

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
HAWAIIAN ELECTRIC INDUSTRIES, INC.
ADOPTED AS OF SEPTEMBER 17, 2002
(AS AMENDED AS OF APRIL 20, 2004)**

I. PURPOSE OF THE COMMITTEE

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Hawaiian Electric Industries, Inc. (the "Company") shall be to oversee the Company's compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans; and to produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with all applicable rules and regulations.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE"), and any additional requirements that the Board deems appropriate. Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than twice a year. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

IV. COMMITTEE RESPONSIBILITIES

A. Executive Compensation

The Committee shall have the following goals and responsibilities with respect to the Company's executive compensation plans:

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

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

(c) To set the compensation level of the Chief Executive Officer based on the evaluation by the non-employee members of the Board of the performance of the Chief Executive Officer. In determining the salary and any bonus, grant of non-qualified stock options, grant of restricted stock or grant under any long-term incentive plan, the Committee shall consider all relevant factors, including the Company's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Company in past years. The Committee may discuss the Chief Executive Officer's compensation with the non-employee members of the Board in executive session if it chooses to do so.

(d) To oversee the evaluation of management of the Company, including the officers of the Company other than the CEO, and to approve for such other officers their salary and any bonus, grant of non-qualified stock options, grant of restricted stock or grant under any long-term incentive plan, and to make any appropriate recommendations to the Board with respect to such matters that it deems appropriate.

(e) To review and approve any severance or termination arrangements to be made with any senior executive officer of the Company.

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

(g) To review perquisites or other personal benefits to the Company's executive officers and recommend any changes to the Board.

(h) To issue an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with all applicable rules and regulations.

B. Incentive-Compensation and Equity-Based Plans

The Committee shall have the following responsibilities with respect to the Company's incentive-compensation and equity-based plans:

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

(b) To review at least annually the Company's incentive-compensation plans and equity-based plans in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Committee deems it appropriate.

(c) To review all equity compensation plans that are not subject to stockholder approval under the listing standards of the New York Stock Exchange and to approve such plans in its sole discretion.

(d) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any incentive-compensation or equity-based plan.

C. Other Compensation and Employee Benefit Plans

(a) To review at least annually the goals and objectives of the Company's general compensation plans and other employee benefit plans, and recommend that the Board amend these goals and objectives if the Committee deems it appropriate.

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

(c) To perform such duties and responsibilities as may be assigned to the Committee under the terms of its general compensation plans and other employee benefit plans.

D. Subsidiary Companies

The Committee shall have the following responsibilities with respect to HEI's subsidiary companies:

- (a) Approve the merit budget and salary structure recommendations of the respective subsidiary boards.
- (b) Approve the salaries for the officers of the respective subsidiary companies (senior officers for American Savings Bank), subject to approval and ratification by the respective subsidiary boards.
- (c) Approve the participants and grants of nonqualified stock options and restricted stock.
- (d) Approve the nonofficer bonus/incentive plans and budgets as recommended by the respective subsidiary boards.
- (e) Approve the results of the annual and long-term incentive plans as well as the participants and payouts, subject to approval and ratification by the respective subsidiary boards.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

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

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The responsibilities and duties set forth in this Charter are meant to serve as a guide, with the understanding that the Committee may diverge from the specific duties enumerated as necessary or appropriate given the circumstances, subject to compliance with applicable state and federal law and listing standards of the NYSE. The Committee shall undertake any other

action or exercise such other powers, authority and responsibilities as necessary or appropriate to the discharge of the responsibilities and duties set forth in this Charter or the Company's Bylaws, or otherwise required by the Listing Standards of the NYSE or other applicable laws, rules or regulations, or as shall otherwise be determined by the Board.

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