1/2 while actively employed by a Participating Employer may elect (1) to commence receiving benefits on April 1 following the calendar year in which the Participant attains age 70 1/2 or (2) to defer the commencement of benefits to a date no later than April 1 following the calendar year in which the Participant Retires.

(C) Transition Rule . Any active Participant other than a 5% owner who reached age 70 1/2 before January 1, 2000, and has already begun receiving

distributions may elect to stop distributions and recommence further distributions in the same form no later than April 1 following the calendar year in which such Participant Retires. The recommencement of distributions shall not constitute a new annuity starting date.

(D) 5% Owner . A "5% owner" is any person who owns (or is considered to own under the attribution rules in Section 318 of the Code) more than 5% of the outstanding stock of the Company or stock possessing more than 5% of the total combined voting power of the Company.

Section 6.9 In-Service Withdrawals

(a) Withdrawals from Participant Voluntary, Voluntary HEISOP, and IRA Subaccounts . A Participant may at any time request (in accordance with procedures adopted by the Administrative Committee) a withdrawal from the following Subaccounts: Participant Voluntary, Voluntary HEISOP, or IRA. Any withdrawal will be processed as soon as administratively practicable after the request is made.

(b) Withdrawals for Participants Who Have Reached Age 59 1/2 . A Participant who has attained age 59 1/2 may at any time request (in accordance with procedures adopted by the Administrative Committee) a withdrawal of all or any part of the Participant's vested Account balance (reduced by any outstanding loan balance). Only one such withdrawal shall be permitted for any Plan Year. Any withdrawal will be processed as soon as administratively practicable after the request is made.

(c) Hardship Withdrawals

(i) Available Sources . Hardship withdrawals may be made from the following Subaccounts: Salary Reduction, AmeriMatch, Employee Pre-Tax Catch-up Employer ASB, Employer BIA, and Employer HEISOP. However, no hardship withdrawal shall include any income earned after January 1, 1989, that is allocable to Salary Reduction Contributions.

(ii) Procedures . To qualify for a hardship withdrawal, a Participant must demonstrate (in accordance with procedures adopted by the Administrative Committee) that the Participant has an "immediate and heavy financial need" and that the distribution is necessary to satisfy the immediate and heavy financial need.

(iii) Immediate and Heavy Financial Need . A Participant shall be deemed to have an immediate and heavy financial need in connection with:

(A) Burial or funeral expenses for the Participant's deceased parent, spouse, children, or dependents (as defined in Section 152 of the Code without regard to subsection 152(d)(1)(B)).

(B) Expenses incurred (or necessary to obtain) medical care that would be deductible under Section 213(d) of the Code (determined without regard to whether expenses exceed 7.5% of adjusted gross income).

(C) Costs directly related to the purchase of the Participant's principal residence (excluding mortgage payments).

(D) Payment of tuition, related educational fees, and room and board expenses for up to the next 12 months of post-secondary education for the Participant or the Participant's spouse, children, or dependents (as defined in Code Section 152 without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)).

(E) Payments necessary to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage of the Participant's principal residence.

(F) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income).

(iv) Withdrawal May Not Exceed Amount of Need . The amount of any hardship withdrawal may not exceed the amount necessary to relieve the immediate and heavy financial need after taking into account the amount of such need that may be satisfied from other resources reasonably available to the Participant. The withdrawal may include the amount necessary to pay any federal, state, or local taxes or penalties reasonably anticipated to result from the withdrawal. In determining the amount of the immediate and heavy financial need that cannot be satisfied from other resources, the Administrative Committee or third-party service provider may rely on the Participant's written representation that the need cannot be relieved:

(A) Through reimbursement or compensation by insurance or otherwise,

(B) By liquidation of the Participant's assets,

(C) By cessation of Salary Reduction Contributions,

(D) By other currently available distributions (including distributions of ESOP dividends under Section 404(k) of the Code) or nontaxable (at the time of the loan) loans from the Plan or other plans maintained by a Participating Employer or any other employer of the Participant, or

(E) By borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

For purposes of Section 6.9(c)(iv)(D), the phrase "plans maintained by a Participating Employer" means all qualified and nonqualified plans of deferred compensation, including a cash or deferred arrangement that is part of a cafeteria plan within the meaning of Section 125 of the Code. However, it does not include the mandatory employee contributions portion of a health or welfare benefit plan (including one that is part of a cafeteria plan).

(v) Suspension of Salary Reduction Contributions for Six Months . If a Participant qualifies for and receives a hardship withdrawal under this Section 6.9(c), the Participant shall not be permitted to make Salary Reduction Contributions to the Plan for six months following the distribution.

Section 6.10 Qualified Domestic Relations Orders

(a) General . Through a Qualified Domestic Relations Order (“QDRO”), a Participant’s spouse, child, or other tax dependent (each, an “alternate payee”) may obtain rights to the Participant’s benefits. A QDRO is a domestic relations order which assigns to an alternate payee or recognizes an alternate payee’s right to receive all or a portion of the benefits payable with respect to a Participant under the Plan. A domestic relations order is not a QDRO and shall not be honored by the Administrative Committee if it requires the Plan to provide any form of benefit or other option of any kind not otherwise available under the Plan or requires the Plan to pay benefits in excess of the Participant’s vested Account balance. The one exception to this rule is that, in accordance with a domestic relations order that the Administrative Committee or a court of competent jurisdiction determines to be a QDRO, the Administrative Committee may direct that a single-sum distribution be made to the alternate payee as soon as practicable notwithstanding age, employment status, or any other factor that might prevent the Participant from receiving a distribution from his or her Account at the same time.

(b) DRO Requirements . To be a QDRO, a domestic relations order must clearly specify (a) the name and last known mailing address of the Participant (unless otherwise known by the Administrative Committee) and the name and mailing address of the alternate payee, (b) the amount or percentage of the Participant’s benefits to be paid by the Plan to each alternate payee or the manner in which such amount is to be determined, and (c) the form in which the benefit is to be paid. The domestic relations order must specifically designate the Plan as the Plan from which the benefits are to be paid. Finally, a domestic relations order cannot require the payment of benefits to an alternate payee that are required to be paid to another alternate payee under a previous QDRO.

(c) Procedures . The Administrative Committee has established procedures for determining whether a domestic relations order is a QDRO and for notifying the Participant and the alternate payee(s) of the receipt of the domestic relations order and of the steps that will be taken to determine whether the order is a QDRO. The procedures are incorporated herein by this reference and may be amended at any time without notice and without further amendment to the Plan.

(d) Separate Accounting . If the Administrative Committee determines that a domestic relations order is a QDRO, the Administrative Committee will honor the QDRO. If the QDRO does not direct an immediate distribution as permitted by this Section 6.10, the Administrative Committee will direct the Trustee to establish a separate Account in the Plan for the alternate payee, and the alternate payee shall have all rights afforded under the Plan to Beneficiaries. Primarily, this means the alternate payee will be able to direct the investment of his or her Account in accordance with the rules in Article IV, but the alternate payee will not be able to borrow from his or her Account.

Section 6.11 Eligible Rollover Distributions

A "Distributee" who is entitled to a distribution may elect, in accordance with procedures approved by the Administrative Committee, to have any portion of an "Eligible Rollover Distribution" paid directly in a "Direct Rollover" to an "Eligible Retirement Plan".

(a) Definitions . For purposes of this Section 6.11, the following definitions apply:

(i) "Eligible Rollover Distribution" means any distribution of all or any portion of a Participant's Account, except that an Eligible Rollover Distribution shall not include:

(A) any distribution that is one of a series of substantially equal periodic payments made no less frequently than annually for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's beneficiary, or for a specified period of ten years or more;

(B) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

(C) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and

(D) any hardship withdrawal.

Notwithstanding the foregoing, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. Effective January 1, 2007, after-tax amounts may be rolled over to any qualified trust (defined contribution or defined benefit) or 403(b) annuity contract, provided the qualified trust or annuity contract agrees to separately account for amounts so transferred (and the earnings thereon), including separately accounting for the portion of such distribution that is includible in gross income and the portion that is not so includible.

(ii) "Eligible Retirement Plan" means any of the following accounts or plans to the extent it accepts the Distributee's Eligible Rollover Distribution:

(A) A qualified retirement plan described in Code Section 401(a);

(B) An individual retirement account described in Code Section 408(a) (but not a Roth IRA described in Section 408A of the Code);

(C) An individual retirement annuity described in Code Section 408(b) (other than an endowment contract);

(D) An annuity plan described in Code Section 403(a);

(E) An annuity contract described in Code Section 403(b); or

(F) An eligible retirement plan under Code Section 457(b) that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, and that agrees to separately account for amounts transferred into such plan from this Plan.

(iii) A "Distributee" includes a Participant, the surviving spouse of a deceased Participant, and the current or former spouse of a Participant who is an alternate payee under a QDRO that has been approved by the Administrative Committee.

(iv) A "Direct Rollover" is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(v) Effective January 1, 2008, a non-spouse Beneficiary may do a Direct Rollover to an individual retirement account or individual retirement annuity described in Section 6.11(a)(ii)(B) or (C) established for the purpose of receiving the distribution on behalf of the non-spouse Beneficiary.

(vi) Effective January 1, 2008, a Distributee may do a Direct Rollover to a Roth IRA if the Distributee meets the requirements that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, the Distributee's modified adjusted gross income cannot exceed $100,000, and the Distributee must not be married filing a separate return).

(b) Notice . Prior to a distribution to a Distributee, the Administrative Committee or third party service provider shall provide the Distributee a notice describing the Distributee's right to have lump-sum distributions rolled over in a Direct Rollover to an Eligible Retirement Plan and describing certain tax consequences that will follow if a Direct Rollover is not made (the "402(f) Notice"). The Administrative Committee or third party service provider shall issue the 402(f) Notice at least thirty (30) days but no more than one hundred eighty (180) days prior to the date a distribution is made. However, such Eligible Rollover Distribution may commence less than thirty (30) days after the notice is given provided that the 402(f) Notice clearly informs the Distributee that the Distributee has the right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect an Eligible Rollover Distribution and the Distributee, after receiving the notice, affirmatively elects a distribution.

(c) Income Tax Withholding . Any amount that can be directly rolled over but that the Distributee chooses not to have directly rolled over is subject to 20% income tax withholding. This includes distributions that the Distributee intends to rollover in a traditional 60-day rollover transaction. However, this does not include distributions to non-spouse Beneficiaries that are eligible for special rollover rights after December 31, 2007. Such amounts are not subject to mandatory withholding if they are not directly rolled over.

ARTICLE VII
ADMINISTRATION

Section 7.1 PIC, Administrative Committee, and Investment Committee

(a) PIC . The PIC has plenary authority to oversee the administration of the Plan and the investment options offered under the Plan. At its discretion, the Compensation Committee may appoint, remove, and replace members of the PIC.

(b) Administrative Committee . The PIC has established the Administrative Committee and authorized it to oversee the day-to-day administration of the Plan. The Administrative Committee is authorized, in its discretion, to: (i) interpret and construe the provisions of the Plan; (ii) resolve any ambiguities and reconcile any inconsistencies in the provisions of the Plan; and (iii) monitor the performance of third-party administrators, including the administrative performance of the Trustee. Subject to the Claims Procedures in Article VIII, the Administrative Committee shall determine, in its discretion, all questions with respect to any individual's rights under the Plan, including, but not limited to, eligibility for participation and eligibility for and the amount of benefits payable from the Plan.

(c) Investment Committee . The PIC has established the Investment Committee and authorized it to oversee the day-to-day financial affairs of the Plan. The Administrative Committee is authorized to: (i) monitor the investment options offered under the Plan and the investment policy statement for the Plan; (ii) monitor the financial performance and reporting of the Trustee; (iii) maintain or cause to be maintained proper financial records for the Plan; and (iv) file or cause to be filed all reports and other filings required by the United States Securities and Exchange Commission with respect to the Plan.

(d) Rules and Procedures . The PIC, Administrative Committee, and Investment Committee may promulgate and publish such rules and procedures as each deems appropriate for its own actions and for the operation, administration, and investments of the Plan. A member of the PIC, Administrative Committee, or Investment Committee shall not have the right to vote on any matter relating solely to his or her own interests in the Plan, but may vote on matters affecting a class or group of Participants of which the member is a part.

(e) Consents and Elections . All consents, elections, applications, designations, and other submissions required or permitted under the Plan must be made in accordance with procedures approved by the Administrative Committee, and shall be valid only if properly completed, executed, and returned to the Administrative Committee or a third party service provider appointed by the Company, the PIC, or the Administrative Committee.

(f) Reporting and Disclosure . The Administrative Committee shall be responsible for filing with governmental authorities and disclosing to Participants and their Beneficiaries all returns, reports, and other materials required under ERISA or the Code.

(g) Professional Assistance . The PIC, Administrative Committee, and Investment Committee may employ attorneys, actuaries, accountants, investment consultants, and other service providers, as appropriate, to give counsel to or otherwise assist them in performing their duties hereunder. The fees and expenses of such persons may be paid in accordance with Section 4.2(c).

(h) General . The PIC, Administrative Committee, and Investment Committee shall have all other powers granted to them in other sections of this document or their governing charters. At its discretion, the PIC may remove or replace the members of the Administrative Committee and Investment Committee and may revoke, amend, or enlarge the authority of the Administrative Committee and Investment Committee. The decisions of the PIC, Administrative Committee, and Investment Committee on any matters within their jurisdiction shall be binding and conclusive upon the Participating Employers and upon each Participant, Beneficiary, and other interested party.

(i) Legal Process . The Company shall serve as the Plan's agent for the service of legal process.

Section 7.2 Trust Agreement

The Company has entered into a Trust Agreement with the Trustee for the investment and custody of Plan assets. The trust is part of the Plan, and any rights or benefits accruing to any person under the Plan shall be subject to all of the relevant terms of the Trust Agreement. In addition to the powers of the Trustee set forth in the Trust Agreement, the Trustee shall have any powers, express or implied, granted to it under the Plan. In the event of any conflict between the provisions of the Trust Agreement and the provisions of the Plan, the provisions of the Plan shall control, except in matters concerning the duties and responsibilities of the Trustee, in which case the Trust Agreement shall control. The fees and expenses of the Trustee shall be paid in accordance with the Trust Agreement and Section 4.2(c) hereunder.

Section 7.3 Bonding

Subject to the exceptions in Section 412 of ERISA, every person who handles funds or other property of the Plan shall be bonded.

Section 7.4 Indemnification

Except as required by ERISA, the Plan's fiduciaries shall not be liable for any mistake of judgment or other action taken in good faith. No fiduciary shall be personally liable by virtue of any contract, agreement, bond, or other instrument made or executed by himself or herself or any other fiduciary on behalf of the Plan.

The Participating Employers shall indemnify, defend, and hold harmless the members of the PIC, Administrative Committee, and Investment Committee and employees of the Participating Employers acting on their behalf with respect to the Plan from and against any and all claims, losses, damages, expenses, and liabilities arising, directly or indirectly, from their responsibilities in connection with the Plan, except where any such liability is judicially determined to be the

result of willful misconduct. The Participating Employers may purchase fiduciary liability insurance against this risk.

ARTICLE VIII
CLAIMS PROCEDURES

Section 8.1 Claims for Benefits

If a Participant or Beneficiary or any other person (each, a “claimant”) believes he or she is entitled to a benefit from the Plan, such claimant may file a written claim for benefits with the Administrative Committee. The Administrative Committee shall consider such written claim and respond to the claimant within 90 days after receiving the claim unless special circumstances require an extension of time. The Administrative Committee may extend the response period by up to 90 additional days by notifying the claimant in writing, prior to the end of the initial 90-day period, that additional time is required. The notice of extension must set forth the special circumstances and the date by which the Administrative Committee expects to render its decision. If the Administrative Committee denies the claim, in whole or in part, the Administrative Committee shall provide the claimant with written notice of the denial and of the claimant’s right to an appeal. The notice shall set forth, in a manner calculated to be understood by the claimant:

- the specific reason or reasons for the denial,
- a reference to the specific Plan provisions on which the denial is based,
- a description of additional material or information, if any, which the claimant might provide to perfect the claim and an explanation of why it is needed,
- an explanation of the Plan’s appeal procedure in Section 8.2 and the time limits applicable to an appeal, and
- a statement of the claimant’s right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on appeal.

Section 8.2 Appeal

Within 90 days after receiving notice that a claim has been denied, the claimant may file a written appeal with the PIC. The claimant may provide written testimony and written documentation in support of the claimant’s appeal. Upon written request from the claimant, the PIC shall provide free of charge to such claimant reasonable access to and copies of all documents, records, and other information relevant (as defined in applicable ERISA regulations) to the particular claim. The PIC shall undertake a full and fair review of the appeal, taking into account all testimony, documents, records, and other information submitted by the claimant, without regard to whether such information was submitted or considered in the initial benefit determination. The PIC may hold a hearing and may require the claimant to provide additional information or testimony as the PIC, in its sole discretion, deems useful or appropriate to its consideration of the claim. The PIC shall render its final decision within 60 days of receipt of the appeal unless special circumstances require an extension of time. The PIC may extend the appeal period by up to 60 additional days by notifying the claimant in writing, prior to the end of the initial 60-day period, that additional time is required. The notice of extension must set forth the special circumstances and the date by which the PIC expects to render its final decision. If the PIC’s final decision is a denial of the claim, the PIC shall provide written notice of the denial, which notice shall set forth, in a manner calculated to be understood by the claimant:

- the specific reason or reasons for the denial,
- a reference to the specific Plan provisions on which the denial is based,
- a statement that the claimant is entitled to receive, upon written request and free of charge, reasonable access to and copies of all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claimant's claim, and
- a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA.

Section 8.3 Other Remedies

If the Administrative Committee or PIC fail to respond to a claimant within the time limits set forth in this Article VIII, the claimant may consider the claim denied. A claimant must comply with these procedures and exhaust all possibilities contained herein before filing a civil action under Section 502(a) of ERISA or otherwise seeking relief in any other forum. If a claimant seeks relief in another forum, the evidence presented will be strictly limited to the evidence timely presented in the administrative claims process. In addition, the claimant must commence an action in another forum within 180 days after the PIC's final decision on appeal under Section 8.2.

ARTICLE IX
AMENDMENT, TERMINATION, AND MERGER

Section 9.1 Amendment

(a) General Rule . The Company reserves the right to amend the Plan in whole or in part at any time and for any reason and to give such amendment retroactive effect to the extent permitted by applicable law. The PIC may approve any amendment to the Plan necessary to comply with the Code or ERISA or that does not have a substantial impact on the cost or design of the Plan. All other amendments must be approved by the Board of Directors of the Company or a Committee of the Board or one or more officers of the Company or a Participating Employer to whom the Board has delegated amendment authority.

(b) Nondiscrimination . The timing of an amendment must not have the effect of discriminating significantly in favor of HCE's.

(c) Anti-cutback Rule . No amendment may reduce the accrued benefit of any Participant.

(d) Vesting Schedule . If an amendment is made to the vesting schedule, every Participant who is actively employed and who has at least three (3) Years of Vesting Service must be permitted, within a reasonable period of time after the adoption of the amendment, to have his or her vesting percentage determined under the Plan without regard to the amendment.

Section 9.2 Termination or Discontinuance

The continuation of the Plan is not assumed as a contractual obligation by any Participating Employer. The Board of Directors may terminate the Plan at any time and for any reason, and each Participating Employer may terminate its own participation in the Plan or discontinue contributions to the Plan at any time and for any reason. If the Plan is terminated (in full or in part) or if there is a complete discontinuance of contributions under the Plan, the rights of affected Participants to benefits accrued to the date of such termination or complete discontinuance, to the extent funded as of such date, shall be fully vested and nonforfeitable.

Section 9.3 Merger or Spinoff

The Plan may be merged or consolidated with or its assets and liabilities may be transferred to another qualified plan and trust only if the benefits that would be received by a Participant in the event of a termination of the transferee plan immediately after such transfer, merger, or consolidation are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger, or consolidation, and only if such transfer, merger, or consolidation does not otherwise result in the elimination of any accrued benefit. The Plan may be split into two or more plans by way of a spinoff if, after the spinoff: (a) the sum of the account balances for each of the participants in the resulting plans equals the Account balance of the Participant in this Plan before the spinoff, and (b) the assets in each of the plans immediately after the spinoff equals the sum of the account balances for all participants in that plan.

ARTICLE X
MISCELLANEOUS

Section 10.1 No Right to Employment

Nothing contained in the Plan gives any Participant or Employee the right to be retained in the service of a Participating Employer or interferes with the right of a Participating Employer to discharge any Employee at any time.

Section 10.2 Inalienability

No Participant, Beneficiary, alternate payee, or any other person having or claiming to have any right or interest of any kind in the Plan shall have any right to sell, assign, transfer, convey, hypothecate, anticipate, or otherwise dispose of such interest. No interest in the Plan shall be subject to any liabilities or obligations of, or any bankruptcy proceedings, claims of creditors, attachment, garnishment, execution, levy, or other legal or equitable process against a Participant, Beneficiary, alternate payee, or any other person having or claiming to have any interest under this Plan, or such person's property. The prior sentence shall not apply to the creation, assignment, or recognition of any benefit payable with respect to a Participant pursuant to a qualified domestic relations order, or to the enforcement of a judgment, settlement, or order described in Section 401(a)(13)(C) of Code, or to any other exception provided under Section 401(a)(13) of the Code or the Treasury Regulations thereunder.

Section 10.3 Facility of Payment

If any Participant, Beneficiary, or Alternate Payee eligible to receive payments under the Plan is, in the opinion of the Administrative Committee, legally, physically, or mentally incapable of personally receiving and receipting for any payment under the Plan, the Administrative Committee may direct that such payments, or any portion thereof, be made to any person(s) or institution who have custody of such payee, or are providing necessities of life (including, without limitation, food, shelter, clothing, and medical or custodial care) to such payee, to the extent deemed appropriate by the Administrative Committee. Such payments shall constitute a full discharge of the liability of the Plan to the extent thereof. The Administrative Committee may withhold all other amounts due to such payee until a claim for such amounts is duly made by a duly appointed guardian or other legal representative of such payee.

Section 10.4 Construction of Plan

(a) Headings . The headings of Articles and Sections are included herein solely for the convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

(b) Controlling Law . To the extent not preempted by ERISA or other federal law, the Plan shall be governed and construed according to the laws of the State of Hawaii.

Section 10.5 Benefits Payable From Trust

All benefits payable under the Plan shall be paid solely from the trust, and the Participating Employers assume no liability or responsibility therefore.

ARTICLE XI
TOP-HEAVY RULES

Section 11.1 Determination of Top-Heavy Status

For purposes of this Article XI, the following terms shall have the meanings set forth below:

(a) " Key Employee ". In determining whether the Plan is top-heavy, "Key Employee" means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date was:

(i) An officer of a Participating Employer having annual 415 Compensation greater than $150,000 (as adjusted under Section 416(i)(1) of the Code); provided however, no more than the lesser of (A) 50 Employees or (B) the greater of three Employees or 10% of all Employees shall be regarded as officers,

(ii) A 5% owner of the Company, or

(iii) A 1% owner of the Company having annual 415 Compensation of more than $150,000.

The determination of who is a Key Employee shall be made in accordance with Section 416(i)(1) of the Code and the regulations and other guidance of general applicability issued thereunder.

A "non-Key Employee" is any Employee who is not a Key Employee.

(b) " Top-heavy plan ": The Plan is top-heavy if any of the following conditions exists:

(i) If the Top-Heavy Ratio for the Plan exceeds 60% and the Plan is not part of any required aggregation group or permissive aggregation group of plans.

(ii) If the Plan is part of a required aggregation group of plans but not part of a permissive aggregation group and the Top-Heavy Ratio for the group of plans exceeds 60%.

(iii) If the Plan is part of a required aggregation group and part of a permissive aggregation group of plans and the Top-Heavy Ratio for the permissive aggregation group exceeds 60%.

(iv) For purposes of determining whether the Plan is a top-heavy plan, the accrued benefit of an individual who has not performed services for a Participating Employer during the 1-year period ending on the Determination Date shall be disregarded.

(c) “ Top-Heavy Ratio ”.

(i) If a Participating Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Participating Employer has not maintained any defined benefit plan that during the 5-year period ending on the Determination Date has or had accrued benefits, the Top-Heavy Ratio for the Plan alone or for the required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of the Account balances of all Key Employees as of the Determination Date (including any part of any Account balance distributed in the 1-year period ending on the Determination Date) and the denominator of which is the sum of all Account balances (including any part of any Account balance distributed in the 1-year period ending on the Determination Date), both computed in accordance with Section 416 of the Code and the regulations thereunder. Both the numerator and denominator of the Top-Heavy Ratio shall be increased to reflect any contribution not actually made as of the Determination Date but which is required to be taken into account on that date under Section 416 of the Code and the regulations thereunder.

(ii) If a Participating Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Participating Employer maintains or has maintained one or more defined benefit plans that during the 5-year period ending on the Determination Date has or has had any accrued benefits, the Top-Heavy Ratio for any required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of Account balances under the aggregated defined contribution plan or plans for all Key Employees and the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date, and the denominator of which is the sum of Account balances under the aggregated defined contribution plans for all Participants, determined in accordance with Section 11.1(c)(i) above, and the present value of accrued benefits under the defined benefit plans for all Participants as of the Determination Date all as determined in accordance with Section 416 of the Code and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an accrued benefit made in the 1-year period ending on the Determination Date.

(iii) For purposes of subparagraphs (i) and (ii) above, the value of Account balances and the present value of accrued benefits shall be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Section 416 of the Code and the regulations thereunder for the first and second plan years of a defined benefit plan. The Account balances and accrued benefits of a Participant (i) who is not a Key Employee but who was a Key Employee in a prior year or (ii) who has not been credited with at least one Hour of Service with any employer maintaining the Plan at any time during the 1-year period ending on the Determination Date shall be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account shall be made in accordance with Section 416 of the Code and the regulations thereunder. Deductible employee contributions shall not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans, the

value of Account balances and accrued benefits shall be calculated with reference to the Determination Dates that fall within the same calendar year.

(iv) The accrued benefit of a Participant other than a Key Employee shall be determined under (A) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Participating Employer, or (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

(d) " Permissive aggregation group " means the required aggregation group of plans plus any other plan or plans of the Participating Employer that, when considered as a group with the required aggregation group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

(e) " Required aggregation group " means (i) each qualified plan of the Participating Employer in which at least one Key Employee participates or participated at any time during the Plan Year containing the Determination Date or any of the four preceding Plan Years (regardless of whether the plan has terminated), and (ii) any other qualified plan of the Participating Employer that enables a plan described in (i) to meet the requirements of Sections 401(a)(4) and 410 of the Code. For this purpose, "Participating Employer" shall include all employers aggregated under Section 414(b), (c), or (m) with a Participating Employer.

(f) " Determination Date ". For any Plan Year subsequent to the first Plan Year, the Determination Date means the last day of the preceding Plan Year. For the first Plan Year, the Determination Date means the last day of that year.

(g) " Valuation Date " means the Determination Date as of which account balances or accrued benefits are valued for purposes of calculating the Top-Heavy Ratio.

Section 11.2 Special Top-Heavy Rules

(a) If the Plan is or becomes top-heavy in any Plan Year, the provisions of this Article XI shall supersede any conflicting provisions in the Plan.

(i) Except as otherwise provided in subparagraph (iv) below, the Participating Employer contributions allocated on behalf of any Participant who is not a Key Employee shall be not be less than the lesser of (A) 3% of such Participant's 415 Compensation or (B) in the case where the Participating Employer has no defined benefit plan that designates the Plan to satisfy Section 401 of the Code, the largest percentage of Participating Employer contributions, as a percentage of the first $230,000 (as adjusted) of the Key Employee's 415 Compensation, allocated on behalf of any Key Employee for that year. The minimum allocation shall be determined without regard to any Social Security contribution. This minimum allocation shall be made even though, under other Plan provisions, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation because of the Participant's failure to (i) complete 1,000 Hours of Service (or any equivalent provided in the Plan), (ii) to make mandatory employee contributions to the Plan, or (iii) to earn Compensation in excess of a stated amount.

(ii) If a Participant is covered by both this Plan and a defined benefit plan, the minimum benefit required by Section 416 of the Code shall be provided by the defined benefit plan, provided that such benefit shall be offset by the benefits, if any, provided by this Plan.

(iii) The minimum allocation required (to the extent required to be nonforfeitable under Section 416(b)) may not be forfeited under Section 411(a)(3)(B) or 411(a)(3)(D) of the Code.

(iv) The provision in (i) above shall not apply to any Participant who was not employed by a Participating Employer on the last day of the Plan Year.

(b) The vesting schedules for AmeriShare and HEIDI Subaccounts meet the requirements for top-heavy vesting schedules in Section 416 (b) of the Code, and shall apply in all years, whether or not the Plan is top-heavy.

ARTICLE XII
DEFINITIONS

Wherever used in this document, the following capitalized terms have the indicated meanings unless the context clearly implies otherwise:

12.1 “Account” means the separate account maintained for each Participant which represents such Participant’s total proportionate interest in the Plan and Trust Fund as of any valuation date. A Participant’s Account may include one or more Subaccounts, as described in Section 4.2 (a). A Participant’s Account balance is the Participant’s accrued benefit.

12.2 “Administrative Committee” means the Hawaiian Electric Industries, Inc. Retirement Plans Administrative Committee appointed by the PIC to oversee the day-to-day administration of the Plan. *See* Section 7.1(b).

12.3 “AmeriMatch Contribution” means the matching contribution made by the Bank with respect to Bank Participants pursuant to Section 2.2.

12.4 “AmeriShare Contribution” means the discretionary, non-elective contribution made by the Bank with respect to Bank Participants pursuant to Section 2.3.

12.5 “Associated Company” means (i) a corporation that is not a Participating Employer, but is a member of the same controlled group of corporations (within the meaning of Section 1563(a) of the Code, determined without regard to Sections 1563(a)(4) and (e)(3)(C) of the Code) as a Participating Employer, (ii) a trade or business, whether or not incorporated, that is not a Participating Employer, but is under common control (within the meaning of Section 414(c) of the Code) with a Participating Employer; or (iii) a member, other than a Participating Employer, of an affiliated service group (within the meaning of Section 414(m) of the Code) that includes a Participating Employer.

12.6 “Bank” or “ASB” means American Savings Bank, F.S.B., or any successor thereto.

12.7 “Bank Participant” means an Eligible Employee of the Bank who has met the participation requirements in Section 1.1(c).

12.8 “Beneficiary” means the person or entity to whom all or a portion of a deceased Participant’s Account is payable as a death benefit in accordance with Section 6.7 of the Plan.

12.9 “Catch-up Contribution” means an elective contribution made on behalf of a catch-up eligible Participant that is in excess of an otherwise applicable Plan limit. An otherwise applicable Plan limit is a limit in the Plan that applies to elective contributions without regard to Catch-up Contributions, such as the limit on annual additions in Section 415(c) of the Code, the dollar limitation under Section 402(g) of the Code, or the limit imposed by the actual deferral percentage test in Section 401(k)(3) of the Code.

12.10 “Code” means the Internal Revenue Code of 1986, as amended.

12.11 “Company” means Hawaiian Electric Industries, Inc., or any successor thereto.

12.12 “Compensation” has two definitions: one for Employees of the Bank and one for all other Employees. The definitions of “Compensation” are used to calculate Salary Reduction Contributions and AmeriMatch Contributions. There are also definitions of “AmeriShare Compensation” and “HEIDI Compensation,” which are used to calculate AmeriShare Contributions and HEIDI Contributions, respectively. Finally, there are definitions of “ADP Compensation” and “415 Compensation,” which are used for ADP testing and 415 testing and other specific purposes under the Plan.

For Employees of the Bank, “Compensation” means the Employee’s Box 1, W-2 earnings from the Bank for the Plan Year, modified (i) to exclude fringe benefits, ASB Dollars, reimbursements, moving expenses and other expense allowances, retroactive pay increases, special executive compensation, and any signing bonuses, retention bonuses, service awards, and similar non-performance based awards; and (ii) to include elective contributions made by a Participating Employer to this Plan, a cafeteria plan (other than FlexCredits and ASB Dollars), or a transportation spending plan that are excluded from the taxable income of the Employee under Sections 402(e)(3), 125, or 132(f) of the Code. Special executive compensation is noncash compensation and nonqualified deferred compensation available only to a select group of management Employees. Discretionary bonuses and incentive compensation (other than signing bonuses, retention bonuses, service awards, and similar non-performance based awards) are included in Compensation for Employees of the Bank. Compensation earned prior to an Eligible Employee becoming a Participant shall not be counted in determining contributions to the Plan. Effective January 1, 1999, the exclusion for “retroactive pay increases” does not apply.

For Employees of all Participating Employers other than the Bank, “Compensation” means the Employee’s Box 1, W-2 earnings from the Employee’s Participating Employer for the Plan Year, modified (i) to exclude discretionary bonuses, fringe benefits, FlexCredits, reimbursements, moving expenses and other expense allowances, retroactive pay increases, and special executive compensation; and (ii) to include elective contributions made by a Participating Employer to this Plan, a cafeteria plan (other than FlexCredits and ASB Dollars), or a transportation spending plan that are excluded from the taxable income of the Employee under Sections 402(e)(3), 125, or 132(f) of the Code. Special executive compensation is noncash compensation and nonqualified deferred compensation available only to a select group of management Employees. Compensation earned prior to an Eligible Employee becoming a Participant shall not be counted in determining contributions to the Plan. Effective with the April 23, 2006, payroll for Maui Electric Company, Limited, the exclusion for “retroactive pay increases” does not apply. Effective with the April 30, 2006, payroll for the Company and Hawaiian Electric Company, Inc., the exclusion for “retroactive pay increases” does not apply. Effective with the July 16, 2006, payroll for Hawaii Electric Light Company, Inc., the exclusion for “retroactive pay increases” does not apply.

“AmeriShare Compensation” means the total salary, wages, and other monetary remuneration, if any, paid to an Employee by the Bank and required to be set forth in Box 1 of the Employee’s Form W-2 for a particular Plan Year plus all elective contributions to arrangements qualifying under Sections 125, 132(f)(4), or 401(k) of the Code. AmeriShare Compensation shall not, however, include commissions, employer contributions to any employee benefit plan (other than elective contributions), stock options or other equity compensation, amounts paid under the Hawaiian Electric Industries, Inc. Long-Term Incentive Plan, benefits paid out of the American

Savings Bank Select Deferred Compensation Plan (unless paid out in the same year deferred), or amounts paid by a Participating Employer to or on behalf of the Employee for "fringe benefits" such as (but not limited to) group life and health insurance, automobile allowance, club memberships and dues, and expense reimbursements, regardless of whether such benefits may or may not be taxable to the Employee. AmeriShare Compensation includes all amounts earned during the Plan Year, including amounts earned prior to an Eligible Employee of the Bank becoming a Bank Participant.

"HEIDI Compensation" means all straight-time pay and commissions paid (or accrued) during the Plan Year for services rendered to a HEIDI Employer. HEIDI Compensation shall include elective contributions made by a HEIDI Employer to this Plan, a cafeteria plan (other than employer-provided FlexCredits), or a transportation spending plan that are excluded from the taxable income of the Employee under Sections 402(e)(3), 125, or 132(f) of the Code. HEIDI Compensation shall not include overtime or premium pay, discretionary bonuses, reimbursements or other expense allowances, fringe benefits, deferred compensation, welfare benefits, or contributions (except for elective contributions) by a HEIDI Employer to this Plan or any other employee benefit plan. HEIDI Compensation earned prior to an Eligible Employee becoming a Participant shall not be counted in determining contributions to the Plan.

For all Employees, "ADP Compensation" means the Employee's Box 1, W-2 earnings for the Plan Year, without modification.

For all Employees, "415 Compensation" means the Employee's Box 1, W-2 earnings for the Plan Year, modified to include elective contributions made by a Participating Employer to this Plan, a cafeteria plan, or a transportation spending plan that are excluded from the taxable income of the Employee under Sections 402(e)(3), 125, or 132(f) of the Code.

"Compensation," "AmeriShare Compensation," "HEIDI Compensation," "ADP Compensation," and "415 Compensation" generally do not include amounts paid after severance from employment. However, "Compensation," "AmeriShare Compensation," "HEIDI Compensation," "ADP Compensation," and "415 Compensation" shall include amounts paid by the later of 2 1/2 months after the Participant's severance from employment or the end of the calendar year that includes the date of the Participant's severance from employment, if:

(a) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or similar payments, and, absent the severance from employment, the payments would have been paid to the Participant while the Participant continued in employment with the Participating Employer; or

(b) the payment is for unused accrued bona fide sick, vacation, or other leave that the Participant would have been able to use if employment had continued.

"415 Compensation" shall also include amounts paid by the later of 2 1/2 months after the Participant's severance from employment or the end of the calendar year that includes the date of the Participant's severance from employment, if the payment is received by the Participant

pursuant to an unfunded, nonqualified deferred compensation plan and would have been paid at the same time if employment continued, but only to the extent includible in gross income.

"Compensation," "AmeriShare Compensation," "HEIDI Compensation," "ADP Compensation," and "415 Compensation" shall be limited to $230,000 annually, as automatically adjusted for increases in the cost of living in accordance with Sections 401(a)(17)(B) and 415(d) of the Code.

For purposes of this Section 12.12, "elective contributions" under Section 125 of the Code shall include any amount that is not available to an Employee in cash in lieu of group health coverage under a Section 125 arrangement because the Employee is not able to certify in accordance with the Hawaii Prepaid Healthcare Act that he or she has other health coverage. An amount shall be treated as an elective contribution under the foregoing sentence only if the Participating Employer does not request or collect information regarding the Employee's other health coverage as part of the enrollment process for the health plan except as necessary to comply with the Hawaii Prepaid Healthcare Act.

12.13 "Compensation Committee" means the Compensation Committee of the Board of Directors of the Company.

12.14 "Disability" means a disability as defined in the then existing long-term disability plan maintained by the Participant's Participating Employer, regardless of whether the Participant is covered under that plan.

12.15 "Early Retirement Age" means age 55.

12.16 "Eligible Employee" means any Employee, other than a Leased Employee or an Employee employed on a "contract basis". An Employee is employed on a "contract basis" if the Employee is hired under written contract for a specific task or assignment.

12.17 "Employee" means a common law employee of a Participating Employer who is treated as such on the payroll records of a Participating Employer. "Employee" includes Leased Employees, except that a Leased Employee shall not be treated as an Employee if (1) the leasing organization covers the Leased Employee under a money purchase pension plan that provides a nonintegrated employer contribution of at least 10% of compensation, full and immediate vesting, and immediate participation for all employees it leases, and (2) Leased Employees do not constitute more than 20% of the Participating Employer's workforce.

A person who performs services for a Participating Employer as an independent contractor is not an Employee and is not eligible to participate in the Plan. An independent contractor is a person who performs services as an independent businessperson, as determined in accordance with the Code and ERISA. A person shall not be treated as an Employee for purposes of the Plan during any period in which such person is classified as an independent contractor by a Participating Employer, even if the person is later determined to have been a common-law employee during such period.

12.18 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

12.19 “HEIDI Contribution” means the discretionary, non-elective contribution made by a HEIDI Employer pursuant to Section 2.4.

12.20 “HEIDI Employer” means Pacific Energy Conservation Services, Inc. and any other Participating Employer that chooses to make HEIDI Contributions.

12.21 “HEIDI Participant” means an Eligible Employee of a HEIDI Employer who has met the participation requirements in Section 1.1.

12.22 “Highly Compensated Employee” or “HCE” means—

(a) any Employee who, during the Plan Year being tested or the immediately preceding year, owns or owned, directly or by attribution, more than 5% of the outstanding stock of the Company or more than 5% of the voting control of the Company; or

(b) any Employee who for the preceding year had 415 Compensation from a Participating Employer in excess of $100,000, as adjusted for increases in the cost of living in accordance with Section 415(d) of the Code.

A “non-Highly Compensated Employee” or “NHCE” is any Employee who is not an HCE for the year.

12.23 “Hour of Service” means the following hours as determined from the payroll or other reliable records of a Participating Employer:

(a) Each hour during the Plan Year for which an Employee is paid or entitled to payment by a Participating Employer for the performance of duties. These hours are credited to the Plan Year in which they are performed.

(b) Each hour for which an Employee is paid or entitled to payment by a Participating Employer for periods during which the Employee performs no duties because of vacation, holiday, illness, incapacity (including short-term disability), layoff, jury duty, military duty, or other approved leave of absence, except that Hours of Service shall not be counted where such payment is made or is due under a plan maintained solely for the purpose of complying with applicable worker’s compensation, unemployment, or disability insurance laws, or solely to reimburse an Employee for medical or medically related expenses. To which Plan Year these hours are credited depends on the calculation of the payment. If the payment is calculated based on units of time, such as payment for two weeks vacation, the hours shall be credited to the Plan Year during which the time occurred (the Employee took the vacation). If the payment is based on an event rather than a period of time, such as a single sum payment made because of layoff or disability, the hours shall be credited to the first Plan Year or allocated reasonably and consistently between the first Plan Year and the second Plan Year during which the event took place.

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by a Participating Employer. The same Hours of Service shall not be credited both under subparagraph (a) or (b), as the case may be, and this subparagraph (c). These

hours will be credited to the Plan Year to which the award or agreement pertains and not to the Plan Year in which the award, agreement, or payment is made.

(d) The Hour of Service rules stated in Department of Labor Regulations §2530.200b-2 are incorporated herein by reference, and any questions on the crediting of Hours of Service shall be resolved by reference to such regulations.

12.24 “Investment Committee” means the Hawaiian Electric Industries, Inc. Retirement Plans Investment Committee appointed by the PIC to oversee the day-to-day financial affairs of the Plan. *See* Section 7.1(c).

12.25 “Leased Employee” means a person who is not a common law employee of a Participating Employer or an Associated Company but who performs services for such under an agreement with a third party that treats the person as the third party’s employee for payroll and withholding purposes, if (1) such person has performed the services for a Participating Employer or an Associated Company on a substantially full-time basis for a period of one year, and (2) a Participating Employer or an Associated Company exercises primary direction or control over the performance of services by the person.

12.26 “Normal Retirement Age” means age 65.

12.27 “One-Year Break in Service”. For vesting for full-time Bank Participants and regular, full-time HEIDI Participants, a “One-Year Break in Service” means severance from the employment of the Participating Employers and Associated Companies for a 12-consecutive month period. For vesting for part-time and peak-time Bank Participants and part-time HEIDI Participants, a “One-Year Break in Service” is defined in Section 5.1(d)(ii)(A).

12.28 “Participant” means any Eligible Employee who has met the requirements for participation, as applicable, in Article I.

12.29 “Participating Employer” means the Company and any entity affiliated with the Company whose participation in the Plan has been approved by the Company and by such entity’s board of directors. As of January 1, 2008, the Participating Employers are: Hawaiian Electric Industries, Inc.; Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; Hawaii Electric Light Company, Inc.; American Savings Bank, F.S.B.; and Pacific Energy Conservation Services, Inc.

12.30 “PIC” means the Hawaiian Electric Industries, Inc. Pension Investment Committee.

12.31 “Plan” means the Hawaiian Electric Industries Retirement Savings Plan, as described in this instrument, including all amendments hereto.

12.32 “Plan Year” means the calendar year.

12.33 “Qualified Military Service” means any service in the Armed Forces (Army, Air Force, Navy, Marine Corps, or Coast Guard), the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard

duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or national emergency.

12.34 “Regular Salary Reduction Contribution” means a Salary Reduction Contribution made pursuant to a Participant’s salary reduction election under Section 2.1(a).

12.35 “Retire” or “Retirement” refers to a Participant’s termination of employment after reaching Early Retirement Age. For purposes of Section 2.3(b) (annual allocation requirement for AmeriShare Contributions in the event of Retirement), “Retirement” means termination of employment after attaining age 65 or age 55 with 10 Years of Vesting Service.

12.36 “Rollover Contributions” means contributions made by Eligible Employees pursuant to Section 2.6.

12.37 “Salary Reduction Contributions” means a Participant’s elective contributions described in Section 2.1. Salary Reduction Contributions are comprised of two components: Regular Salary Reduction Contributions and Catch-up Contributions.

12.38 “Trust Agreement” means the agreement between the Company and the Trustee establishing a trust for the custody and investment of Plan assets.

12.39 “Trust Fund” means all cash and property held by the Trustee pursuant to the Trust Agreement.

12.40 “Trustee” means Fidelity Management Trust Company, a Massachusetts trust company, or any successor appointed by the Company or the PIC.

12.41 “Utility” means the Company, Hawaiian Electric Company, Inc. (“HECO”), Maui Electric Company, Limited (“MECO”), and Hawaii Electric Light Company, Inc. (“HELCO”).

12.42 “Utility Participant” means an Eligible Employee of a Utility who has met the participation requirements in Section 1.1(a).

12.43 “Year of Vesting Service” is determined under Article V.

ARTICLE XIII
EXECUTION

This document is executed in accordance with resolutions of the Board of Directors of Hawaiian Electric Industries, Inc. dated December 11, 2007.

Hawaiian Electric Industries, Inc.

By /s/ Patricia U. Wong
Its Vice President-Administration &
Corporate Secretary

THIRTEENTH AMENDMENT TO TRUST AGREEMENT BETWEEN HAWAIIAN ELECTRIC INDUSTRIES, INC. AND FIDELITY MANAGEMENT TRUST COMPANY

THIS THIRTEENTH AMENDMENT TO TRUST AGREEMENT is made and entered into effective October 17, 2008, unless otherwise noted below, by and between Fidelity Management Trust Company (the “Trustee”) and Hawaiian Electric Industries, Inc. (the “Sponsor”);

WITNESSETH:

WHEREAS , the Trustee and the Sponsor heretofore entered into a Trust Agreement dated February 1, 2000, and amended August 1, 2000, November 1, 2000, April 1, 2001, December 31, 2001, January 1, 2002, April 1, 2002, July 1, 2002, September 1, 2003, February 2, 2004, October 3, 2005, November 1, 2006, and August 1, 2007 (the “Trust Agreement”) for the Hawaiian Electric Industries Retirement Savings Plan (the “Plan”); and

WHEREAS, the Hawaiian Electric Industries, Inc. Pension Investment Committee (the “PIC”) is the named fiduciary responsible for selecting the investment options offered under the Plan; and

WHEREAS , the PIC wishes and hereby directs the Trustee, in accordance with Sections 4(b) and 7(b) of the Trust Agreement:

(1) *Effective at the close of business (4:00 p.m. ET) on November 21, 2008* , to redirect all participant contributions directed to the funds in Column A to be invested in the funds in Column B; and to liquidate all participant balances held in the funds in Column A at its net asset value on such day, and to invest the proceeds in the funds in Column B at its net asset value on such day; and

Column A	Column B
Fidelity *Magellan* ® Fund	Fidelity *Magellan* ® Fund - Class K
Fidelity *Puritan* ® Fund	Fidelity *Puritan* ® Fund – Class K
Fidelity Diversified International Fund	Fidelity Diversified International Fund – Class K

(2) *Effective at the close of business (4:00 p.m. ET) on November 21, 2008* , to liquidate all participant balances held in the Fidelity Overseas Fund at its net asset value on such day, and to invest the proceeds in the Fidelity Overseas Fund – Class K at its net asset value on such day; and

(3) *Effective at the close of business (4:00 p.m. ET) on December 31, 2008* , to liquidate all participant balances held in the Fidelity Overseas Fund – Class K at its net asset value on such day, and to invest the proceeds in the ASB Money Market Account at its net asset value on such day.

The parties hereto agree that the Trustee shall have no discretionary authority with respect to these sales and transfers directed by the PIC. Any variation from the procedure described herein may be instituted only at the express written direction of the PIC; and

WHEREAS , in furtherance of the foregoing, the Sponsor and the Trustee desire to amend said Trust Agreement as provided for in Section 13 thereunder;

NOW THEREFORE , in consideration of the above premises, the Sponsor and the Trustee hereby amend the Trust Agreement by:

(1) *Effective October 17, 2008* , amending Section 4(d), Sponsor Stock, by restating the first paragraph in its entirety as follows:

(d) Sponsor Stock . Trust investments in HEI common stock shall be made via the HEI Common Stock Fund (the "Stock Fund"). Investments in the Stock Fund shall consist primarily of shares of HEI common stock. The Stock Fund shall also include cash or short-term liquid investments, in accordance with this paragraph, in amounts designed to satisfy daily participant exchange or withdrawal requests. Such holdings will include Colchester Street Trust: Money Market Portfolio: Class I or such other Mutual Fund or commingled money market pool as agreed to in writing by the Sponsor or the PIC and Trustee. To satisfy the Stock Fund's cash needs for participant-directed distributions and exchanges, a target range for cash shall be maintained in the Stock Fund. Such target range is currently 2%, ±0.2%, and may be changed as agreed to in writing by the Sponsor or the PIC and the Trustee via letter of direction. Subject to its ability to execute open-market trades in HEI common stock or to otherwise trade with the Sponsor, the Trustee shall be responsible for ensuring that the short-term investments held in the Stock Fund fall within the agreed-upon range over time. Each participant's proportional interest in the Stock Fund shall be measured in units of participation, rather than shares of HEI common stock. Such units shall represent a proportionate interest in all of the assets of the Stock Fund, which includes shares of HEI common stock, short-term investments and at times, receivables and payables (such as receivables and payables arising out of unsettled stock trades). The Trustee shall determine a daily net asset value ("NAV") for each unit outstanding of the Stock Fund. Valuation of the Stock Fund shall be based upon: (a) the closing price of the stock on the principal national securities exchange on which the HEI common stock is traded; (b) if such price is unavailable, the latest available price as reported by the principal national securities exchange on which the HEI common stock is traded (the "Closing Price"); or (c) if neither is available, the price determined in good faith by the Trustee. The NAV shall be adjusted for gains or losses realized on sales of HEI common stock, appreciation or depreciation in the value of those shares owned, and interest on the short-term investments held by the Stock Fund, payables and receivables for pending stock trades, receivables for dividends not yet distributed, and payables for other expenses of the Stock Fund, including principal obligations, if any, and expenses that, pursuant to Sponsor direction, the Trustee accrues or pays from the Stock Fund. Dividends on shares of Sponsor Stock held in the Stock Fund shall be: (a) paid to Participants in cash; or (b) retained by the Trustee in the Stock Fund and used to allocate additional units of such fund to the accounts of Participants who have elected to have dividends reinvested. The Trustee will establish and maintain procedures as described in Schedule "K" to allow Plan participants to elect to reinvest dividends or to amend such elections in order to receive dividend payments from the Stock Fund in cash. In the absence of valid Participant direction to the contrary, the Participant shall be deemed to have directed the Trustee to reinvest the Participant's dividend in additional shares of the Stock Fund and the Named Fiduciary directs the Trustee to reinvest the Participant's dividend accordingly. The Trustee shall pay out or reinvest the dividend in accordance with Schedule "K", attached hereto. Subject to the Trustee's administrative capabilities, the PIC may limit participants' investment in the Stock Fund as outlined in the Plan Administration Manual or as directed by the PIC.

(2) Amending Section 4(d)(iii)(B), Purchases and Sales from or to Sponsor, by restating in its entirety as follows:

(B) Purchases and Sales from or to Sponsor .

If directed by the Sponsor or PIC in writing prior to the trading date, the Trustee may purchase or sell HEI common stock from or to the Sponsor if the purchase or sale is for adequate consideration (within the meaning of section 3(18) of ERISA) and no commission is charged. If Sponsor contributions or contributions made by the Sponsor on behalf of the participants under the Plan are to be invested in the Stock Fund, the Sponsor may transfer HEI common stock in lieu of cash to the Trust. In either case, the number of shares to be transferred will be determined by dividing the total amount of HEI common stock to be purchased or sold by the Closing Price of the HEI common stock on the trading date. No fractional shares will be purchased or sold.

(3) *Effective as of the close of business (4:00 p.m. ET) on November 21, 2008* , amending Schedules "A" and "C" by replacing the references to Fidelity Diversified International Fund, Fidelity Puritan ® Fund, Fidelity Magellan ® Fund, and Fidelity Overseas Fund *(frozen to new investments effective April 1, 2004)* with the following:

- Fidelity Diversified International Fund – Class K
- Fidelity Magellan ® Fund – Class K
- Fidelity Puritan ® Fund – Class K
- Fidelity Overseas Fund – Class K (*added after close of business on November 20, 2008 but frozen to new investments effective after close of business on November 20, 2008)*

(4) *Effective as of the close of business (4:00 p.m. ET) on December 31, 2008* , amending and restating Schedule "A" in its entirety, as attached hereto:

(5) *Effective as of the close of business (4:00 p.m. ET) on December 31, 2008* , amending and restating Schedule "C" in its entirety, as attached hereto.

(6) Amending and restating Schedule G, Operating Procedures Agreement – ASB Money Market Account, in its entirety, as attached hereto.

(7) Amending and restating Schedule K, Dividend Pass-Through Program Operating Procedures for Processing Dividends, in its entirety, as attached hereto.

IN WITNESS WHEREOF , the Trustee and the Sponsor have caused this Thirteenth Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

HAWAIIAN ELECTRIC INDUSTRIES, INC. BY: HAWAIIAN ELECTRIC INDUSTRIES, INC. PENSION INVESTMENT COMMITTEE		**FIDELITY MANAGEMENT TRUST COMPANY**	
By: /s/ Curtis Y. Harada Curtis Y. Harada Chairman	12/2/08 Date	By: /s/ Rebecca Ethier FMTC Authorized Signatory	1/13/09 Date
By: /s/ Patricia U. Wong Patricia U. Wong Secretary	12/2/08 Date		

Schedule “A”

ADMINISTRATIVE SERVICES

The Trustee will provide the recordkeeping and administrative services set forth on this Schedule “A”, or as otherwise agreed to in writing (or by means of a secure electronic medium) between the Sponsor and Trustee in accordance with direction procedures established by the Trustee with the written approval of the Sponsor and documented in the Plan Administration Manual. With regard to Plan specific services, the Trustee shall add services only at the direction of the Sponsor. With prior written notice to the Sponsor, the Trustee may unilaterally enhance the services previously approved, provided there is no impact on fees set forth in Schedule “B”; and further provided that if the Sponsor notifies the Trustee in writing that a change to a previously approved service proposed by the Trustee pursuant to this sentence is unacceptable to the Sponsor, such service change shall not be applied.

Administration

* Establishment and maintenance of participant account and election percentages.
* Maintenance of the following plan investment options:
    - AIM Dynamics Fund *(frozen to new investments effective January 1, 2006)*
    - ASB Money Market Account
    - Fidelity Diversified International Fund – Class K
    - Fidelity Freedom 2000 Fund ®
    - Fidelity Freedom 2005 Fund ®
    - Fidelity Freedom 2010 Fund ®
    - Fidelity Freedom 2015 Fund ®
    - Fidelity Freedom 2020 Fund ®
    - Fidelity Freedom 2025 Fund ®
    - Fidelity Freedom 2030 Fund ®
    - Fidelity Freedom 2035 Fund ®
    - Fidelity Freedom 2040 Fund ®
    - Fidelity Freedom 2045 Fund ®
    - Fidelity Freedom 2050 Fund ®
    - Fidelity Freedom Income Fund ®
    - Fidelity Magellan ® Fund – Class K
    - Fidelity Puritan ® Fund – Class K
    - Fidelity Retirement Money Market Portfolio
    - Fidelity U.S. Bond Index Fund
    - First American Mid Cap Growth Fund
    - HEI Common Stock Fund
    - Morgan Stanley Institutional Fund, Inc. International Equity Portfolio – Class P Shares
    - Morgan Stanley Institutional Fund Trust Value Portfolio – Class P Shares
    - Neuberger Berman Partners Fund – Trust Class
    - Virtus Mid-Cap Value Fund – Class A
    - Spartan ® U.S. Equity Index Fund – Investor Class
    - T. Rowe Price Growth Stock Fund
    - T. Rowe Price Small-Cap Stock Fund

* Maintenance of the following money classifications:
  - Salary Reduction
  - Participant Voluntary
  - Rollover
  - HEI Diversified Plan
  - Employer ASB
  - Employer Supplemental
  - IRA
  - Voluntary HEISOP
  - Employer HEISOP
  - Employee Pre-Tax Catch Up
  - After-Tax Rollover
  - Employer BIA
  - TRP PER
  - AmeriMatch
  - AmeriShare
* Processing of investment option trades
* Establishment and maintenance of participant loans
* Enrollment of new Participants via telephone and/or such other electronic means as may be agreed upon from time to time by the Sponsor and the Trustee. Confirmation of enrollment will be provided online or, if requested, by mail (generally within five (5) calendar days of the request).
* Maintenance of Participants' requests to change their pre-tax and catch-up deferral percentages via telephone or such electronic means as may be agreed upon from time to time by the Sponsor and the Trustee
* Provide participant deferral election data updates via electronic data transfer ("EDT") in a timely manner for the Sponsor to apply to its payrolls

Processing

* Weekly processing of contribution data and contributions
* Daily processing of transfers and changes of future allocations via the telephone exchange system or by such other means as the Sponsor and Trustee may agree to from time to time
* Daily and weekly processing of participant data updates via the Plan Sponsor Webstation or by such other means as the Sponsor and Trustee may agree to from time to time
* Processing of changes to Participants' deferral percentages
* Processing of rollovers
* Processing of excess contributions and deferrals
* Processing of in-service partial, and full withdrawals due to certain circumstances previously approved by the Sponsor
* Processing of hardship withdrawals as directed by Participants and approved by the Sponsor
* For general loans: Consult with Participants on various loan scenarios and generate all documentation

* For home loans: Processing of loan requests as directed by Participants and approved by the Sponsor
* Processing of forfeitures as directed by the Sponsor
* Processing of loan payoff payments at Participants' request via telephone exchange system or by such other means as the Sponsor and the Trustee may agree to from time to time

Other

* Reports
* Monthly trial balance
* Monthly loan reports
* Quarterly or annual administrative reports
* Quarterly participant statements via paper or electronic copy

Financial Reporting

* 1099Rs
* Assist in the preparation of Form 5500

Account Segregation

* Account segregation for Qualified Domestic Relations Orders ("QDRO") as directed by Sponsor
* Account segregation for named beneficiary(ies) due to a participant's death as directed by Sponsor

Internet Services

* Plan Sponsor Webstation
* Portfolio Review, an internet-based educational service for Participants that generates target asset allocations and model portfolios customized to investment options in the Plan based upon methodology provided by Strategic Advisers, Inc., an affiliate of the Trustee.
* NetBenefits [SM]
* Rebalance service
    * Portfolio rebalance
    * Automatic rebalance
    * Rebalance notification
* Annual increase program
* Online beneficiary service

Processing Services

* Minimum Required Distribution ("MRD") service

* De minimis Distributions service
* Loan interest rate update service: The Trustee will provide monthly monitoring of the Federal Reserve Prime Rate, Loan interest rate update (for new loans) upon change of the Prime Rate, and Simple rate calculation based on the Prime Rate.
* Loan repayment processing
    - Loan repayments ACH
    - Loan coupon books
    - Loan repayment reinvestment
    - Loan overpayments

Miscellaneous Services

* Periodic meetings with Sponsor
* Educational services as needed and mutually agreed upon by the Trustee and the Sponsor
* Provide employee communications describing available investment options, including multimedia informational materials and group presentations
* Change of Address by Telephone: The Trustee shall allow terminated and retired Participants, Alternate Payees of Participants of any status, and Beneficiaries of deceased employees, terminated and retired Participants to make address changes via Fidelity's toll-free telephone service
* Rollover Contribution Processing: Process the qualification and acceptance of rollover contributions to the Trust. The procedures for qualifying a rollover are directed by the Sponsor and the Trustee shall accept or deny each rollover based upon the Plan's written criteria and any written guidelines provided by the Sponsor and documented in the Plan Administration Manual. Requests that do not meet the specified criteria will be returned to the Participant with an explanation as to why the request cannot be processed. If the Trustee determines that a request is not a valid rollover, the requested rollover contribution will be rejected back to the Participant.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
BY: HAWAIIAN ELECTRIC INDUSTRIES, INC. PENSION INVESTMENT COMMITTEE

By: /s/ Curtis Y. Harada 12/2/08
Curtis Y. Harada Date
Chairman

By: /s/ Patricia U. Wong 12/2/08
Patricia U. Wong Date
Secretary

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Rebecca Ethier 1/13/09
FMTC Authorized Signatory Date

Schedule "C"

INVESTMENT OPTIONS

In accordance with Section 4(b), the PIC hereby directs the Trustee that participants' individual accounts may be invested in the following investment options:

- AIM Dynamics Fund *(frozen to new investments effective January 1, 2006)*
- ASB Money Market Account
- Fidelity Diversified International Fund – Class K
- Fidelity Freedom 2000 Fund ®
- Fidelity Freedom 2005 Fund ®
- Fidelity Freedom 2010 Fund ®
- Fidelity Freedom 2015 Fund ®
- Fidelity Freedom 2020 Fund ®
- Fidelity Freedom 2025 Fund ®
- Fidelity Freedom 2030 Fund ®
- Fidelity Freedom 2035 Fund ®
- Fidelity Freedom 2040 Fund ®
- Fidelity Freedom 2045 Fund ®
- Fidelity Freedom 2050 Fund ®
- Fidelity Freedom Income Fund ®
- Fidelity Magellan ® Fund – Class K
- Fidelity Puritan ® Fund – Class K
- Fidelity Retirement Money Market Portfolio
- Fidelity U.S. Bond Index Fund
- First American Mid Cap Growth Fund
- HEI Common Stock Fund
- Morgan Stanley Institutional Fund, Inc. International Equity Portfolio – Class P Shares
- Morgan Stanley Institutional Fund Trust Value Portfolio – Class P Shares
- Neuberger Berman Partners Fund – Trust Class
- Virtus Mid-Cap Value Fund – Class A
- Spartan ® U.S. Equity Index Fund – Investor Class
- T. Rowe Price Growth Stock Fund
- T. Rowe Price Small-Cap Stock Fund

The PIC hereby acknowledges that it has received from the Trustee via regular mail a paper copy of the prospectus for each Fidelity Class K Mutual Fund selected by the PIC as a Plan investment option. The PIC understands that the Fidelity Class K Mutual Fund prospectus(es) are not available at this time online at www.fidelity.com . Participants or beneficiaries who wish to invest in a Fidelity Class K Mutual Fund will be provided with a Fidelity Class K Mutual Fund prospectus, via regular mail, prior to such investment.

The PIC hereby directs that for Plan assets allocated to a participant's account, the investment option referred to in Section 4(c) shall be the Fidelity Freedom Fund determined according to a methodology selected by the PIC and communicated to the Trustee in writing. In the case of unallocated Plan assets, Plan assets received from the termination or reallocation of an investment option, or Plan assets described in Section 4 (d)(vi)(B)(5), the Plan's default investment shall be the ASB Money Market Account.

The PIC hereby directs the Trustee to update the methodology (i.e., date ranges) as additional Fidelity Freedom Funds ® are launched and added in accordance with the preceding paragraph. Such updates will be made to the service as soon as administratively feasible following the launch of future Fidelity Freedom Funds ®, unless otherwise directed by the PIC. The PIC hereby directs the Trustee to add any additional Fidelity Freedom Funds ® as permissible investment options as they are launched, such funds being available to Plan participants as of the open of trading on the New York Stock Exchange on their respective inception dates or as soon thereafter as administratively possible, unless otherwise directed by the PIC.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
BY: HAWAIIAN ELECTRIC INDUSTRIES, INC.
PENSION INVESTMENT COMMITTEE

By: /s/ Curtis Y. Harada — 12/2/08
Curtis Y. Harada — Date
Chairman

By: /s/ Patricia U. Wong — 12/2/08
Patricia U. Wong — Date
Secretary

Schedule "G"

Operating Procedures Agreement -ASB Money Market Account

The American Savings Bank ("ASB") Money Market Account (the "Fund") is a money market deposit account at American Savings Bank, F.S.B. and is not a mutual fund. The Fund pays monthly interest at a fixed rate set from time to time by ASB based on prevailing interest rates. Based upon Fidelity Investments Institutional Operations Company, Inc.'s ("Fidelity's") understanding of the Fund, the net asset value ("NAV") will be priced at $1.00, and the operating procedures are as follows:

Pricing

ASB shall provide Fidelity with a change to the NAV and interest rate, in writing, via fax, at least fifteen calendar days prior to the effective date. A list of employee names, including signatures, that are authorized to initiate changes to the interest rate are attached hereto as Exhibit 1. If for any reason, ASB is unable to determine a current valuation, the last reported valuation of the Fund shall remain in effect. The valuations provided by ASB shall not be reviewed by Fidelity. Fidelity shall be responsible for accurately reflecting the NAV on the Fidelity Plan Sponsor Webstation and participant statements.

Trade Instructions

By 9:00 a.m. Eastern Time ("ET") each business day, Fidelity will provide to Hawaiian Electric Industries ("Sponsor"), via fax, a report of net activity that occurred in the Fund on the prior business day. The report will reflect the net dollar and share amounts of assets invested or withdrawn as of the end of the processing date.

Fidelity will fax the report to the Sponsor each day, regardless of processing activity. If for any reason Fidelity is unable to fax the report to the Sponsor, Fidelity will notify the Sponsor of this by 2:00 p.m. ET. Sponsor is responsible each business day, by 3:00 p.m. ET, for notifying Fidelity if the report has not been received.

Monetary Transfers

For purposes of wire transfers, Fidelity will net purchase and redemption activity occurring on the same day. The monetary transfers between Fidelity and ASB will operate as follows:

- Based upon the cash value of the net redemption activity reported each day, ASB will initiate a wire transfer to Fidelity for receipt by no later than the close of business at the New York Federal Reserve Bank on the date the report of net activity is received by ASB. The mailing of participant distribution checks and investments into other investment options will occur upon receipt of the wire from ASB.
- Based upon the cash value of the net purchase activity reported each day, Fidelity will initiate a wire transfer to ASB for receipt by no later than the close of business at the New York Federal Reserve Bank on the business day after the transactions are processed on the Fidelity Participant Recordkeeping System.
- Wires will be sent according to wire instructions listed below.

Fidelity and ASB will monitor the receipt of wires on a daily basis. If for any reason a wire is not received, the receiving party is responsible for notifying the sender of this problem by 3:00 p.m. ET the next day. The party in error shall be responsible for the amount of such wire, plus associated bank penalties.

Corporate Actions

If applicable, Sponsor will notify Fidelity of any proxies and other corporate actions. If requested, Fidelity will provide Sponsor with participant balance and address information necessary for any proxy mailing or other corporate actions. Fidelity will not have any additional responsibilities relative to corporate actions.

Fidelity assumes no responsibility for any loss incurred due to inaccurate communications of corporate actions or failure to communicate corporate actions by Sponsor.

Reconciliation

Fidelity shall send a Monthly Trial Balance that summarizes activity in the Fund to the Sponsor within twenty (20) business days of each calendar month end. The Sponsor or ASB shall notify Fidelity of any discrepancies within twenty (20) business days of receipt. Additionally, ASB shall send Fidelity monthly fund statements no later than ten (10) business days after each calendar month end.

Indemnifications

Sponsor agrees to indemnify and hold harmless Fidelity for the following:

- Any loss incurred by Fidelity due to a pricing error caused by the Sponsor or ASB. The Sponsor also agrees to compensate Fidelity for the cost of any adjustments made to participant accounts due to such an error.
- Any loss incurred by Fidelity due to the inaccurate communication of corporate actions by the Sponsor or ASB, or failure to communicate corporate actions by the Sponsor or ASB.
- Any loss related to balance discrepancies between the participant balances maintained by Fidelity and the balance maintained by ASB due to errors caused by the Sponsor or ASB.

Fidelity agrees to indemnify and hold harmless Sponsor and ASB for the following:

- Any loss incurred by ASB, the Sponsor, a participant or a beneficiary due to a trading error caused by Fidelity. Fidelity also agrees to compensate the Sponsor, ASB, participant or a beneficiary for the cost of any adjustments to the Fund due to such error.
- Any loss related to balance discrepancies between the participant balances maintained by Fidelity and the balance maintained by ASB due to errors caused by Fidelity.

Fidelity's Wire Transfer Instructions:

Beneficiary Bank: Deutsche Bank Trust Co Americas
ABA Number: 021001033
Account Name: Fidelity Investments FPRS Depo Account
Account Number: 00163002
Ref: Plan #02045 for Hawaiian Electric Inds Retirement Plan

American Savings Bank's Wire Instructions:

Beneficiary Bank: American Savings Bank
ABA Number: 321370765
Account Name: HAWAIIAN ELECTRIC IND RSP
Account Number: 0010455605
Ref: Hawaiian Electric Industries Retirement Savings Plan

The above procedure and conditions are hereby confirmed by all parties.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
BY: HAWAIIAN ELECTRIC INDUSTRIES, INC.
PENSION INVESTMENT COMMITTEE

By: /s/ Curtis Y. Harada 12/2/08
Curtis Y. Harada Date
Chairman

By: /s/ Patricia U. Wong 12/2/08
Patricia U. Wong Date
Secretary

AMERICAN SAVINGS BANK

By: /s/ Alvin N. Sakamoto 12/3/08
Authorized Signatory Date

FIDELITY INVESTMENTS INSTITUTIONAL OPERATIONS COMPANY, INC.

By: /s/ Rebecca Ethier 1/13/09
Authorized Signatory Date

EXHIBIT 1

The following individuals are authorized to initiate changes to the daily interest rate for the ASB Money Market Account investment alternative.

/s/ Alvin N. Sakamoto

Alvin N. Sakamoto, Executive Vice President, Finance

/s/ Kevin Haseyama

Kevin Haseyama, Senior Vice President, Treasurer

/s/ Gary Horita

Gary Horita, Senior Vice President, Controller

Schedule "K"

DIVIDEND PASS-THROUGH PROGRAM OPERATING PROCEDURES FOR PROCESSING DIVIDENDS

Hawaiian Electric Industries, Inc., ("the Sponsor") and Fidelity Management Trust Company and Fidelity Investments Institutional Operations Company, Inc. (collectively, "Fidelity") hereby agree that the dividend pass-through program with respect to the HEI Common Stock Fund (the "Stock Fund") established as an investment option under the Hawaiian Electric Industries Retirement Savings Plan (the "Plan") shall be administered in accordance with the following procedures.

Definitions

"Dividend Payable Date" shall mean the business day Fidelity receives funding for the Stock Fund dividends from the Sponsor's transfer agent.

Procedures

1. Fidelity shall establish and maintain procedures for Plan participants who have elected to invest portions of their account balances in the Stock Fund to make and periodically amend elections to reinvest dividends or receive dividend payments from the Stock Fund in cash. Such procedures shall be provided to the Sponsor for review and approval prior to implementation. The procedures may be amended from time to time by Fidelity with the prior approval of the Sponsor, such approval to not be unreasonably withheld, or at the reasonable request of the Sponsor.

2. The Sponsor shall, as soon as practicable prior to each dividend payment on the Sponsor's common stock held in the Stock Fund, inform Fidelity of the expected dividend dates (record date, ex-dividend date and payment date) and the anticipated amount of the dividend per share.

3. Fidelity shall determine the amount of dividends attributable to each participant who is eligible to elect to receive Stock Fund dividends in cash under the terms of the Plan as communicated in writing by the Sponsor to the Trustee, and who is invested in the Stock Fund on the ex-dividend date, as follows: Fidelity shall calculate the dividend per unit in the Stock Fund by dividing the total dividend received for shares held within the Stock Fund by the total number of units of the Stock Fund outstanding on ex-dividend date. The amount of dividend attributable to each eligible participant shall be determined by multiplying the dividend per unit by the number of units held by each eligible participant on ex-dividend date.

4. On the Dividend Payable Date, Depository Trust Company shall wire to Fidelity the funding for the dividends paid to the Plan, on shares of Sponsor Stock held in the Stock Fund.

5. Fidelity shall issue checks to each participant for the participant's allocated share of dividends paid to the Stock Fund (determined in accordance with Section 3 above) if the participant (i) holds balances in the Stock Fund on the ex-dividend date and (ii) has elected (and has not rescinded such election in a timely manner) to receive Stock Fund dividends in accordance with the procedures established pursuant to Section 1 above. If the amount of any dividend is less than $10.00, participants who do not have electronic funds transfer will be deemed to have elected to reinvest the dividend in the Stock Fund. Processing of such checks shall begin on the business day following Dividend Payable Date, and checks shall be issued as promptly as administratively feasible thereafter.

6. Fidelity shall issue IRS Form 1099-DIV to each participant who receives dividends in cash no later than January 31 of the year following the year in which the cash dividends were paid to the participant.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
BY: HAWAIIAN ELECTRIC INDUSTRIES, INC.
PENSION INVESTMENT COMMITTEE

By: /s/ Curtis Y. Harada — 12/2/08
Curtis Y. Harada — Date
Chairman

By: /s/ Patricia U. Wong — 12/2/08
Patricia U. Wong — Date
Secretary

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Rebecca Ethier — 1/13/09
FMTC Authorized Signatory — Date

FOURTEENTH AMENDMENT TO TRUST AGREEMENT BETWEEN HAWAIIAN ELECTRIC INDUSTRIES, INC. AND FIDELITY MANAGEMENT TRUST COMPANY

THIS FOURTEENTH AMENDMENT TO TRUST AGREEMENT is made and entered into effective December 31, 2008, by and between Fidelity Management Trust Company (the “Trustee”) and Hawaiian Electric Industries, Inc. (the “Sponsor”);

WITNESSETH:

WHEREAS , the Trustee and the Sponsor heretofore entered into a Trust Agreement dated February 1, 2000, and amended August 1, 2000, November 1, 2000, April 1, 2001, December 31, 2001, January 1, 2002, April 1, 2002, July 1, 2002, September 1, 2003, February 2, 2004, October 3, 2005, November 1, 2006, August 1, 2007, and October 17, 2008 (the “Trust Agreement”) for the Hawaiian Electric Industries Retirement Savings Plan (the “Plan”); and

WHEREAS, the Sponsor has directed the Trustee to accept and hold assets of the American Savings Bank 401(k) Plan in accordance with the terms of this Trust Agreement; and

WHEREAS , in furtherance of the foregoing, the Sponsor and the Trustee desire to amend said Trust Agreement as provided for in Section 13 thereunder;

NOW THEREFORE , in consideration of the above premises, the Sponsor and the Trustee hereby amend the Trust Agreement by:

(1) Restating the first WHEREAS Clause to read as follows:

WHEREAS, Hawaiian Electric Industries, Inc. is the sponsor of the Hawaiian Electric Industries Retirement Savings Plan, and American Savings Bank, F.S.B. is the sponsor of the American Savings Bank 401(k) Plan (collectively and individually, the “Sponsor”); and

(2) Amending the WHEREAS Clauses to add the following:

WHEREAS , the Plan shall mean the Hawaiian Electric Industries Retirement Savings Plan and the American Savings Bank 401(k) Plan (collectively and individually, the “Plan”) and such other tax-qualified, defined contribution plans which are maintained by the Sponsor or any of its subsidiaries or affiliates for the benefit of their eligible employees as may be designated by the Sponsor in writing to the Trustee as a Plan hereunder. Each reference to “a Plan” or “the Plan” in this Agreement shall mean and include the Plan or Plans to which the particular provision of this Agreement is being applied or all Plans, as the context may require.

WHEREAS , the Sponsor wishes to establish a single trust to hold and invest assets of the Plan or such other tax-qualified defined contribution plans maintained by the Sponsor, or any of its subsidiaries or affiliates, as are designated by the Sponsor as being eligible to participate therein; and

WHEREAS , certain affiliates and subsidiaries of the Sponsor maintain, or may in the future maintain, qualified defined contribution plans for the benefit of their eligible employees; and

WHEREAS , the Trustee is willing to hold the aforesaid Plan assets in trust for the exclusive benefit of Participants and their beneficiaries pursuant to the provisions of this Trust Agreement; and

WHEREAS , such trust shall constitute a continuation, by means of an amendment and restatement, of each of the prior trusts from which Plan assets are transferred to the Trustee; and

WHEREAS , the Trustee shall maintain a separate account reflecting the equitable share of each Plan in the Trust, as defined herein, and in all investments, receipts, disbursements and other transactions hereunder, and shall report the value of such equitable share at such times as may be mutually agreed upon by the Trustee and the Sponsor. Such equitable share shall be used solely for the payments of benefits, expenses and other charges properly allocable to each such Plan and shall not be used for the payment of benefits, expenses or other charges properly allocable to any other Plan; and

(3) Amending Section 1, Trust , by restating the first sentence to read as follows:

"Trust" shall mean the Hawaiian Electric Industries Retirement Savings Plan and the American Savings Bank 401(k) Plan Master Trust, being the trust established by the Sponsor and the Trustee pursuant to the provisions of this Agreement.

(4) Restating Section 2, Exclusive Benefit and Reversion of Sponsor Contributions , to read as follows:

Section 2. Exclusive Benefit and Reversion of Sponsor Contributions.

Except as provided under applicable law, no part of the Trust allocable to a Plan may be used for, or diverted to, purposes other than the exclusive benefit of the Participants in the Plan or their beneficiaries or the reasonable expenses of Plan administration. No assets of the Plan shall revert to the Sponsor, except as specifically permitted by the terms of the Plan.

(5) Restating the first sentence of Section 3(c), Disbursements , in its entirety, to read as follows:

(c) The Trustee shall not be required to make any disbursement under a Plan in excess of the net realizable value of the assets of the Trust allocable to such Plan at the time of the disbursement.

(6) Restating the first sentence of Section 4(b), Available Investment Options , in its entirety, to read as follows:

(b) Available Investment Options. The PIC with respect to a Plan shall direct the Trustee as to the investment options in which the Trust shall be invested during the period beginning on the date of the initial transfer of assets to the Trust and ending on the date of the completion of the reconciliation of Participant records (the, "Participant

Recordkeeping Reconciliation Period") and the investment options in which Participants may invest following the Participant Recordkeeping Reconciliation Period.

(7) Amending Section 5, Recordkeeping to be Performed , by adding following new subsection (f).

(f) Allocation of Interests .

All transfers to, withdrawals from, or other transactions regarding the Trust shall be conducted in such a way that the proportionate interest in the Trust of each Plan and the fair market value of that interest may be determined at any time. Whenever the assets of more than one Plan are commingled in the Trust or in any investment option, the undivided interest therein of each such Plan shall be debited or credited (as the case may be) (i) for the entire amount of every contribution received on behalf of such Plan, every benefit payment, or other expense attributable solely to such Plan, and every other transaction relating only to such Plan; and (ii) for its proportionate share of every item of collected or accrued income, gain or loss, and general expense, and of any other transactions attributable to the Trust or that investment option as a whole.

(8) Amending Section 7(b), Directions from Administrator, by adding the following sentences to the beginning of this section.

The sponsor, PIC or Administrative Committee for the Hawaiian Electric Industries Retirement Savings Plan shall provide directions for the Hawaiian Electric Industries Retirement Savings Plan and the sponsor, PIC or Administrative Committee for the American Savings Bank 401(k) Plan shall provide directions for the American Savings Bank 401(k) Plan and the Trustee may rely without further duty of inquiry on the authority of any such individual to provide direction to the Trust on behalf of the respective Sponsor, PIC or Administrative Committee.

(9) Amending Section 14, General , by adding the following new subsections (g) and (h) as follows:

(g) Delegation by Employer .

By authorizing the assets of any Plan as to which it is an "employer" to be deposited in the Trust, each employer, other than the Sponsor, hereby irrevocably delegates and grants to the Sponsor full and exclusive power and authority to exercise all of the powers conferred upon the Sponsor and each employer by the terms of this Agreement, and to take or refrain from taking any and all action which such employer might otherwise take or refrain from taking with respect to this Agreement, including the sole and exclusive power to exercise, enforce or waive any rights whatsoever which such employer might otherwise have with respect to the Trust, and irrevocably appoints the Sponsor as its agent for all purposes under this Agreement. The Trustee shall have no obligation to account to any such employer or to follow the instructions of or otherwise deal with any such Employer, the intention being that the Trustee shall deal solely with the Sponsor.

(h) The Sponsor shall be responsible for verifying that while any assets of a particular Plan are held in the Trust, the Plan (i) is qualified within the meaning of section 401(a) of the Code; (ii) is permitted by existing or future rulings of the United States

Treasury Department to pool its funds in a group trust; and (iii) permits its assets to be commingled for investment purposes with the assets of other such plans by investing such assets in this Trust. If any Plan ceases to be qualified within the meaning of section 401(a) of the Code, the Sponsor shall notify the Trustee as promptly as is reasonable. Upon receipt of such notice, the Trustee shall promptly segregate and withdraw from the Trust, the assets which are allocable to such disqualified Plan, and shall dispose of such assets in the manner directed by the Sponsor.

(10) Adding Schedule "E-1" as attached hereto.

IN WITNESS WHEREOF , the Trustee and the Sponsor have caused this Fourteenth Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

HAWAIIAN ELECTRIC INDUSTRIES, INC.
BY: HAWAIIAN ELECTRIC INDUSTRIES, INC.
PENSION INVESTMENT COMMITTEE

By: /s/ Curtis Y. Harada 12/30/08
Curtis Y. Harada Date
Chairman

By: /s/ Timothy K. Schools 12/30/08
Timothy K. Schools Date
Member

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Stephanie Nick 1/9/09
FMTC Authorized Signatory Date

D'AMATO & MALONEY
A LIMITED LIABILITY LAW PARTNERSHIP
PIONEER PLAZA
900 Fort Street Mall, Suite 1680
Honolulu, Hawai'i 96813
(808) 546-5200; 546-5203(f)
tmaloney@benefitslawyers.com

J. D'Amato, Esq.
J. Thomas Maloney Jr., Esq.

William Lee, Esq.*
*Also licensed to practice in California

December 30, 2008

Mr. Jeff Epstein
Fidelity Investments Institutional Operations Company, Inc.
300 Puritan Way – MM3H
Marlborough, MA 01752

Re: American Savings Bank 401(k) Plan

Dear Mr. Epstein:

In accordance with your request, we are writing with respect to the qualified status of the American Savings Bank 401(k) Plan (the "Plan") under section 401(a) of the Internal Revenue Code of 1986, as amended, (the "Code").

The material facts regarding the Plan as we understand them are as follows. The Plan is brand new. It was adopted by American Savings Bank, F.S.B. ("ASB") on December 30, 2008, effective January 1, 2008. The initial contribution is expected to be a discretionary, non-elective employer contribution attributable to the Plan year ending December 31, 2008. The initial contribution will be made on or before ASB's tax return deadline for 2008, including extensions thereof. Contributions to the Plan are conditioned on the Internal Revenue Service making a favorable determination of the tax-qualified status of the Plan. The Plan will be submitted to the Internal Revenue Service for a favorable determination letter on or before ASB's tax return deadline for 2008. ASB may need to make amendments to the Plan at the request of the Internal Revenue Service in order to obtain a favorable determination letter. We expect ASB to make any amendments reasonably required by the Internal Revenue Service as part of the determination letter process.

It is expected that assets of the Plan will be invested in the HEI Common Stock Fund, which is a unitized stock fund that invests primarily in common stock of Hawaiian Electric Industries, Inc., ("HEI"), a holding company and parent of a controlled group of corporations that includes ASB. The Plan is an "eligible individual account plan" (as defined in section

407(d)(3) of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA")), and the shares of HEI common stock held in the HEI Common Stock Fund are "qualifying employer securities" (as defined in section 407(d)(5) of ERISA). We believe that the interests in the Plan will need to be registered under the Securities Act of 1933, as amended, prior to any Plan investments in the HEI Common Stock Fund. We will work with HEI's and ASB's securities counsel to complete any necessary registration.

Sincerely,

D'AMATO & MALONEY, LLP

/s/ Tom Maloney
J. Thomas Maloney, Jr.

cc: Sherry Orme, Senior Vice President, Director Employee Services, American Savings Bank, F.S.B.

Patricia U. Wong, Vice President – Administration, Hawaiian Electric Industries, Inc.

AMENDMENT NO. 1
TO
CREDIT AGREEMENT

AMENDMENT NO. 1 (this " *Amendment* "), dated as of October 20, 2006, by and among **HAWAIIAN ELECTRIC COMPANY, INC.** (the " *Borrower* "), the Lenders party hereto and **THE BANK OF NEW YORK** , as Administrative Agent for the Lenders.

RECITALS

A. The Borrower, the Lenders, Bank of Hawaii and First Hawaiian Bank, as Co-Syndication Agents, Wells Fargo Bank, N.A., U.S. Bank National Association and Union Bank of California, N.A., as Co-Documentation Agents, and the Administrative Agent are parties to the Credit Agreement, dated as of March 31, 2006 (the " *Credit Agreement* "). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that the Administrative Agent and the Required Lenders amend Article 8 to correct a typographical error in two Section references.

C. The Administrative Agent has advised the Borrower that the Required Lenders are willing to agree to its request on the terms and subject to the conditions set forth in this Amendment.

Accordingly, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. Amendments to Credit Agreement .

(a) Events of Default . Article 8 of the Credit Agreement is hereby amended by deleting each reference to "clause (i) or (j) of this Article" in the last paragraph thereof and substituting "clause (h) or (i) of this Article" therefor.

(b) General . All references to " *this Agreement* " in the Credit Agreement and to " *the Credit Agreement* " in the other Loan Documents shall be deemed to refer to the Credit Agreement as amended hereby.

2. Conditions to Effectiveness .

(a) This Amendment shall be effective upon the receipt by the Administrative Agent of an executed counterpart of this Amendment signed by the Borrower, the Required Lenders and the Administrative Agent.

(b) The Administrative Agent shall notify the Borrower and the Credit Parties of the effective date of this Amendment, and such notice shall be conclusive and binding.

3. Representations and Warranties . The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

(a) No Default now exists.

(b) (i) The execution, delivery and performance by the Borrower of this Amendment is within its corporate powers and have been duly authorized by all necessary corporate action, (ii) this Amendment is the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, and (iii) neither this Amendment nor the execution, delivery and performance by the Borrower hereof: (A) will violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any order, rule or regulation of any Governmental Authority or (B) will result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

4. Miscellaneous .

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws.

(b) This Amendment shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and permitted assigns.

(c) This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[Signature pages follow.]

AS EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Amendment to be executed on its behalf.

HAWAIIAN ELECTRIC COMPANY, INC.

By: /s/ Tayne S. Y. Sekimura
Name: Tayne S. Y. Sekimura
Title: Financial Vice President

By: /s/ Lorie Ann Nagata
Name: Lorie Ann Nagata
Title: Treasurer

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

THE BANK OF NEW YORK,
as Administrative Agent and as a Lender

By: /s/ Jesus Williams
Name: Jesus Williams
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

BANK OF HAWAII, as Co-Syndication
Agent and as a Lender

By: /s/ Luke Yeh
Name: Luke Yeh
Title: Senior Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

FIRST HAWAIIAN BANK, as
Co-Syndication Agent and as a Lender

By: /s/ Kenneth C. S. Pai
Name: Kenneth C. S. Pai
Title: Senior Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

UNION BANK OF CALIFORNIA, N.A., as Co-Documentation Agent and as a Lender

By: /s/ Bryan Read
Name: Bryan Read
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

WELLS FARGO BANK, N.A., as Co-Documentation Agent and as a Lender

By: /s/ Gavin Holles
Name: Gavin Holles
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

U.S. BANK NATIONAL ASSOCIATION, as
Co-Documentation Agent and as a Lender

By: Janice T. Thede
Name: Janice T. Thede
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

LEHMAN BROTHERS BANK, FSB

By: /s/ Janine M. Shugan
Name: Janine M. Shugan
Title: Authorized Signatory

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

WILLIAM STREET COMMITMENT CORPORATION

By: /s/ Mark Walton
Name: Mark Walton
Title: Assistant Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 1 SIGNATURE PAGE

AMENDMENT NO. 2
TO
CREDIT AGREEMENT

AMENDMENT NO. 2 (this " *Amendment* "), dated as of February 6, 2009, by and among **HAWAIIAN ELECTRIC COMPANY, INC.** (the " *Borrower* "), the Lenders party hereto and **THE BANK OF NEW YORK MELLON** (formerly known as The Bank of New York), as Administrative Agent for the Lenders.

RECITALS

A. The Borrower, the Lenders, Bank of Hawaii and First Hawaiian Bank, as Co-Syndication Agents, Wells Fargo Bank, N.A., U.S. Bank National Association and Union Bank of California, N.A., as Co-Documentation Agents, and the Administrative Agent are parties to the Credit Agreement, dated as of March 31, 2006, as amended on October 20, 2006 (as heretofore amended, the " *Credit Agreement* "). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Borrower has requested that the Administrative Agent and the Required Lenders amend the Credit Agreement in certain respects.

C. The Administrative Agent has advised the Borrower that the Required Lenders are willing to agree to its request on the terms and subject to the conditions set forth in this Amendment.

Accordingly, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. Amendments to Credit Agreement .

(a) Definitions . Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of " *ERISA Event* " in its entirety and substituting the following therefor:

" ***ERISA Event*** " means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure with respect to any Plan to pay the "minimum required contribution" (as defined in Section 430 of the Code or Section 303 of ERISA), unless waived; (c) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (d) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (e) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (f) the receipt by the

Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

(b) ERISA . Section 4.10 of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

Section 4.10 ERISA

No ERISA Event has occurred that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

(c) General . All references to " *this Agreement* " in the Credit Agreement and to " *the Credit Agreement* " in the other Loan Documents shall be deemed to refer to the Credit Agreement as amended hereby.

2. Conditions to Effectiveness .

(a) This Amendment shall be effective upon the receipt by the Administrative Agent of (i) an executed counterpart of this Amendment signed by the Borrower, the Required Lenders and the Administrative Agent, and (ii) a copy of an approval of this Amendment issued by the PUC, certified by a financial officer of the Borrower to be true and complete.

(b) The Administrative Agent shall have received all fees and other amounts (including, without limitation, reasonable fees and expenses of counsel) payable prior to or concurrently with the effectiveness of this Amendment.

(c) The representations and warranties set forth in Article 4 of the Credit Agreement (other than the representations and warranties in Sections 4.04(b) and 4.06 of the Credit Agreement) shall be true and correct in all material respects, except to the extent such representations and warranties relate to an earlier date.

(d) The Administrative Agent shall notify the Borrower and the Credit Parties of the effective date of this Amendment, and such notice shall be conclusive and binding.

3. Representations and Warranties . The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

(a) No Default now exists.

(b) (i) The execution, delivery and performance by the Borrower of this Amendment is within its corporate powers and have been duly authorized by all necessary corporate action, (ii) this Amendment is the legal, valid and binding obligation

of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, and (iii) neither this Amendment nor the execution, delivery and performance by the Borrower hereof: (A) will violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any order, rule or regulation of any Governmental Authority, provided that this Amendment is approved by the PUC, or (B) will result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

4. Miscellaneous .

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws.

(b) This Amendment shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and permitted assigns.

(c) This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[Signature pages follow.]

AS EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Amendment to be executed on its behalf.

HAWAIIAN ELECTRIC COMPANY, INC.

By: /s/ Tayne S. Y. Sekimura
Name: Tayne S. Y. Sekimura
Title: Senior Vice President – Finance & Administration

By: /s/ Lorie Ann Nagata
Name: Lorie Ann Nagata
Title: Treasurer

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

THE BANK OF NEW YORK MELLON
(formerly known as The Bank of New
York), as Administrative Agent and as a
Lender

By: /s/ Mark W. Rogers
Name: Mark W. Rogers
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

BANK OF HAWAII, as Co-Syndication Agent and as a Lender

By: /s/ Steven R. Nakahara
Name: Steven R. Nakahara
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

FIRST HAWAIIAN BANK, as Co-Syndication Agent and as a Lender

By: /s/ Paula C.H. Chang
Name: Paula C.H. chang
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

UNION BANK OF CALIFORNIA, N.A., as
Co-Documentation Agent and as a Lender

By: /s/ Bryan P. Read
Name: Bryan P. Read
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

WELLS FARGO BANK, N.A., as
Co-Documentation Agent and as a Lender

By: /s/ Lisa Larpenteur
Name: Lisa Larpenteur
Title: Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

U.S. BANK NATIONAL ASSOCIATION, as
Co-Documentation Agent and as a Lender

By: /s/ Janice T. Thede
Name: Janice T. Thede
Title: Senior Vice President

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

BANK HAPOALIM B.M., as a Lender

By: ____
Name: ____
Title: ____

HAWAIIAN ELECTRIC COMPANY AMENDMENT NO. 2 SIGNATURE PAGE

WILLIAM STREET COMMITMENT CORPORATION, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

Hawaiian Electric Company, Inc.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Years ended December 31 (dollars in thousands)	2008	2007	2006	2005	2004
Fixed charges					
Total interest charges	$ 54,757	$ 53,268	$ 52,563	$ 49,408	$ 49,588
Interest component of rentals	2,211	2,250	1,863	1,311	909
Pretax preferred stock dividend requirements of subsidiaries	1,458	1,438	1,467	1,461	1,459
Total fixed charges	$ 58,426	$ 56,956	$ 55,893	$ 52,180	$ 51,956
Earnings					
Income before preferred stock dividends of HECO	$ 93,055	$ 53,236	$ 76,027	$ 73,882	$ 82,257
Fixed charges, as shown	58,426	56,956	55,893	52,180	51,956
Income taxes (see note below)	55,763	30,937	46,440	44,623	49,479
Allowance for borrowed funds used during construction	(3,741)	(2,552)	(2,879)	(2,020)	(2,542)
Earnings available for fixed charges	$203,503	$138,577	$175,481	$168,665	$181,150
Ratio of earnings to fixed charges	3.48	2.43	3.14	3.23	3.49
Note:					
Income taxes is comprised of the following:					
Income tax expense relating to operating income from regulated activities	$ 56,307	$ 34,126	$ 47,381	$ 45,029	$ 50,059
Income tax benefit relating to results from nonregulated activities	(544)	(3,189)	(941)	(406)	(580)
	$ 55,763	$ 30,937	$ 46,440	$ 44,623	$ 49,479

Hawaiian Electric Company, Inc.

SUBSIDIARIES OF THE REGISTRANT

The following is a list of all subsidiaries of the registrant as of February 27, 2009. The state/place of incorporation or organization is noted in parentheses.

Maui Electric Company, Limited (Hawaii)

Hawaii Electric Light Company, Inc. (Hawaii)

Renewable Hawaii, Inc. (Hawaii)

Uluwehiokama Biofuels Corp. (Hawaii)

HECO Capital Trust III (a statutory trust) (Delaware) (unconsolidated)

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Hawaiian Electric Company, Inc.:

We consent to incorporation by reference in Registration Statement Nos. 333-111073, 333-111073-01, 333-111073-02, and 333-111073-03 on Form S-3 of Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, and HECO Capital Trust III, respectively, of our reports dated February 20, 2009, with respect to the consolidated balance sheets and consolidated statements of capitalization of Hawaiian Electric Company, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, retained earnings, changes in common stock equity, and cash flows for each of the years in the three-year period ended December 31, 2008 and the effectiveness of internal control over financial reporting as of December 31, 2008, and our report dated February 20, 2009 on the related financial statement schedules, which reports are incorporated by reference and appear, respectively, in the 2008 annual report on Form 10-K of Hawaiian Electric Industries, Inc.

Our reports refer to the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , in 2007.

/s/ KPMG LLP

Honolulu, Hawaii
February 27, 2009

Certification Pursuant to Section 13a-14 of the Securities Exchange Act of 1934 of Richard M. Rosenblum (HECO Chief Executive Officer)

I, Richard M. Rosenblum, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2008 of Hawaiian Electric Company, Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 27, 2009

/s/ Richard M. Rosenblum

Richard M. Rosenblum
President and Chief Executive Officer

Certification Pursuant to Section 13a-14 of the Securities Exchange Act of 1934 of Tayne S. Y. Sekimura (HECO Chief Financial Officer)

I, Tayne S. Y. Sekimura, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2008 of Hawaiian Electric Company, Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 27, 2009

/s/ Tayne S. Y. Sekimura

Tayne S. Y. Sekimura
Senior Vice President, Finance and Administration

HECO Exhibit 32.3

Hawaiian Electric Company, Inc.

Written Statement of Chief Executive Officer Furnished Pursuant to
18 U.S.C. Section 1350,
as Adopted by
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Hawaiian Electric Company, Inc. (HECO) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (the HECO Report), I, Richard M. Rosenblum, Chief Executive Officer of HECO, certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The HECO Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(2) The HECO consolidated information contained in the HECO Report fairly presents, in all material respects, the financial condition as of December 31, 2008 and results of operations for the year ended December 31, 2008 of HECO and its subsidiaries.

/s/ Richard M. Rosenblum
Richard M. Rosenblum
President and Chief Executive Officer
Date: February 27, 2009

A signed original of this written statement required by Section 906 has been provided to Hawaiian Electric Company, Inc. and will be retained by Hawaiian Electric Company, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Hawaiian Electric Company, Inc.

**Written Statement of Chief Financial Officer Furnished Pursuant to
18 U.S.C. Section 1350,
as Adopted by
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Hawaiian Electric Company, Inc. (HECO) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (the HECO Report), I, Tayne S. Y. Sekimura, Chief Financial Officer of HECO, certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The HECO Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(2) The HECO consolidated information contained in the HECO Report fairly presents, in all material respects, the financial condition as of December 31, 2008 and results of operations for the year ended December 31, 2008 of HECO and its subsidiaries.

/s/ Tayne S. Y. Sekimura
Tayne S. Y. Sekimura
Senior Vice President, Finance and Administration
Date: February 27, 2009

A signed original of this written statement required by Section 906 has been provided to Hawaiian Electric Company, Inc. and will be retained by Hawaiian Electric Company, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Hawaiian Electric Company, Inc.

RECONCILIATION OF ELECTRIC UTILITY OPERATING INCOME PER HEI AND HECO CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31 (in thousands)	2008	2007	2006
Operating income from regulated and nonregulated activities before income taxes (per HEI Consolidated Statements of Income)	$191,359	$130,585	$166,718
Deduct:			
Income taxes on regulated activities	(56,307)	(34,126)	(47,381)
Revenues from nonregulated activities	(6,711)	(9,356)	(4,478)
Add:			
Expenses from nonregulated activities	1,596	13,172	2,296
Operating income from regulated activities after income taxes (per HECO Consolidated Statements of Income)	$129,937	$100,275	$117,155