HAWAIIAN ELECTRIC INDUSTRIES INC
Form DEF 14A
March 26, 2013

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

SCHEDULE 14A

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

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Hawaiian Electric Industries, Inc.

(Name of Registrant as Specified In Its Charter)

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

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Notice of 2013

Annual Meeting

and

Proxy Statement

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

Constance H. Lau
President and
Chief Executive Officer

March 26, 2013

Dear Fellow Shareholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the Annual Meeting of Shareholders of Hawaiian Electric Industries, Inc. (HEI). The meeting will be held on HEI's premises in Room 805 on the eighth floor of the American Savings Bank Tower, located at 1001 Bishop Street, Honolulu, Hawaii, on Wednesday, May 8, 2013, at 9:30 a.m., Honolulu time. A map showing the location of the meeting site appears on the last page of the Proxy Statement.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the items of business to be conducted during the meeting. In addition, we will review certain significant events that took place in 2012 and their impact on you as a shareholder of HEI. HEI officers and Board members will be available before the meeting to talk with you and answer questions.

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

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

Sincerely,

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Hawaiian Electric Industries, Inc.
1001 Bishop Street, Suite 2900
Honolulu, Hawaii 96813

NOTICE OF ANNUAL MEETING

Date and Time	Wednesday, May 8, 2013, at 9:30 a.m., Honolulu time.
Place	American Savings Bank Tower, 1001 Bishop Street, 8th floor, Room 805, Honolulu, Hawaii 96813.
Items of Business	1. Election of three Class II directors for a three-year term expiring at the 2016 Annual Meeting of Shareholders. 2. Advisory vote to approve HEI's executive compensation. 3. Ratification of the appointment of PricewaterhouseCoopers LLP as HEI's independent registered public accounting firm for 2013.
Record Date	February 28, 2013.
Annual Report	The 2012 Annual Report to Shareholders, which is not a part of the proxy solicitation materials, has been mailed or made available electronically along with this Notice and accompanying Proxy Statement.
Proxy Voting	Shareholders of record may appoint proxies and vote their shares in one of four ways: Via the Internet By telephone By mail In person Shareholders whose shares are held by a bank, broker or other financial intermediary (i.e., in "street name") should follow the voting instruction card provided by such intermediary. Any proxy may be revoked in the manner described in the accompanying Proxy Statement.
Attendance at Meeting	Only shareholders of record as of the record date are entitled to receive notice of, attend and vote at the Annual Meeting. If your shares are registered in street name, you must bring a letter from your bank or broker or provide other evidence of your beneficial ownership on the record date if you plan to attend the Annual Meeting.
Important Notice	The Proxy Statement and Annual Report to Shareholders are available at www.hei.com/proxymatl.html.

Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 8, 2013

By Order of the HEI Board of Directors.

March 26, 2013	Chester A. Richardson Executive Vice President, General Counsel, Secretary and Chief Administrative Officer

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2013 PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. The summary does not contain all of the information that you should consider. Please read the entire Proxy Statement before voting.

Voting Matters

	Our Board's Recommendation
Election of Class II Directors (page 4)	FOR each director nominee
Advisory Vote to Approve Executive Compensation (page 24)	FOR
Ratification of Independent Auditor for 2013 (page 67)	FOR

Director Nominees for Class II Directors

Each director nominee is elected for a 3-year term by a plurality of votes cast. Each director nominee is a current director and attended at least 75% of all meetings of the Board and the committee(s) on which he sits.

Name	Age	Director Since	Occupation	Independent	Committee Membership	Other Public Company Boards
Thomas B. Fargo	64	2005	Chairman, Huntington Ingalls Industries, Inc. Former Commander, U.S. Pacific Command	X	CC, NCGC	2
Kelvin H. Taketa	58	1993	President & Chief Executive Officer, Hawaii Community Foundation	X	NCGC	
Jeffrey N. Watanabe	70	1987	Retired Founder, Watanabe Ing LLP	X	EC, CC	2

EC - Executive Committee
CC - Compensation Committee
NCGC - Nominating and Corporate Governance Committee

Advisory Vote to Approve Executive Compensation

Like last year, we are asking shareholders to approve on an advisory basis HEI's executive compensation, including our executive compensation policies and practices and the compensation of our named executive officers, as described in this Proxy Statement beginning on page 24. The Board recommends a FOR vote because it believes that the compensation policies and practices are effective in achieving the Company's goals of paying for performance and aligning the executives' long-term interests with those of our shareholders. Named executive officer compensation over the past three years, reflected in cash compensation (base salary and annual cash incentive award) and long-term equity awards, correlates to the Company's performance and earnings over that period.

2012 Business Highlights

In 2012, the Company delivered strong operating results. Business highlights included:

- The utility subsidiary achieved operating efficiencies, continued to reinvest earnings in infrastructure to enhance the electric grid's reliability and support Hawaii's clean energy goals, and completed adoption of a new regulatory model designed to assure the utility's financial viability and health as it facilitates the state's clean energy future.

- The bank subsidiary outperformed the majority of its peers in the primary banking metrics of return on assets, return on equity, net interest margin and efficiency ratio.

- HEI's unique combination of businesses continues to provide the financial resources and ready access to capital as needed to invest in its utility and bank.

2012 Financial Highlights

In 2012, HEI achieved generally accepted accounting principle (GAAP) earnings of $139 million, GAAP diluted earnings per share (EPS) of $1.42 and GAAP return on average common equity (ROACE) of 8.9%. The 2012 GAAP results included a $24 million after-tax write-down of utility assets pursuant to a regulatory settlement, which settlement had not yet been approved by the Hawaii Public Utilities Commission as of the date of printing of this Proxy Statement. Excluding the write-down of utility assets, 2012 core results[1] were $163 million in net income, $1.68 EPS and 10.3% ROACE, exceeding HEI's 2011 core net income, EPS and ROACE, representing among HEI's strongest core results in the past decade and reflecting solid performance in HEI's two operating subsidiaries. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

After returning a combined 37% to shareholders in 2010 and 2011, our total shareholder return (TSR) lagged in 2012. Our 3-year and 5-year TSR remained strong and outperformed the S&P 500 Index, Edison Electric Index and KBW Regional Banking Index.

Sound Compensation Program Design Tied to Performance

The executive compensation program is designed to attract, motivate and retain the key executives who drive our success. Pay that reflects performance and alignment with the long-term interests of our shareholders at a reasonable cost are key principles. We achieve these objectives through a compensation program that:

Provides a competitive total pay opportunity

Utilizes stock-based compensation to align executive incentives with shareholder interests

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[1] Core results are non-GAAP measures that exclude after-tax write-downs of utility assets of approximately $24 million in 2012 and approximately $6 million in 2011.

[2] For compensation purposes and throughout this Proxy Statement, core ROACE (non-GAAP of 10.3% in 2012) is based on core net income divided by average core common equity. In HEI's Form 8-K filed March 4, 2013 containing the 2012 Statistical Supplement and Presentation booklet entitled "Financial Community Meetings, March 4-8, 2013," core ROACE (non-GAAP of 10.4% in 2012) was based on core net income divided by average GAAP common equity. This

methodology difference did not impact incentive compensation payouts in 2012. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

Links a significant portion of compensation to performance that creates long-term shareholder value and is tied to Company strategy

Enhances retention by having much of compensation subject to multi-year vesting

Does not encourage unnecessary or excessive risk taking

Other key compensation features, which reflect best practices, include:

No employment agreements

Ability to clawback incentive compensation

Double triggers for change-in-control agreements

No tax gross-ups (except for executive death benefit frozen in 2009)

Significant executive share ownership requirements

Elimination of all major perquisites

Executive Compensation Elements

Type	Form	Terms
Cash	Salary	Generally eligible for annual increases; competitively market-based
	Annual performance-based incentives	Based on quantitative and qualitative goals
Equity	Long Term Incentive Plan (LTIP) (performance shares)	LTIP has 3-year performance period with objective performance measures, paid 100% in stock
	Restricted stock units (RSUs)	RSUs generally vest 25% per year while employed
Retirement	Pension	5-year vesting, with normal retirement at age 65 and opportunities for early and deferred retirement
	Excess pay plan	Provides additional retirement benefits that cannot be paid under the broad-based pension plan due to Internal Revenue Code limits
	Supplementary pension (frozen)	CEO is only participant; frozen in 2009
Other	Limited perquisites	Business club membership

We use competitive market comparisons in determining appropriate pay levels and mix of pay components, benchmarking toward the competitive median while allowing consideration of other factors for differentiation.

Pay for Performance

The Compensation Committee and Board determine pay based on quantitative and qualitative factors designed to produce long-term business success. The alignment between our financial results and named executive officer compensation, as described in the "Compensation Discussion and Analysis" (beginning on page 25 of the Proxy Statement), demonstrates the success of this approach.

The following charts compare HEI's total shareholder return (TSR) to the realizable pay of HEI's CEO. From 2008 to 2011, CEO realizable pay aligns generally with HEI's TSR under both the annual and three-year TSR measures. The 2012 data also illustrate pay for performance, as 2012 CEO realizable pay reflects the application of other iii

company performance metrics on which CEO compensation is based. In 2012, CEO realizable pay increased due to HEI's strong core (non-GAAP) results in net income and return on average common equity.

* In the charts above, realizable pay consists of: (1) base salary, (2) annual incentive payouts, (3) restricted stock units awarded, and (4) performance based equity awards (i) paid for cycles wholly contained within the five-year period shown and (ii) estimated for cycles granted in the five-year period but not yet completed. All equity is valued as of 12/31/12. A more detailed description of realizable pay, and how it differs from total compensation reported in the Summary Compensation Table, is provided on pages 29-30 of the Proxy Statement.

The Compensation Committee and Board believe that our executive compensation program reflects best practices and is structured to encourage participants to build long-term value in the Company for the benefit of our shareholders and all stakeholders.

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Proxy Statement

HEI is soliciting proxies for the Annual Meeting of Shareholders scheduled for Wednesday, May 8, 2013, at 9:30 a.m., Honolulu time, at the American Savings Bank Tower, 1001 Bishop Street, 8th floor, Room 805, Honolulu, Hawaii. The mailing address of the principal executive offices of HEI is P.O. Box 730, Honolulu, Hawaii 96808-0730.

The approximate mailing date for this Proxy Statement, form of proxy and Annual Report to Shareholders is March 26, 2013. The 2012 Annual Report to Shareholders accompanying this Proxy Statement is not considered proxy soliciting material.

About the Meeting

Who can attend?

Attendance will be limited to:

- shareholders of record (i.e., shareholders who own shares registered in their own name on the books of HEI) on the record date;
- beneficial owners of HEI Common Stock having evidence of ownership as of the record date and entitlement to vote at the meeting;
- authorized representatives of absent shareholders; and
- invited guests of management.

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

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

What are shareholders being asked to vote on?

Proposal No 1: Election of three Class II directors to serve a three-year term expiring at the 2016 Annual Meeting of Shareholders.

Proposal No 2: Advisory vote to approve HEI's executive compensation.

Proposal No 3: Ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as HEI's independent registered public accounting firm for 2013.

Voting Procedures

Electronic Access to Proxy Materials

HEI provides shareholders the option to access its proxy materials via the Internet. In keeping with our efforts to conserve natural resources, this method of delivery reduces the amount of paper necessary to produce these materials and reduces the costs associated with the printing and mailing of these materials to shareholders. On March 26, 2013, a Notice of Internet Availability of Proxy Materials (Notice) will be mailed to certain shareholders and our proxy materials will be posted on the website referenced in the Notice

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(www.ViewMaterial.com/HEI). As more fully described in the Notice, shareholders may choose to access our proxy materials on the website referred to in the Notice or may request to receive a printed set of our proxy materials. The Notice and website will provide information regarding how to request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

If you currently receive HEI's proxy materials in printed form and would like to receive them electronically in the future, please so indicate on the enclosed proxy, if voting by mail, or by following the instructions provided when using the telephone or Internet voting options described under "How may shareholders vote?" below.

Who is eligible to vote?

Only persons who own shares of HEI Common Stock as of the close of business on February 28, 2013 (the proxy record date) are entitled to vote.

How many shares are outstanding and entitled to vote?

On February 28, 2013, 98,198,800 shares of HEI Common Stock were outstanding. Each shareholder is entitled to one vote for each share held on the record date. Under the Bylaws of HEI, shareholders do not have cumulative voting rights in the election of directors.

What constitutes a quorum?

A quorum is needed to conduct business at the Annual Meeting. A majority of the shares of HEI Common Stock outstanding on February 28, 2013 and entitled to vote, and present in person or by proxy at the Annual Meeting, constitutes a quorum. Abstentions and broker votes of uninstructed shares on routine matters (such as ratification of the appointment of the independent registered public accounting firm) will be counted in the number of shares present in person or by proxy for purposes of determining a quorum. A quorum established for one purpose will apply for all purposes at the Annual Meeting.

How may shareholders vote?

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

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

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

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

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

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enclosed proxy card vote your shares at the meeting, cross out all three names and insert the name of the person you designate to vote your shares at the meeting.

4. IN PERSON: You may vote your shares by attending the Annual Meeting and voting in person.

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

If your shares are held in "street name" (that is, through a broker, trustee or other holder of record), you will receive a voting instruction card or other information from your broker or other holder of record seeking instruction from you as to how your shares should be voted. *If you do not provide such instruction, your broker or nominee may vote your shares at its discretion on your behalf on routine matters, but not on nonroutine matters.* The ratification of the appointment of HEI's independent registered public accounting firm is considered a routine matter. The election of directors and the advisory vote on executive compensation are considered nonroutine matters. **Please provide instructions to your broker on how to vote your shares on all three proposals to ensure that your shares will be voted on all proposals at the Annual Meeting.**

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

How do shareholders vote if their shares are held in the HEI Dividend Reinvestment and Stock Purchase Plan, the HEI Retirement Savings Plan or the American Savings Bank 401(k) Plan?

If you own shares held in the HEI Dividend Reinvestment and Stock Purchase Plan, the HEI Retirement Savings Plan (including shares previously received under the Tax Reduction Act Stock Ownership Plan or the HEI Stock Ownership Plan) or the American Savings Bank 401(k) Plan, you will receive instructions explaining how to direct your vote. Your shares will be voted according to your directions. For all of these plans, all shares of HEI Common Stock for which no voting instructions are given will be voted in the same proportion as the shares for which voting instructions were given.

Can shareholders change their vote?

If you vote by any of the methods described above, you may revoke your proxy card or vote at any time before the Annual Meeting in one of three ways:

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

How many votes are required?

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

- Directors will be elected by a plurality of the votes cast. Plurality means that the persons receiving the highest number of votes are elected. Your options are to vote either "FOR" or to "WITHHOLD" your vote for a nominee. Although the election of directors is considered a nonroutine matter, broker nonvotes (i.e., when your broker or other holder of record does not vote your shares on a nonroutine matter because you have not provided instructions regarding how to vote on that matter) will not affect the outcome of this matter if a quorum is present.

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Since the votes on executive compensation are advisory only, the result will not be binding on the Board. However, the Board and the HEI Compensation Committee value input from shareholders and will consider the outcome of the vote when making future executive compensation decisions. Brokers may not vote on this proposal without your instructions because this proposal is considered a nonroutine matter. For this proposal, your options are to vote "FOR," "AGAINST" or "ABSTAIN."

The appointment of HEI's independent registered public accounting firm will be ratified if more votes are cast in favor than against such ratification. Abstentions and broker nonvotes will not affect the outcome of this matter if a quorum is present.

Who will count the votes and are the votes confidential?

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

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

Could other matters be decided at the Annual Meeting?

HEI knows of no business to be presented at the 2013 Annual Meeting other than the items set forth in this Proxy Statement. If other business is properly brought before the Annual Meeting, or any adjournment or postponement thereof, the persons named on the enclosed proxy card will vote your stock in accordance with their best judgment, unless authority to do so is withheld by you in your proxy card.

What happens if the Annual Meeting is postponed or adjourned?

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

Proposal No. 1: Election of Class II Directors

In accordance with HEI's Bylaws, the Board has fixed the size of the Board at nine directors, divided equally into three classes with staggered terms. The Board proposes that the following three nominees be elected at the 2013 Annual Meeting as Class II directors to serve until the 2016 Annual Meeting, or until his respective successor shall be duly elected and qualified:

- Thomas B. Fargo

Kelvin H. Taketa

Jeffrey N. Watanabe

Admiral Fargo, Mr. Taketa and Mr. Watanabe are all currently incumbent Class II directors of HEI. The Board has determined that Admiral Fargo, Mr. Taketa and Mr. Watanabe are independent under the applicable standards for director independence, as discussed below under "Board of Directors Who are the independent directors of the Board?". Each nominee has consented to serve for the new term expiring at the 2016 Annual

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Meeting if elected. If a nominee is unable to stand for election at the time of the 2013 Annual Meeting, the proxy holders listed in the proxy card may vote in their discretion for a suitable substitute.

Information regarding the business experience and certain other directorships for each Class II director nominee and for each continuing Class I and III director is provided on pages 6-11 below together with a description of the experience, qualifications, attributes and skills that led to the Board's conclusion at the time of this Proxy Statement that each of the nominees and directors should serve on the Board in light of HEI's current business and structure.

YOUR BOARD RECOMMENDS THAT YOU VOTE **"FOR"** EACH OF THE NOMINEES FOR CLASS II DIRECTOR LISTED ABOVE.

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Director Nominees for Election

Nominees for Class II Directors Whose Terms Expire at the 2016 Annual Meeting

Thomas B. Fargo, age 64, director since 2005
Compensation Committee Chair
Nominating and Corporate Governance Committee Member

Admiral Fargo brings invaluable leadership skills to the HEI Board. Admiral Fargo's experience leading complex organizations, both in Hawaii and on the mainland, provides the Board with significant management expertise. Admiral Fargo has extensive knowledge of the U.S. military (a major customer of HEI's utility subsidiary and key driver of Hawaii's economy) having served as Commander of the U.S. Pacific Command from 2002-2005. Admiral Fargo's leadership, strategic planning and risk assessment skills have proven to be a valuable resource to management and other Board members.

Business experience and other public company and HEI affiliate directorships since 2008

Operating Executive Board Member, J.F. Lehman & Company (private equity firm), since 2008

Owner, Fargo Associates, LLC (defense and homeland/national security consultancy), since 2005

Chief Executive Officer, Hawaii Superferry, Inc. (interisland ferry), 2008-2009

President, Trex Enterprises Corporation (defense research and development firm), 2005-2008

Commander, U.S. Pacific Command, 2002-2005

Director and Audit Committee Member, Matson, Inc., since 2012

Chairman of the Board and Compensation and Governance Committee Member, Huntington Ingalls Industries, since 2011

Director, Alexander & Baldwin, Inc., 2011-2012

Director, Northrop Grumman Corporation, 2008-2011

Director, Hawaiian Holdings, Inc., 2005-2008

Director, Hawaiian Electric Company, Inc. (HEI subsidiary), since 2005

Skills and qualifications for HEI Board service

Extensive knowledge of the U.S. military, a major customer of HEI's electric utility subsidiary and key driver of Hawaii's economy.

Leadership, strategic planning and financial and nonfinancial risk assessment skills developed over 39 years of leading 9 organizations ranging in size from 130 to 300,000 people and managing budgets up to $8 billion.

Experience with corporate governance, including audit, compensation and governance committees, from service on several public and private company boards.

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Kelvin H. Taketa, age 58, director since 1993
Nominating and Corporate Governance Committee Chair

Mr. Taketa has considerable management experience as an executive leader in Hawaii. Mr. Taketa is one of Hawaii's leading non-profit administrators and has extensive relationships within Hawaii's business and non-profit communities. Having served on the Board for twenty years, Mr. Taketa has contributed significantly to the Board's understanding of Hawaii's distinctive cultural and business environment. Additionally, Mr. Taketa brings the unique ability to build bridges and connect people and organizations, which has made Mr. Taketa a well-respected leader throughout the state of Hawaii.

Business experience and other public company and HEI affiliate directorships since 2008

President and Chief Executive Officer, Hawaii Community Foundation (statewide charitable foundation), since 1998

Director, Hawaiian Electric Company, Inc. (HEI subsidiary), since 2004

Skills and qualifications for HEI Board service

Executive management experience with responsibility for overseeing more than $500 million in charitable assets as President and Chief Executive Officer of the Hawaii Community Foundation.

Proficiency in risk assessment, strategic planning, organizational leadership and leadership development as well as marketing and public relations obtained from his current position at the Hawaii Community Foundation and his prior experience as Vice President and Executive Director of the Asia/Pacific Region for The Nature Conservancy and as Founder, Managing Partner and Director of Sunrise Capital Inc.

Knowledge of corporate and nonprofit governance issues gained from his prior service as a director for Grove Farm Company, Inc., his current service as Vice Chair of the Independent Sector and Director of the Stupski Foundation and through publishing articles and lecturing on governance of tax-exempt organizations.

Jeffrey N. Watanabe, age 70, director since 1987
Chairman of the Board since 2006
Executive Committee Chair
Compensation Committee Member

Mr. Watanabe has been one of the most influential figures in Hawaii's business community over the past four decades. His strategic counsel is widely sought by Hawaii's business, political and non-profit leaders, as well as by global businesses seeking to do business in Hawaii. Having served on the Board for over twenty-five years, Mr. Watanabe's in-depth knowledge of HEI significantly contributes to the Board's ability to oversee HEI's operations. As Chairman since 2006, Mr. Watanabe has successfully led HEI through his strategic vision, willingness to make tough decisions, strong consensus-building skills, and communication ability. Mr. Watanabe has been recognized by a number of organizations for his accomplishments, recently being selected as a 2013 Outstanding Director by the Financial Times-Outstanding Directors Exchange.

Business experience and other public company and HEI affiliate directorships since 2008

Managing Partner, Watanabe Ing & Komeiji LLP, 1972-2007 (now retired)

Lead independent director, Alexander & Baldwin, Inc. (A&B) since 2012, director since 2003 and Nominating & Corporate Governance Committee Member

Director, Nominating and Corporate Governance Committee Chair and Compensation Committee Member, Matson, Inc., since 2012

Director since 1988 and Executive Committee Member, American Savings Bank, F.S.B. (HEI subsidiary)

Director, Hawaiian Electric Company, Inc. (HEI subsidiary), from 1999-2006 and 2008-2011

Skills and qualifications for HEI Board service

Broad business, legal, corporate governance and leadership experience from serving as Managing Partner of the law firm he founded, advising clients on a variety of business and legal matters for 35 years and from serving on more than a dozen public and private company and nonprofit boards and committees, including his current service on the A&B Nominating & Corporate Governance Committee and the Matson Nominating & Corporate Governance and Compensation Committees.

Specific experience with strategic planning from providing strategic counsel to local business clients and prospective investors from the continental United States and the Asia Pacific region for 25 years of his law practice.

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Continuing Directors

Continuing Class III Directors Whose Terms Expire at the 2014 Annual Meeting

Peggy Y. Fowler, age 61, director since 2011
Audit Committee Member

Ms. Fowler brings a unique combination of utility and banking knowledge and experience to HEI. Ms. Fowler's prior position as chief executive officer of a NYSE-listed public utility company imparts significant leadership and management expertise to the Board. Additionally, Ms. Fowler's more recent experience of serving on the board of a mainland bank holding company strengthens the Board's capabilities in overseeing the subsidiary bank operations.

Business experience and other public company and HEI affiliate directorships since 2008

Co-Chief Executive Officer, Portland General Electric Company (PGE), 2009

President and Chief Executive Officer, PGE, 2000-2008

Director, PGE, 1998-2012

Chairman of the Board and Executive Committee since 2012 and director since 2009, Umpqua Holdings Corp.

Director and Audit Committee Member, Hawaiian Electric Company, Inc. (HEI subsidiary), since 2009

Skills and qualifications for HEI Board service

35 years of executive leadership, financial oversight and utility operations experience from serving at PGE in senior officer positions, including Chief Operating Officer, President and CEO.

Environmental and renewable energy expertise from managing PGE's environmental department, overseeing initiatives that improved fish passage on multiple Oregon rivers, supervising the construction and integration into PGE's grid of wind and solar projects, and leading PGE to be ranked #1 by the National Renewable Energy Laboratory for selling more renewable power to residential customers than any other utility in the U.S. for several years during her tenure as PGE's CEO.

Proven management, leadership and analytical skills, including crisis management, risk assessment, strategic planning and public relations skills, demonstrated especially by her leadership of PGE after the 2001 bankruptcy of its parent company, Enron Corp., through its independence from Enron in 2006.

Expertise in financial oversight, regulatory compliance and corporate governance from serving as President (1997-2000), CEO (2000-2008) and Chair (2001-2004) of PGE, as a director for the Portland Branch of the Federal Reserve Bank of San Francisco and as a director and committee member for several private and public companies, including Umpqua Holdings Corporation (publicly traded bank holding company).

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Keith P. Russell, age 67, director since 2011
Audit Committee Member

Mr. Russell has extensive senior management experience in the banking industry. Mr. Russell's many years of executive leadership experience in managing and overseeing bank operations contributes invaluable expertise to the Board. In addition, his prior service as chief risk officer of a large financial institution significantly strengthens the Board's capabilities in overseeing and managing risk within the organization. Mr. Russell also has extensive knowledge and experience from his prior service as an officer of a lender to the electric utility industry.

Business experience and other public company and HEI affiliate directorships since 2008

President, Russell Financial, Inc. (strategic and financial consulting firm servicing business and high net worth families and individuals), since 2001

Vice Chair/Chief Risk Officer, Mellon Financial Corp., then Chairman, Mellon West, 1991-2001

Senior Executive Vice President, then Director, President and Chief Operating Officer, GLENFED/Glendale Federal Bank, 1983-1991

Director since 2010, Risk Committee Chair and Audit Committee Member, American Savings Bank, F.S.B. (HEI subsidiary)

Director, Nationwide Health Properties, 2002-2011

Director, Sunstone Hotel Investors, since 2003

Director, Countrywide Financial, 2003-2008

Skills and qualifications for HEI Board service

10 years of executive leadership, financial oversight, risk management and strategic planning experience from serving as Vice Chairman/Chief Risk Officer for Mellon Financial Corporation and Chairman of Mellon's West Coast operations. Mellon was also a major lender and capital provider to the electric utility industry.

8 years of executive and corporate governance experience from serving as Director, President and Chief Operating Officer of GLENFED/Glendale Federal Bank.

9 years of banking industry experience from serving as Senior Vice President and Deputy Administrator for Security Pacific National Bank, with direct responsibility for a wide breadth of operations including leasing, consumer and commercial finance, mortgage banking, venture capital, cash management and trust business.

Barry K. Taniguchi, age 65, director since 2004
Audit Committee Chair
Executive Committee Member

Mr. Taniguchi brings to the Board considerable experience as a proven business leader in Hawaii, with extensive knowledge of the business climate and significant contacts and relationships within the business community and local governmental agencies. With the successes of his own businesses, and because of his commitment to a wide array of charitable causes, Mr. Taniguchi is one of the most well-respected businesspersons in the state of Hawaii.

Business experience and other public company and HEI affiliate directorships since 2008

President and Chief Executive Officer, KTA Super Stores (grocery store chain), since 1989

President, K. Taniguchi Ltd. (real estate lessor), since 1989

Director since 2002 and Audit Committee Chair, American Savings Bank, F.S.B. (HEI subsidiary)

Director 2001-2011 and Audit Committee Chair, Hawaiian Electric Company, Inc. (HEI subsidiary)

Director, Hawaii Electric Light Company, Inc. (HEI subsidiary), 1997-2009

Director, Maui Electric Company, Limited (HEI subsidiary), 2006-2009

Skills and qualifications for HEI Board service

Current knowledge of and experience with the business community on the island of Hawaii, which is served by one of HEI's utility subsidiaries, Hawaii Electric Light Company, Inc., from serving in his current chief executive officer positions for the last 24 years.

Accounting and auditing knowledge and experience gained from obtaining a public accounting certification and working as an auditor and as a controller.

Extensive corporate and nonprofit board and leadership experience, including from his current service on the boards of Hawaii Employers Mutual Insurance Company and Hawaii Community Foundation and from his role as a director and former Chair of the Hawaii Island Economic Development Board.

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Continuing Class I Directors Whose Terms Expire at the 2015 Annual Meeting

Constance H. Lau, age 61, director 2001-2004 and since 2006
Executive Committee Member

As HEI's President and Chief Executive Officer since 2006, Ms. Lau has extensive senior management experience and thorough knowledge of the Company's operations. Prior to becoming CEO, Ms. Lau served in various leadership capacities that have spanned several functions across HEI and its subsidiaries, including the legal, financial and executive management functions. Over her more than 28 years of service to HEI and its subsidiaries, Ms. Lau acquired significant experience and expertise with respect to the utility and banking industries. Further, having been exposed to virtually all aspects of HEI's operations at the holding company and at both operating subsidiaries, Ms. Lau brings a unique and comprehensive perspective to the Board. Ms. Lau's intelligence and leadership stature has been recognized nationally, leading her to be named to the National Infrastructure Advisory Council (NIAC), which she now chairs, by President Obama and the Community Depository Institutions Advisory Council of the Federal Reserve Bank of San Francisco. As a result, Ms. Lau brings to the Board a national perspective, as well as valuable insights regarding physical and cyber infrastructure security and monetary policy, which is critical in today's environment.

Current and prior positions with the Company

President and Chief Executive Officer and Director, HEI, since 2006

Chairman of the Board, Hawaiian Electric Company, Inc. (HEI subsidiary), since 2006

Chairman of the Board, American Savings Bank, F.S.B. (HEI subsidiary), since 2006

Chairman of the Board and Chief Executive Officer, American Savings Bank, F.S.B., 2008-2010

Chairman of the Board, President and Chief Executive Officer, American Savings Bank, F.S.B., 2006-2008

President and Chief Executive Officer and Director, American Savings Bank, F.S.B., 2001-2006

Senior Executive Vice President and Chief Operating Officer and Director, American Savings Bank, F.S.B., 1999-2001

Treasurer, HEI, 1989-1999

Financial Vice President and Treasurer, HEI Power Corp. (former HEI subsidiary), 1997-1999

Treasurer, Hawaiian Electric Company, Inc., and Assistant Treasurer, HEI, 1987-1989

Assistant Corporate Counsel, Hawaiian Electric Company, Inc., 1984-1987

Other public company directorships since 2008

Director, Audit Committee Chair and Nominating & Corporate Governance Committee Member, Matson, Inc., since 2012

Director, Alexander & Baldwin, Inc., 2004-2012

Skills and qualifications for HEI Board service

Intimate understanding of the Company from serving in various chief executive, chief operating and other executive, finance and legal positions at HEI and its subsidiaries for more than 28 years.

Familiarity with current management and corporate governance practices from her current service as a director, Audit Committee Chair and Nominating and Corporate Governance Committee Member for Matson, Inc. and as a director of Associated Electric & Gas Insurance Services, Inc.

Experience with financial oversight and expansive knowledge of the Hawaii business community and the local communities that compose the Company's customer bases from serving as a director for various local industry, business development, educational and nonprofit organizations.

Utility and banking industry knowledge from serving as a director or task force member of the American Bankers Association, the Edison Electric Institute and the Electric Power Research Institute.

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A. Maurice Myers, age 72, director since 1991
Compensation Committee Member

Mr. Myers brings a wealth of knowledge and leadership skills to the HEI Board. His extensive experience leading successful companies as chief executive officer, both in Hawaii and on the mainland, including several large public companies, provides the Board with significant management expertise. Having served on the Board for 22 years, Mr. Myers has gained in-depth knowledge of HEI and its operations. With this breadth and depth of experience, Mr. Myers is a valuable resource to management and other Board members and contributes substantially to the Board's capabilities in overseeing HEI's operations.

Business experience and other public company and HEI affiliate directorships since 2008

Chief Executive Officer and Owner, Myers Equipment Leasing LLC (equipment leasing company), since 2010

Chief Executive Officer and Director, POS Hawaii LLC (provider of point-of-sale business systems for restaurants and retailers), since 2009

Chief Executive Officer and Director, Wine Country Kitchens LLC (manufacturer of gourmet food products), since 2007

Chairman, Chief Executive Officer and President, Waste Management, Inc. (waste and environmental services provider), 1999-2004

Director, Hawaiian Electric Company, Inc. (HEI subsidiary), 2004-2006 and 2009-2011

Director since 2011and Risk Committee Member, American Savings Bank, F.S.B. (HEI subsidiary)

Skills and qualifications for HEI Board service

20 years of public company executive and board leadership experience as Chairman, Chief Executive Officer and President of Waste Management, Inc., Chairman, Chief Executive Officer and President of Yellow Corporation, President of America West Airlines and Chief Executive Officer and President of Aloha Airgroup, Inc.

Practiced skills in risk assessment, strategic planning, financial oversight, customer and public relations and marketing exercised in leading successful restructuring efforts at Waste Management, Yellow Corporation and America West Airlines.

Diverse business experience and public and private company board experience, including from his prior service as a director and Compensation Committee chair for Tesoro Corporation and as a director for BIS Industries Limited and Cheap Tickets.

James K. Scott, Ed.D., age 61, director since 1995
Nominating and Corporate Governance Committee Member

Dr. Scott has considerable management experience as an executive leader in Hawaii. While Dr. Scott has earned the reputation of being one of the nation's leading education administrators, his unique value to the Company derives from his extensive knowledge, contacts and relationships within Hawaii's business community, non-profit community and local governmental agencies. Dr. Scott's long participation on the Board has contributed significantly to the Board's understanding of Hawaii's unique cultural and business environment. With the success under his leadership of one of the country's most prominent college preparatory schools for nearly two decades, and because of his commitment to a wide array of charitable and civic causes, Dr. Scott is a well-respected leader in the state of Hawaii.

Business experience and other public company and HEI affiliate directorships since 2008

President, Punahou School (K-12 independent school), since 1994

Director, American Savings Bank, F.S.B. (HEI subsidiary), since 2008

Skills and qualifications for HEI Board service

Recognized leadership and executive management skills as President of Punahou School for 19 years.

28 years of experience developing and executing strategic plans as the chief executive at two independent schools, including overseeing fundraising programs and admissions/marketing and finance functions.

Governance and board leadership experience from his current positions as director and former Chair of the Hawaii Association of Independent Schools, and member of the Advisory Board of the Klingenstein Center of Teachers College at Columbia University.

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Corporate Governance

What are HEI's governance policies and guidelines?

In 2012, HEI's Board and management continued to review and monitor corporate governance trends and best practices to comply with the corporate governance requirements of the New York Stock Exchange, regulations of the Securities and Exchange Commission and rules and regulations of the Board of Governors of the Federal Reserve (Federal Reserve) applicable to HEI as a savings and loan holding company. As part of an annual review, HEI's Corporate Governance Guidelines, Corporate Code of Conduct and charters for the Compensation and Nominating and Corporate Governance Committees were revised as deemed appropriate by the Board. These documents, as most recently revised, as well as other governance documents (such as the charters for the Audit and Executive Committees), are available on HEI's website at www.hei.com.

What is the Board's leadership structure?

Since 2006, Mr. Watanabe has served as the nonexecutive Chairman of the Board and Ms. Lau has served as HEI's President and Chief Executive Officer. Since that time, Ms. Lau has also been the only employee director on the Board.

Mr. Watanabe has served on the Board since 1987, but has never been employed by HEI or any HEI subsidiary. The Board has determined that he is independent. Among the many skills and qualifications that Mr. Watanabe brings to the Board, the Board considered: (i) his extensive experience in corporate and nonprofit governance from serving on other public company, private company and nonprofit boards; (ii) his reputation for effective consensus and relationship building and business and community leadership, including leadership of his former law firm; (iii) his willingness to spend time advising and mentoring members of HEI's senior management; and (iv) his dedication to committing the hard work and time necessary to successfully lead the Board.

As HEI's Chairman, Mr. Watanabe's key responsibilities are to:

- lead Board and shareholder meetings and executive sessions of the independent directors, including executive sessions at which the performance of the Chief Executive Officer is evaluated by the Board;
- attend all meetings of the Audit, Compensation and Nominating and Corporate Governance Committees of the Board as an observer and the Executive Committee of the Board as its chair. Since May 2011, Mr. Watanabe attends meetings of the Compensation Committee as a member;
- serve on and/or advise the boards of HEI's primary operating subsidiaries, Hawaiian Electric Company and American Savings Bank, chair joint executive sessions of the independent directors of HEI and these subsidiary boards and attend meetings of subsidiary board committees;
- work closely with management to develop meeting agendas and materials for the Board and subsidiary boards;
- be available to other Board and subsidiary board members and management for questions and consultation; and

ensure and facilitate communications among Board members and Board committees and between the Board and management.

The Board's Corporate Governance Guidelines provide that if the Chairman and Chief Executive Officer positions are held by the same person, or if the Board determines that the Chairman is not independent, the independent directors should designate an independent director to serve as "Lead Director". If a Lead Director is designated, the Lead Director's responsibilities are to: (i) preside at Board and shareholder meetings when the

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Chairman is not present, (ii) preside at executive sessions of the independent directors, (iii) facilitate communication between the independent directors and the Chairman or the Board as a whole, (iv) call meetings of the nonmanagement or independent directors in executive session, (v) participate in approving meeting agendas, schedules and materials for the Board and (vi) perform other functions described in the Corporate Governance Guidelines or as determined by the Board from time to time.

The Board believes that its current leadership structure, which provides for an independent nonemployee Chairman, or an independent Lead Director if the Chairman is not independent, is appropriate and effective in light of HEI's current operations, strategic plans and overall corporate governance structure. Several reasons support this conclusion. First, the Board believes that having an independent Chairman or Lead Director has been important in establishing a tone at the top for both the Board and the Company that encourages constructive expression of views that may differ from those of senior management. Second, the Board believes that the presence of an independent Chairman or Lead Director, particularly at this time of increased government and investor scrutiny of public and financial company boards, demonstrates to the Company's regulators and shareholders that the Board is committed to serving the best interests of the Company and its shareholders and not the best interests of management. Third, the Board recognizes that HEI has an uncommon corporate governance structure in that the boards of its two primary operating subsidiaries are also composed mostly of nonemployee directors and that the HEI Chairman plays an important leadership role at these subsidiary boards. For instance, in addition to chairing executive sessions of the nonemployee directors and attending meetings of the committees of these subsidiary boards, the Chairman leads each subsidiary board in conducting its annual performance self-evaluation and facilitates communications between each of these boards and management of the respective subsidiary company as well as among members of each subsidiary board.

What is the Board's role in risk oversight?

HEI is a holding company that operates principally through its operating electric public utility and bank subsidiaries. At the holding company and subsidiary levels, the Company faces a variety of risks, including operational risks, regulatory and legal compliance risks, credit and interest rate risks, competitive risks, liquidity risks and strategic and reputational risks. Developing and implementing strategies to manage these risks is the responsibility of management, and that responsibility is carried out by assignments of responsibility to various officers and other employees of the Company under the direction of HEI's Chief Financial Officer, who also serves as HEI's chief risk officer. The role of the Board is to oversee the management of these risks.

The Board's specific risk oversight functions are as follows:

The Board has approved a consolidated enterprise risk management (ERM) system recommended by management. The system is designed to identify and assess risks across the HEI enterprise so that information regarding the Company's risks can be reported to the Board, along with proposed strategies for mitigating these risks. The structure of the ERM system is decentralized, with separate chief risk officers at each of Hawaiian Electric Company and American Savings Bank. The chief risk officer of Hawaiian Electric Company is also responsible for identifying, assessing and reporting risks at HEI's other electric utility subsidiaries that operate on the neighbor islands of Hawaii, Maui, Molokai and Lanai. Each subsidiary chief risk officer reports directly to the respective subsidiary President and functionally to HEI's chief risk officer, who reviews such risks on a consolidated basis. The Board believes that this decentralized risk management structure is appropriate and effective for the Company's diverse operations and holding company structure, because it allows for industry-specific risk identification and management at the subsidiary levels while also ensuring an integrated and consolidated view of risk at the holding company level by HEI's chief risk officer. In connection with approving this ERM system, the Board reviewed a catalog of risks and management's assessment of those risks reported by HEI's chief risk officer. As part of the Board's ongoing risk oversight, HEI's chief risk officer is responsible for providing regular reports to the Board and Audit Committee on the status of those risks, any changes to the risk catalog or management's assessment of those risks, and any other risk management matters that the Board may request from time to time. The Board and Audit

Committee also receive reports from HEI's internal auditor evaluating the effectiveness of management's implementation of the approved ERM system.

The Board has assigned to the Compensation Committee the specific risk oversight responsibility of reviewing whether the Company's compensation policies or practices encourage employees to take risks that are reasonably likely to have a material adverse effect on the Company and of recommending new or revised policies and practices to address any such risks identified. Included in this oversight responsibility is the Compensation Committee's review and evaluation of American Savings Bank's compensation practices for compliance with regulatory guidance on sound incentive compensation plans. The Compensation Committee reports the results of its review and any recommendations to the Board. The results of the Compensation Committee's review are also communicated to the Audit Committee through HEI's chief risk officer. Both the Audit and Compensation Committees are composed entirely of independent directors.

The Board has assigned to the Audit Committee the specific risk oversight responsibilities of (i) reviewing the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, (ii) overseeing HEI's Code of Conduct compliance program and (iii) establishing procedures for direct reporting of potential accounting and auditing issues to the Audit Committee. The Audit Committee reports to the Board each quarter regarding these matters.

The Board has also assigned to the Audit Committee the responsibility of assisting the Board in overseeing the overall risk management strategy of the Company. In order to assist the Board with overall risk oversight, the Audit Committee is specifically required to discuss policies with respect to risk assessment and risk management, including the guidelines and policies governing the process by which risk assessment and risk management are undertaken at the Company, and to report to the Board the committee's discussion and findings so that the entire Board can consider changes in the Company's risk profile.

In addition to overall risk oversight by the HEI Board, the boards of HEI's primary operating subsidiaries, Hawaiian Electric Company and American Savings Bank, are specifically responsible for overseeing risks at their respective companies. The Hawaiian Electric Company Board has assigned responsibility for ongoing oversight of risk management to its Audit Committee and the American Savings Bank Board has assigned such responsibility to its Risk Committee. Under the decentralized ERM structure discussed above, risk management activities at the subsidiary level are reported to these committees and to the subsidiary boards through the subsidiary chief risk officers. The HEI Board and/or Audit Committee may also be invited to participate in risk oversight discussions by these subsidiary boards and/or committees. The information from these subsidiary board and committee sessions are also reported, on at least a quarterly basis, to the HEI Board by the subsidiary chief risk officers (or their representatives), who functionally report to HEI's chief risk officer on risk management matters. These subsidiary boards are composed mostly of nonemployee directors. The subsidiary audit committees are composed entirely of nonemployee directors who meet the independence requirements for audit committee members of companies listed on the New York Stock Exchange.

At least annually, the Board conducts a strategic planning and risk review. As part of this review, the Board reviews fundamental financial and business strategies and assesses the major risks facing the Company and options to mitigate those risks. To facilitate strategic planning through constructive dialogue among management and Board members, members of management who are not directors may be invited to participate in the review. Based on the review, the Board and senior management, including the HEI chief risk officer, identify key issues to be addressed during the course of the next calendar year.

The Board believes that risk oversight is one of the areas in which having an independent Chairman or Lead Director is especially important in order to ensure that views that may differ from those of management are expressed. Since the HEI Chairman attends the meetings of the Board, the subsidiary boards and their respective committees, the HEI Chairman is also in a unique position to assist with communications regarding risk oversight and risk management among the Board and its committees, between the subsidiary boards and their respective committees and between directors and management.

How does the Board select nominees for the Board?

The Board believes that there are skill sets and qualities and attributes that should be represented on the Board as a whole but do not necessarily need to be possessed by each director. The Nominating and Corporate Governance Committee and the Board, thus, consider the qualifications and attributes of incumbent directors and director candidates not only individually but also in the aggregate with all directors and in light of the current and future needs of HEI and its subsidiaries.

The Nominating and Corporate Governance Committee of the Board assists the Board in identifying and evaluating persons for nomination or re-nomination for Board service. To identify qualified candidates for HEI Board membership, the committee may consider persons who are serving on its subsidiary boards as well as persons suggested by Board members, management and shareholders or may retain a third-party search firm to help identify qualified candidates. The committee's evaluation process does not vary based on whether a candidate is recommended by a shareholder, a Board member or a member of management.

Once a person is identified as a potential director candidate, the committee may review publicly available information to assess whether the candidate should be further considered. If so, a committee member or designated representative for the committee will contact the person. If the person is willing to be considered for nomination, the person is asked to provide additional information regarding his or her background, his or her specific skills, experience and qualifications for Board service, and any direct or indirect relationships with the Company. In addition, one or more interviews may be conducted with committee and Board members and committee members may contact one or more references provided by the candidate or others who would have first-hand knowledge of the candidate's qualifications and attributes.

In evaluating the qualifications and attributes of each potential candidate (including incumbent directors) for nomination or re-nomination, the committee considers:

- the candidate's qualifications, consisting of his/her knowledge (including relevant industry knowledge), understanding of the Company's businesses, experience, skills, substantive areas of expertise, financial literacy, innovative thinking, business judgment, achievements and other factors required to be considered under applicable laws, rules or regulations;

- the candidate's attributes, comprising independence, personal and professional integrity, character, reputation, ability to represent the interests of all shareholders, time availability in light of other commitments, dedication, absence of conflicts of interest, diversity, appreciation of multiple cultures, commitment to deal responsibly with social issues and other stakeholder concerns and other factors that the committee considers appropriate in the context of the needs of the Board;

- familiarity with and respect for corporate governance requirements and practices;

- with respect to incumbent directors, the self-evaluation of the individual director, his or her current qualifications and his or her contributions to the Board;

- the current composition of the Board and its committees; and

- intangible qualities of the candidate including the ability to ask difficult questions and, simultaneously, to work collegially with members of the Board, as well as to work effectively with management.

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The Board considers the recommendations of the Nominating and Corporate Governance Committee and then makes the final decision whether to re-nominate incumbent directors and whether to approve and extend an invitation to a candidate to join the Board upon appointment or election, subject to any approvals required by law, rule or regulation.

Does the Board consider diversity in identifying nominees for the Board?

In assisting the Board to identify qualified director candidates, the Nominating and Corporate Governance Committee considers whether the candidate would contribute to the expertise, skills and professional experience, as well as to the diversity of the Board in terms of race, ethnicity, gender, age and cultural background. The Board believes it functions most effectively with members who collectively possess a range of substantive expertise, skills and experience in areas that are relevant to leading HEI in accordance with the Board's fiduciary responsibilities. The Board also believes that having a board composed of members who can collectively contribute a range of perspectives, including perspectives that may arise from a person's gender or ethnicity, improves the quality of the Board's deliberations and decisions because it enables the Board to view issues from a variety of angles and, thus, more thoroughly and completely. As the Company's operations and strategic plans and the Board's composition may evolve over time, the Nominating and Corporate Governance Committee is charged with identifying and assessing the appropriate mix of knowledge areas, qualifications and personal attributes contributed by Board members that will bring the most strategic and decision-making advantages to HEI.

With operations almost exclusively in the state of Hawaii, it is natural and advantageous that our Board be composed largely of members who live and work in the state and have firsthand knowledge of and experience with our customer base and political and regulatory environment. Since a large pool of potential candidates for Board membership come from this state, the Board benefits from the unique racial diversity that exists in Hawaii. If the shareholders vote to elect the three director nominees proposed by the Board for election at the Annual Meeting, the resulting composition of the Board would be as follows: four directors (or 44.4%) who are Caucasian, four directors (or 44.4%) who are Asian American and one director (or 11.1%) who is Caucasian, Asian American and native Hawaiian. Two (or 22.2%) of the nine directors are female.

The Board also recognizes that, due to Hawaii's geographic isolation from the continental United States and the comparatively small number of publicly-traded companies, banks and regulated utilities based in Hawaii, the Board also benefits from having among its members directors who have gained business experience at companies located in other states because those Board members contribute valuable information about experiences they have had working at or serving on the boards of other public companies and companies in similar industries, which also contributes to the breadth of perspectives on the Board.

How can shareholders communicate with the directors?

Interested parties, including shareholders, desiring to communicate with the Board, any individual director or the independent directors as a group regarding matters pertaining to the business or operations of HEI may address their correspondence in care of the Corporate Secretary, Hawaiian Electric Industries, Inc., P.O. Box 730, Honolulu, HI 96808-0730. The HEI Corporate Secretary may review, sort and summarize all such correspondence in order to facilitate communications to the Board. In addition, the HEI Corporate Secretary has the authority and discretion to handle any director communication that is an ordinary course of business matter including routine questions, complaints, comments and related communications that can appropriately be handled by management. Directors may at any time request copies of all correspondence addressed to them. The charter of the HEI Audit Committee, which is available for review at www.hei.com, sets forth procedures for submitting complaints or concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters on a confidential, anonymous basis.

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Board of Directors

Who are the independent directors of the Board?

Under HEI's Corporate Governance Guidelines, a majority of Board members must qualify as independent under the listing standards of the New York Stock Exchange (NYSE) and any additional requirements as determined by the Board from time to time.

For a director to be considered independent under NYSE listing standards, the Board must determine that the director does not have any direct or indirect material relationship with HEI or its subsidiaries apart from his or her service as a director. The NYSE listing standards also specify circumstances under which a director may not be considered independent, such as when the director has been an employee of the Company within the last three fiscal years, if the director has had certain relationships with the Company's external or internal auditor within the last three fiscal years or when the Company has made or received payments for goods or services to entities with which the director or an immediate family member of the director has specified affiliations and the aggregate amount of such payments in any year within the last three fiscal years exceeds the greater of $1 million or 2% of such entity's consolidated gross revenues for the last fiscal year.

The Board has also adopted Categorical Standards for Director Independence (HEI Categorical Standards), which are available for review on HEI's website at www.hei.com. The HEI Categorical Standards specify circumstances under which a director may not be considered independent. In addition to the circumstances that would preclude independence under the NYSE listing standards, the HEI Categorical Standards provide that a director is not independent if HEI and its subsidiaries have made charitable contributions to a nonprofit organization for which the director serves as an executive officer and the aggregate amount of such contributions in any single fiscal year of the nonprofit organization within the last three fiscal years exceeds the greater of $1 million or 2% of such organization's consolidated gross revenues for the last fiscal year.

The Nominating and Corporate Governance Committee and the Board considered the information below, which was provided by the directors and director nominees and/or by HEI or its subsidiaries, concerning relationships between (i) HEI or its subsidiaries and (ii) the director, director nominee, the director's or director nominee's immediate family members or entities with which any of the directors, director nominees or immediate family members have certain affiliations. Based on its consideration of the relationships described below and the recommendations of the Nominating and Corporate Governance Committee, the Board determined that all of the nonemployee directors and director nominees of HEI (Messrs. Fargo, Myers, Russell, Scott, Taketa, Taniguchi and Watanabe and Ms. Fowler) are independent. The remaining director, Ms. Lau, is the only employee director of HEI and therefore is not independent.

With respect to Messrs. Scott, Taketa and Taniguchi, the Board considered amounts paid during the last three fiscal years to purchase electricity from HEI subsidiaries, Hawaiian Electric Company or Hawaii Electric Light Company (the sole public utilities providing electricity to the islands of Oahu and Hawaii, respectively), by entities employing these directors. None of the amounts paid by these entities for electricity (excluding pass-through surcharges for fuel and for Hawaii state revenue taxes) within the last three fiscal years exceeded the thresholds in the NYSE listing standards or HEI Categorical Standards that would automatically result in a director not being independent (i.e., the greater of $1 million or 2% of such entity's consolidated gross revenues for the last fiscal year). The Board also considered that Hawaiian Electric Company and Hawaii Electric Light Company are the sole source of electric power on the islands of Oahu and Hawaii, respectively, and that the rates charged by these public utilities for electricity are fixed by state regulatory authority. Since purchasers of electricity from Hawaiian Electric Company and Hawaii Electric Light Company have no choice as to supplier and no ability to negotiate rates or other terms, the Board determined that these relationships do not impair the independence of these directors.

With respect to Messrs. Scott and Taketa, the Board considered the amount of charitable contributions during the last three fiscal years from HEI and its subsidiaries to nonprofit organizations where these directors serve as executive officers. None of the contributions made to such nonprofit organizations within the last three fiscal years exceeded the threshold in the HEI Categorical Standards that would automatically result in a director not being independent (i.e., the greater of $1 million or 2% of such organization's consolidated gross revenues for the last fiscal year). In determining that these charitable donations did not impair the independence of these directors, the Board also considered the fact that Company policy requires that charitable contributions from HEI or its subsidiaries to entities where an HEI director serves as an executive officer, and where the director has a direct or indirect material interest, and the aggregate amount donated by HEI and its subsidiaries to such organization would exceed $120,000 in any single fiscal year, be preapproved by the Nominating and Corporate Governance Committee.

With respect to Mr. Taketa, the Board considered modest fees paid during the last three fiscal years to the charitable foundation for which he serves as an executive officer for management of scholarship and nonprofit grant programs and concluded that such fees did not affect Mr. Taketa's independence. None of the fees paid within the last three fiscal years exceeded the threshold in the HEI Categorical Standards that would automatically result in a director not being independent (i.e., the greater of $1 million or 2% of such organization's consolidated gross revenues for the last fiscal year).

With respect to Messrs. Fargo, Myers, Scott, Taniguchi and Watanabe, the Board considered other director or officer positions held by those directors at entities for which an HEI executive officer serves as a director or trustee and determined that none of these relationships affected the independence of these directors. None of these relationships resulted in a compensation committee interlock or would automatically preclude independence under the NYSE listing standards or HEI Categorical Standards.

How often did the Board meet in 2012?

In 2012, there were eight regular meetings and one special meeting of the Board. All directors attended at least 75% of the combined total number of meetings of the Board and Board committees on which they served.

Does the Board meet in executive session without management present?

The nonemployee directors meet regularly in executive sessions without management present. In 2012, these sessions were chaired by Mr. Watanabe, who is the Chairman of the Board and an independent nonemployee director. Mr. Watanabe may request from time to time that other nonemployee directors chair the executive sessions.

Did all directors attend last year's Annual Meeting?

All of HEI's nine directors attended the 2012 Annual Meeting of Shareholders. HEI encourages all directors to attend each year's Annual Meeting of Shareholders.

Does the Board evaluate itself?

The Board conducts annual evaluations to determine whether it and its committees are functioning effectively. As part of the evaluation process, each member of the Audit, Compensation and Nominating and Corporate Governance Committees annually evaluates the performance of each committee on which he or she serves. Each director up for reelection also evaluates his or her own performance. The nonemployee directors also periodically complete peer evaluations of each of the other nonemployee directors. The evaluation process is overseen by the Nominating and Corporate Governance Committee, in consultation with the Chairman.

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Committees of the Board

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

The Board has four standing committees: Audit, Compensation, Executive and Nominating and Corporate Governance. Members of these committees are appointed annually by the Board, taking into consideration the recommendations of the Nominating and Corporate Governance Committee. The table below shows committee members during 2012 and the number of meetings each committee held in 2012.

Name	Audit	Compensation	Executive	Nominating and Corporate Governance
Thomas B. Fargo		X(1)		X
Peggy Y. Fowler	X			
Constance H. Lau (2)			X	
A. Maurice Myers		X		
Keith P. Russell	X			
James K. Scott				X
Kelvin H. Taketa				X(1)
Barry K. Taniguchi	X(1)		X	
Jeffrey N. Watanabe		X	X(1)	
Number of Meetings in 2012	**6**	**5**	**0**	**4**

(1) Committee Chairperson.

(2) Ms. Lau is an employee director. All other directors have been determined to be independent. See "Board of Directors Who are the independent directors of the Board?" above.

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

The primary functions of HEI's standing committees are described below. Each committee operates and acts under written charters that are approved by the Board and available for review on HEI's website at www.hei.com. Each of the Audit, Compensation and Nominating and Corporate Governance Committees may form subcommittees of its members and delegate authority to its subcommittees.

Audit Committee

The Audit Committee is responsible for overseeing (i) HEI's financial reporting processes and internal controls, (ii) the performance of HEI's internal auditor, (iii) risk assessment and risk management policies set by management and (iv) the Corporate Code of Conduct compliance program for HEI and its subsidiaries. In addition, this committee is directly responsible for the appointment, compensation and oversight of the independent registered public accounting firm that audits HEI's consolidated financial statements and maintains procedures for receiving and reviewing confidential reports to the committee of potential accounting and auditing concerns. See "Audit Committee Report" below for additional information about the Audit Committee.

All Audit Committee members are independent and qualified to serve on this committee pursuant to NYSE and SEC requirements and the Audit Committee meets the other applicable requirements of the Securities Exchange Act of 1934. None of the Audit Committee members serve on the audit committees of more than two other public companies.

Compensation Committee

The responsibilities of the Compensation Committee include (i) overseeing the compensation plans and programs for employees, executives and nonemployee directors of HEI and its subsidiaries, including equity and

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incentive plans; (ii) reviewing the extent to which risks that may arise from the Company's compensation policies and practices, if any, may have a material adverse effect on the Company and recommending changes to address any such risks; (iii) evaluating the compliance of American Savings Bank's incentive compensation practices under the principles for sound incentive compensation plans for banking organizations and (iv) assessing the independence of any compensation consultant involved in determining or recommending director or executive compensation. See "Compensation Discussion and Analysis Compensation Process" and "Other Relationships and Related Person Transactions Compensation Committee Interlocks and Insider Participation" below for additional information about the Compensation Committee.

All Compensation Committee members are independent and qualified to serve on this committee pursuant to NYSE requirements and also qualify as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code. All of the members of the Compensation Committee qualify as "nonemployee directors" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934. A member of the board of directors of each of Hawaiian Electric Company and American Savings Bank attends meetings of the Compensation Committee as a nonvoting representative of such director's subsidiary board.

Executive Committee

The Executive Committee may exercise the power and authority of the Board when it appears to its members that action is necessary and a meeting of the full Board is impractical. It may also consider other matters concerning HEI that may arise from time to time between Board meetings. The committee is currently composed of the Chairman of the Board, who chairs the committee, the Audit Committee Chairperson and the HEI President and Chief Executive Officer.

Nominating and Corporate Governance Committee

The functions of the Nominating and Corporate Governance Committee include (i) evaluating the background and qualifications of potential nominees for the Board and for the boards of HEI's subsidiaries, (ii) recommending to the Board the director nominees to be submitted to shareholders for election at the next Annual Meeting, (iii) assessing the independence of directors and nominees, (iv) recommending the slate of executive officers to be appointed by the Board and subsidiary boards, (v) advising the Board with respect to matters of Board and committee composition and procedures, (vi) overseeing the annual evaluation of the Board and individual directors, (vii) overseeing talent development and succession planning for senior executive positions and (viii) making recommendations to the Board and the boards of HEI's subsidiaries regarding corporate governance and board succession planning matters. See "Corporate Governance" above for additional information regarding the activities of the Nominating and Corporate Governance Committee.

Director Compensation

How is director compensation determined?

The Board believes that a competitive compensation package is necessary to attract and retain individuals with the experience, skills and qualifications needed for the challenging role of serving as a director of a publicly traded company with a unique blend of highly regulated industries. The Board 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 stock awards designed to align the interests of directors with those of HEI shareholders. Only nonemployee directors are compensated for their service as directors. Ms. Lau, who is the only employee director of HEI, does not receive separate or additional compensation for serving as a director. Although Ms. Lau is a member of the HEI Board, neither she nor any other executive officer of the Company participates in the determination of nonemployee director compensation.

The Compensation Committee reviews nonemployee director compensation no less frequently than once every three years and recommends changes to the Board. In 2010, the committee asked its independent compensation consultant, Frederic W. Cook & Co. Inc. (Fred Cook & Co.), to conduct an evaluation of HEI's nonemployee director compensation practices. Fred Cook & Co. assessed the structure of HEI's nonemployee director compensation program and its value compared to competitive market practices of financial services and utility peer companies, similar to the assessments used in its executive compensation review, which is described under "Compensation Discussion and Analysis Compensation Elements How does HEI determine the amount for each element?" below. The 2010 analysis took into consideration the duties and scope of responsibilities of directors, especially in light of HEI's unique business and regulatory structure. The Compensation Committee reviewed the analysis in determining its recommendations to the Board concerning the appropriate nonemployee director compensation, including cash retainers, stock awards and meeting fees, and the Board approved the Compensation Committee's recommendations, which were effective on January 1, 2011. Director compensation for 2012 was unchanged from 2011, except for (i) the establishment of fees for service on the American Savings Bank Risk Committee, which began operations in 2012, and (ii) the reduction of fees for service on the American Savings Bank Audit Committee to align with fees for service on the American Savings Bank Risk Committee and Hawaiian Electric Company Audit Committee.

Retainer. The following is the 2012 cash retainer schedule for nonemployee directors of HEI, including those who also serve as directors of certain HEI subsidiaries. Cash retainers were paid in quarterly installments. Nonemployee directors of HEI who serve on HEI Board committees received fees for service on such committees in 2012 as indicated below. No separate fees are paid to HEI directors for service on subsidiary company boards, although the subsidiaries pay an allocable portion of the overall fee for an HEI director who serves on the applicable subsidiary board and HEI directors who serve on committees of subsidiary boards received fees in 2012 for such committee service, as shown below.

Position	**2012 Retainer**
HEI Nonexecutive Chairman of the Board	$ 250,000
HEI Director	65,000
HEI Audit Committee Chair	15,000
HEI Compensation Committee Chair	15,000
HEI Nominating and Corporate Governance Committee Chair	10,000
HEI Audit Committee Member	6,000
HEI Compensation Committee Member	6,000
HEI Nominating and Corporate Governance Committee Member	4,000
American Savings Bank Audit Committee Chair	10,000
American Savings Bank Audit Committee Member	4,000
Hawaiian Electric Company Audit Committee Chair	10,000
Hawaiian Electric Company Audit Committee Member	4,000
American Savings Bank Risk Committee Chair	10,000
American Savings Bank Risk Committee Member	4,000

Meeting Fees. Nonemployee directors of HEI and its subsidiary company boards are also entitled to meeting fees for each committee meeting attended (as member or chair) after the number of meetings specified below.

HEI Audit Committee	$1,500 per meeting after 6 meetings
American Savings Bank Audit Committee	$1,000 per meeting after 8 meetings
Hawaiian Electric Company Audit Committee	$750 per meeting after 8 meetings
HEI Nominating and Corporate Governance Committee	$1,500 per meeting after 6 meetings
HEI Compensation Committee	$1,500 per meeting after 6 meetings

Stock Awards. On June 29, 2012, each HEI nonemployee director received shares of HEI Common Stock with a value equal to $75,000 as an annual grant under HEI's 2011 Nonemployee Director Stock Plan (2011 Director Plan), which was approved by HEI shareholders on May 10, 2011, for the purpose of further aligning directors' and shareholders' interests. The number of shares issued to each HEI nonemployee director was

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determined based on the closing sales price of HEI Common Stock on the New York Stock Exchange on June 29, 2012. Stock grants to nonemployee directors under the 2011 Director Plan are made annually on the last business day in June.

Retirement Benefit. HEI's Nonemployee Director Retirement Plan, which provided retirement benefits to nonemployee directors, was terminated in 1996. Directors who were retired from their primary occupation at that time continued to be eligible to receive benefits under the plan based on years of active service as a director until the plan's termination in 1996. Mr. Myers is the only current director still eligible to receive benefits under the terminated plan. Upon his retirement from service as a director, Mr. Myers is eligible to receive retirement benefits in an annual total of $15,000, paid in quarterly installments, for a period equal to the number of years of his active service through December 31, 1996 (6 years). All benefits payable under the plan cease upon the death of the nonemployee director.

Deferred Compensation. Nonemployee directors may elect to participate in the HEI Nonemployee Directors' Deferred Compensation Plan, as amended January 1, 2009, which allows any nonemployee director to defer compensation from HEI for service as a director. The plan allows for either lump sum or installment distributions upon the retirement of the director. Upon the death of the director, the balance of the deferred account will be distributed in a lump sum to a designated beneficiary. Nonemployee directors are also eligible to participate in the HEI Deferred Compensation Plan implemented in 2011 (2011 Deferred Compensation Plan) and described under "Compensation Discussion and Analysis Compensation Elements May named executive officers participate in nonqualified deferred compensation plans?" below. In 2012, two HEI directors, Messrs. Myers and Taketa, participated in the 2011 Deferred Compensation Plan.

Health Benefits. Directors, at their election and at their cost, may participate in the group employee medical, vision and dental plans generally made available to HEI, Hawaiian Electric Company or American Savings Bank employees. No director currently participates in such plans.

Director Compensation Table

The table below shows compensation paid to the HEI nonemployee directors in 2012.

2012 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($) (2)	Stock Awards ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	Total ($)
Thomas B. Fargo	84,000	75,000		159,000
Peggy Y. Fowler	75,000	75,000		150,000
A. Maurice Myers (5)	75,000	75,000	5,650	155,650
Keith P. Russell	85,000	75,000		160,000
James K. Scott	69,000	75,000		144,000
Kelvin H. Taketa (5)	75,000	75,000		150,000
Barry K. Taniguchi	90,000	75,000		165,000
Jeffrey N. Watanabe, Chairman (1)	321,000	75,000		396,000

(1) Mr. Watanabe's fees were for service as director and Chairman of the HEI Board and as a member of the Compensation Committee. He also served on the HEI Executive Committee and the American Savings Bank Board and Executive Committee. As explained above, HEI directors do not receive additional compensation for service on the boards of HEI's subsidiaries but do receive fees for service on subsidiary committees. His responsibilities are described above under the heading "Corporate Governance What is the Board's leadership structure?"

(2) See detail of cash retainers for Board and committee service below.

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(3)
As discussed above under "Director Compensation How is director compensation determined?", HEI nonemployee directors received shares of HEI Common Stock valued at $75,000 as the annual grant to HEI directors under the HEI 2011 Nonemployee Director Stock Plan.

(4)
As discussed above under "Director Compensation How is director compensation determined?", pension benefits for Mr. Myers were frozen in 1996, when the HEI Nonemployee Director Retirement Plan was terminated. Accordingly, he does not receive credit for service after 1996 under that Plan. The change in pension value reflects the change in his age and change in actuarial factors, such as discount rate and mortality assumptions.

(5)
In 2012, Messrs. Myers and Taketa each elected to defer 80%, or $60,000, of their fees under the 2011 Deferred Compensation Plan. Neither director had above-market or preferential earnings on nonqualified deferred compensation in 2012.

The table below shows cash retainers paid to HEI nonemployee directors for board and committee service (including subsidiary committee service) in 2012.

Name	HEI Board Retainer ($)	HEI Committee Retainer ($)	HEI Chairman Retainer ($)	HECO Audit Committee Retainer ($)	ASB Audit Committee Retainer ($)	ASB Risk Committee Retainer ($)	Total ($)
Thomas B. Fargo	65,000	19,000					84,000
Peggy Y. Fowler	65,000	6,000		4,000			75,000
A. Maurice Myers	65,000	6,000				4,000	75,000
Keith P. Russell	65,000	6,000			4,000	10,000	85,000
James K. Scott	65,000	4,000					69,000
Kelvin H. Taketa	65,000	10,000					75,000
Barry K. Taniguchi	65,000	15,000			10,000		90,000
Jeffrey N. Watanabe, HEI Chairman	65,000	6,000	250,000				321,000

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Proposal No. 2: Advisory Vote to Approve HEI's Executive Compensation

Consistent with the advisory vote of our shareholders at the 2011 Annual Meeting of Shareholders, the Board determined to hold an advisory vote to approve HEI's executive compensation (commonly referred to as a "say-on-pay" vote) each year until the next shareholder advisory vote on the frequency of say-on-pay votes. Under the Dodd-Frank Act, a company must hold such a frequency vote at least once every six years. HEI will hold its next advisory vote on the frequency of say-on-pay votes no later than 2017.

Like last year, this year's say-on-pay vote gives HEI's shareholders the opportunity to endorse or not endorse the Company's executive compensation program by voting on the following resolution:

> **Resolved: that shareholders approve HEI's executive compensation, including its executive compensation policies and practices and the compensation for the named executive officers, as set forth under "Compensation Discussion and Analysis" and "Executive Compensation" in the Proxy Statement for the 2013 Annual Meeting of Shareholders.**

We urge you to read the "Compensation Discussion and Analysis" and "Executive Compensation" portions of this Proxy Statement that follow this proposal. These sections provide detailed information on the Company's executive compensation policies and practices and the compensation of our named executive officers. The Compensation Committee and Board believe that HEI's executive compensation program is properly designed to incentivize performance that creates long-term value for shareholders and to attract, motivate and retain the highly qualified executives necessary to generate and sustain such value.

While the say-on-pay vote is nonbinding, the Compensation Committee and Board consider the vote results when evaluating HEI's executive compensation program. HEI will continue to engage regularly with shareholders concerned with executive compensation or any other legitimate matter. Shareholders wishing to communicate with the Board or management should visit our website at www.hei.com and view "Contact Information."

YOUR BOARD AND COMPENSATION COMMITTEE RECOMMEND THAT YOU VOTE **"FOR"** APPROVAL OF THE RESOLUTION APPROVING HEI'S EXECUTIVE COMPENSATION.

Compensation Committee Report

The Compensation Committee, which is composed solely of independent directors of the Board, has reviewed and discussed with management the Compensation Discussion and Analysis that follows. Based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into HEI's 2012 Annual Report on Form 10-K.

SUBMITTED BY THE COMPENSATION COMMITTEE OF THE
HEI BOARD OF DIRECTORS
Thomas B. Fargo, Chairperson
A. Maurice Myers
Jeffrey N. Watanabe

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Compensation Discussion and Analysis

Executive Summary

The Compensation Committee and Board believe that our executive compensation program, described in this Compensation Discussion and Analysis, reflects best practices and is structured to encourage participants to build long-term value in the Company for the benefit of our shareholders and all stakeholders.

Objectives and Compensation Components

Our executive compensation program is designed to: (i) pay for performance, (ii) align the interests of executives with those of our shareholders, (iii) attract, motivate and retain talented executives who can drive the Company's success and (iv) ensure that the cost of executive compensation is reasonable.

The primary components of executive compensation are base salary, annual incentives (based on achieving performance goals over a one-year period), long-term incentives (contingent on meeting performance goals over rolling three-year periods) and service-based grants of restricted stock units (RSUs) vesting in installments over four years. Other named executive officer benefits include double-trigger change-in-control agreements, eligibility to participate in retirement and nonqualified deferred compensation plans, and limited perquisites.

Executive Compensation Practices

The table below highlights our current executive compensation practices both what we do (to drive performance and manage risk) and what we don't do (in order to protect our shareholders' long-term interests):

Our Executive Compensation Practices (What We Do)	See Page
Link pay to performance	27-28
Utilize rigorous performance conditions that encourage long-term value creation	38-44
Balance short- and long-term compensation to promote sustained performance over time	40
Benchmark toward the competitive median in setting compensation levels	36-37
Review tally sheets when making compensation decisions	34
Mitigate risk through a clawback policy, retention requirements and multiple performance metrics	33
Maintain double-trigger change-in-control agreements	46
Require significant stock ownership and retention throughout employment with the Company	33, 64
Prohibit pledging and many transactions in Company stock, including selling short, holding securities in a margin account, or trading in options, warrants, puts, calls or similar instruments	64

Practices We Do Not Employ (What We Don't Do)	See Page
No employment contracts	*
No tax gross ups, except under the Executive Death Benefit Plan frozen in 2009	46
No significant perquisites	46-47
No compensation programs that are reasonably likely to create material risk to the Company	32
No repricing of underwater equity-based grants	*

* No separate page reference.

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2012 Program Changes

The Compensation Committee and Board made the following changes in 2012 to further strengthen our executive compensation program:

- Strategic initiatives goals, emphasizing progress on projects related to growth, community affairs, and people and culture, were added to the annual incentive goals for Messrs. Ajello and Richardson, HEI's Executive Vice President, Chief Financial Officer and Treasurer and HEI's Executive Vice President, General Counsel, Secretary and Chief Administrative Officer, respectively, to promote achievement of key milestones related to those initiatives.

- Utility Consolidated Plant Additions and Employee Engagement were added to the utility's balanced scorecard of metrics for evaluating annual performance of utility executives. Evaluating the progress in Consolidated Plant Additions during the year incentivizes management to execute the utility's robust plant additions program, which is needed to achieve clean energy goals and maintain reliable service to customers. Considering the Employee Engagement metric emphasizes the importance of the engagement of all employees in achieving utility goals. These new metrics were used in determining the annual incentive payout for Mr. Rosenblum, who is the only named executive officer who is a utility employee.

- American Savings Bank's Return on Assets (ROA) metric for long-term incentives was converted to a relative measurement, such that the bank's ROA performance over the three-year performance period is compared against the ROA performance of industry peers. This change applied to Mr. Wacker, who is the only named executive officer who is a bank subsidiary employee.

2012 Performance Highlights

In 2012, HEI and its utility and bank subsidiaries continued their record of strong performance. Highlights of our 2012 performance include the following:

- In 2012, HEI achieved generally accepted accounting principle (GAAP) earnings of $139 million, GAAP diluted earnings per share (EPS) of $1.42 and GAAP return on average common equity (ROACE) of 8.9%. The 2012 GAAP results included a $24 million after-tax write-down of utility assets pursuant to a regulatory settlement, which settlement had not yet been approved by the Hawaii Public Utilities Commission as of the date of printing of this Proxy Statement. Excluding the write-down of utility assets, 2012 core results[3] were $163 million in net income, $1.68 EPS and 10.3% ROACE, exceeding HEI's 2011 core net income, EPS and ROACE, representing among HEI's strongest core results in the past decade and reflecting solid performance in HEI's two operating subsidiaries. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

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[3] Core results are non-GAAP measures that exclude after-tax write-downs of utility assets of approximately $24 million in 2012 and approximately $6 million in 2011.

[4] For compensation purposes and throughout this Proxy Statement, core ROACE (non-GAAP of 10.3% in 2012) is based on core net income divided by average core common equity. In HEI's Form 8-K filed March 4, 2013 containing the 2012 Statistical Supplement and Presentation booklet entitled "Financial Community

Meetings, March 4-8, 2013," core ROACE (non-GAAP of 10.4% in 2012) was based on core net income divided by average GAAP common equity. This methodology difference did not impact incentive compensation payouts in 2012. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

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After returning a combined 37% to shareholders in 2010 and 2011, our total shareholder return (TSR) lagged in 2012. Our 3-year and 5-year TSR remained strong and outperformed the S&P 500 Index, Edison Electric Index and KBW Regional Banking Index.

In 2012, Hawaiian Electric Company (HEI's electric utility subsidiary) continued to focus on its critical role in achieving the state's clean energy goals, among the most aggressive in the nation. Hawaiian Electric Company completed the conversion of its utilities on all islands to a decoupled regulatory model, which delinks revenues from the volume of kilowatt-hours sold by the utilities and supports the utilities' efforts to achieve Hawaii's clean energy goals. Hawaiian Electric Company and its subsidiaries also completed additional power purchase agreements for energy produced from solar, wind and waste-to-energy sources and contracts for renewable biofuels to help Hawaii achieve its goal of 40% of electricity sales from renewable sources by 2030. In addition, the utilities achieved operating efficiencies and continued to reinvest earnings in infrastructure to enhance electric grid reliability and support the move to clean energy.

In 2012, American Savings Bank (HEI's bank subsidiary) continued its solid performance in a challenging business environment. The bank recorded profitability metrics that compare favorably to its high performing peers, including $58.6 million in net income, return on average equity of 11.7%, a 1.18% return on assets, a 3.93% net interest margin and a 59% efficiency ratio for the year, as well as grew its loan portfolio by 2.6%, which is in line with the bank's target range for loan growth. The bank achieved these results while prudently managing risks and maintaining a quality balance sheet, as reflected by its low net charge-off ratio of 0.24%.

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for a more detailed description of our 2012 results.

Pay for Performance

Pay for performance is a fundamental principle of our approach to executive compensation. The Compensation Committee views performance-based compensation as an essential means of aligning executive effort with the creation of long-term value for shareholders and customers. For this reason, the Compensation Committee designs the executive compensation program such that a significant portion of executives' pay opportunity is performance-based. As illustrated in the following graph, more than half of the 2012 target total direct compensation opportunity for the HEI CEO, and, on average, for the other executive officers named in the Summary Compensation Table set out on page 48 (collectively with the HEI CEO the named executive officers or NEOs) depended on achievement of pre-established performance goals.

Named executive officer compensation for 2012 reflects alignment with the strong 2012 performance summarized above, as well as with our performance over the three-year period that ended December 31, 2012:

HEI Consolidated Net Income and HEI Return on Average Common Equity (ROACE) were the key 2012 annual incentive metrics for Ms. Lau and Messrs. Ajello and Richardson. Messrs. Ajello and Richardson's annual incentives were also based on strategic initiative goals focused on projects related to growth, community affairs, and people and culture. Performance with respect to HEI Consolidated Net Income and HEI ROACE was at maximum, each as determined based on core (non-GAAP) results. HEI strategic initiative performance was between target and maximum. As a result of these strong outcomes for 2012, the annual incentive plan paid out at 200% of target for Ms. Lau and 193% of target for Messrs. Ajello and Richardson. Mr. Rosenblum, President and CEO of Hawaiian Electric Company (HECO), and Mr. Wacker, President and CEO of American Savings Bank, had 2012 annual incentive metrics that related to utility and bank operations, respectively. Performance in the applicable metrics for Messrs. Rosenblum and Wacker resulted in payouts at 114% of target and 126% of target, respectively. For further detail, please see "What was HEI's 2012 annual incentive plan and were there any payouts?" below.

Long-term incentives comprise a significant portion of each named executive officer's pay opportunity. For the three-year period that ended December 31, 2012, long-term incentives for Ms. Lau and Messrs. Ajello, Richardson and Rosenblum were based on HEI's 3-year Total Shareholder Return (TSR) as compared to that of the Edison Electric Institute and on HEI's 2-year Average Consolidated Net Income. Mr. Rosenblum had an additional metric (HECO Consolidated 2-year ROACE) for this performance period. Despite HEI and HECO's strong 2012 performance, the improvement in HEI 2-year Average Consolidated Net Income and HECO Consolidated 2-year ROACE (each as determined based on core (non-GAAP) results) was slower than originally anticipated and performed below minimum, resulting in no payout for these metrics. Three-year TSR performance was between minimum and target. In accordance with these results, the 2010-2012 long-term incentive payout was 40% of target shares for Ms. Lau and Messrs. Ajello and Richardson and 32% of target shares for Mr. Rosenblum (plus compounded dividend equivalents). Mr. Wacker did not participate in the 2010-2012 long-term incentive plan because he first joined the HEI enterprise in late 2010. For further detail, please see "What was HEI's 2010-2012 long-term incentive plan and were there any payouts?" below.

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Historical CEO Realizable Pay and Company Performance Relative to Peer Group

The graph below compares the degree of alignment between the HEI CEO's realizable pay and HEI's total shareholder return (TSR) relative to HEI's compensation peer group over the 2009 to 2011 period. Further detail regarding the companies in HEI's compensation peer group is provided under "Compensation Elements How does HEI determine the amount for each element?" below.

Companies that fall within the shaded range in the following graph are generally viewed as having pay and performance alignment. As shown below, over the 2009 to 2011 period, HEI CEO realizable pay aligned closely with HEI's TSR. We use the three-year period ending in 2011 to maximize the extent to which historical compensation and performance information from other companies with varying fiscal year ends is available for comparison purposes.

*For all companies in the graph above, realizable pay over the 3-year period consists of: (1) base salary earned over the 3-year period, (2) performance-based cash payments earned over the 3-year period, (3) performance-based equity awards earned over the 3-year period based on actual payouts for completed periods and proxy statement estimated performance for periods not completed as of 12/31/2011, valued using the 2011 fiscal year end closing price, and (4) time-based equity awards granted over the 3-year period, valued using the 2011 fiscal year end closing price. HEI did not award stock options during the 3-year period; however, to the extent a peer company CEO received stock options in the 3-year period, those options are valued based on the difference between the grant price and the 2011 fiscal year end closing price. HEI's 2011 fiscal year end closing price was $26.48. TSR and realizable pay calculations provided by Pay Governance LLC.

How does Summary Compensation Table total compensation differ from realizable pay?

The Securities and Exchange Commission's (SEC) calculation of total compensation, as shown in the 2012 Summary Compensation Table on page 48, includes items that are driven by accounting and actuarial assumptions and which are not necessarily reflective of compensation realizable by the named executive officers. In particular, total compensation in the Summary Compensation Table values equity awards based on their fair value on the date granted. This includes long-term incentive compensation opportunities for which the amount to be received by

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executives depends on future performance results. Additionally, total compensation in the 2012 Summary Compensation Table includes change in pension value, which can fluctuate significantly from year-to-year based on changes in discount rates and other actuarial assumptions. For example, nearly 80% of the amount reported in the change in pension value and nonqualified deferred compensation earnings column of the 2012 Summary Compensation Table for the HEI CEO was due solely to a change in the discount rate, reflecting historic low interest rates and not any change in the benefit to be received after retirement.

Due to the aspects of Summary Compensation Table total compensation described above, we have provided below a graph comparing the HEI CEO's 2012 realizable pay to her total compensation reported in the 2012 Summary Compensation Table. Realizable pay, as used in the graph below, differs substantially from total compensation reported in the 2012 Summary Compensation Table because realizable pay (i) values equity awards based on the value as of the end of the measurement period rather than grant date fair value and (ii) excludes amounts from the change in pension value and nonqualified deferred compensation earnings column of the Summary Compensation Table. For a reconciliation of realizable pay and total compensation as reported in the 2012 Summary Compensation Table, see Exhibit B.

*In the chart above:

Realizable Pay consists of: (1) base salary, (2) annual incentive payouts, (3) restricted stock units awarded, and (4) performance-based equity awards (i) paid for cycles wholly contained within the three-year period shown and (ii) estimated for cycles granted in the three-year period but not yet completed. All equity is valued using the 12/31/12 closing price of $25.14. Realizable pay calculations provided by Pay Governance LLC.

Summary Compensation Table Total consists of all items included in the 2012 Summary Compensation Table on page 48, which are: (1) base salary, (2) annual incentive payouts, (3) restricted stock units awarded based on grant date fair value, (4) performance-based equity award opportunities based on grant date fair value, (5) change in pension value and change in value of executive death benefits, and (6) any perquisites.

For a reconciliation of realizable pay and total compensation as reported in the 2012 Summary Compensation Table, see Exhibit B.

Compensation Process

Who is responsible for determining our executive compensation?

The Compensation Committee recommends compensation programs for executives of HEI and its subsidiaries, subject to approval by the Board or applicable subsidiary board. The committee may retain consultants and advisors to advise it in fulfilling its responsibilities. Each year the committee holds lengthy discussions, with and without management present, to consider best pay practices; evaluate recommendations from its consultants, advisors or management; and approve compensation programs.

The Board evaluates the performance of the HEI President and Chief Executive Officer in light of corporate goals and objectives relevant to her compensation. The Compensation Committee, with the assistance of its independent compensation consultant, recommends to the Board a compensation package for HEI's President and Chief Executive Officer based on the Board's evaluation. The independent directors on the Board consider the committee's recommendation and decide whether to approve the compensation package.

Can the Compensation Committee modify or terminate executive compensation programs?

The Compensation Committee may amend, suspend or terminate any incentive program or other executive compensation program, or any individual executive's participation in such programs. The committee has discretion to reduce or, except to the extent an award or payout is intended to satisfy the requirements for deductibility under Section 162(m) of the Internal Revenue Code, increase the size of any award or payout. HEI's incentive compensation plans and awards are designed to comply with Section 162(m), although the Compensation Committee reserves the right to award compensation even when not deductible if it is reasonable and appropriate to do so.

In making compensation determinations, the Compensation Committee will consider financial, accounting and tax consequences, if appropriate. For instance, as noted above, the committee takes into account tax deductibility in establishing executive compensation. As another example, the committee may determine that there should not be any incentive payout that would result solely from a new way of accounting for a financial measure.

Who is the compensation consultant and what is the consultant's role?

Frederic W. Cook & Co. Inc. (Fred Cook & Co.) is the independent compensation consultant engaged by the Compensation Committee to provide advice and data with respect to executive compensation matters. Fred Cook & Co. reports directly to the Compensation Committee and not to management and assists the committee by (i) reviewing and advising the committee on HEI's executive compensation policies and practices; (ii) evaluating and recommending the appropriate competitive peer groups for benchmarking purposes; and (iii) examining and recommending the compensation components and pay ranges for the named executive officers and other senior executives. A representative of Fred Cook & Co. generally attends meetings of the Compensation Committee, participates in committee executive sessions, and communicates directly with the committee. The Compensation Committee assessed the independence of Fred Cook & Co. pursuant to SEC rules and concluded that the work of Fred Cook & Co. has not raised any conflict of interest.

In late 2011, Fred Cook & Co. conducted a review of the compensation peer groups for HEI, Hawaiian Electric Company and American Savings Bank and a comparison of their executive compensation against executive compensation for such peer companies and against market survey data. After extensive deliberations in committee meetings held over the course of three months, and after receipt of the report from Fred Cook & Co., in February 2012 the committee reached its determinations with respect to 2012 compensation for the named executive officers. The results of Fred Cook & Co.'s review and the determinations made by the committee are discussed below.

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

In 2012 and with the permission of the Compensation Committee, HEI executive officers discussed with Fred Cook & Co. the compensation philosophy of the Company, peer group evaluation methodology, and the Company's metrics for executive incentives. Human resources and finance personnel provided data in response to requests from the Compensation Committee and Fred Cook & Co.

Although HEI's President and Chief Executive Officer is a member of the Board, she did not participate in any Board decisions impacting her own compensation. However, she did review the performance of the other named executive officers and made recommendations with respect to their compensation to the Compensation Committee. In addition, she participated in the deliberations of the Board in acting on the recommendations of the Compensation Committee with respect to the compensation of the other named executive officers.

Are "say-on-pay" vote results considered in determining executive compensation matters?

The Compensation Committee and Board reviewed and discussed the results of the advisory shareholder vote on executive compensation (commonly referred to as "say-on-pay") from the 2012 Annual Meeting of Shareholders. The overwhelming majority of votes cast were in favor of the resolution approving HEI's executive compensation. Taking into account the level of support received from our shareholders, and the Compensation Committee's view of the effectiveness of HEI's executive compensation program, the Compensation Committee recommended refinements, but not major changes, to HEI's executive compensation program. On an ongoing basis, the Compensation Committee, working with its independent compensation consultant, reviews best practices and evaluates HEI's executive compensation programs to ensure such programs are structured to promote shareholder interests.

How do HEI's compensation policies and practices relate to HEI's risk management?

HEI's Enterprise Risk Management function is principally responsible for identifying and monitoring risk at the holding company and its principal operating subsidiaries, and for reporting high risk areas to the Board and designated Board committees. As a result, all HEI directors, including those who serve on the Compensation Committee, are apprised of risks that could have a material adverse effect on HEI. The Compensation Committee assessed and considered potential risks when establishing HEI's compensation policies and practices and the executive compensation program described in this Compensation Discussion and Analysis. The Enterprise Risk Management function conducts an annual risk review of HEI's executive compensation program, and findings from this review are considered by the Compensation Committee in designing the next year's executive compensation program. The Compensation Committee informed the Board that it had completed the annual compensation risk review and that such review shows that the executive compensation program does not encourage unnecessary or excessive risk-taking.

HEI's compensation policies and practices are designed to encourage executives to build value for shareholders, while considering its key stakeholders (including customers and employees), and to discourage decisions that introduce risks that may have a material adverse effect on HEI. Because the executive officers are in a position to directly influence HEI's performance, more than half of their pay opportunity is "at risk" and tied directly to HEI performance namely, awards under the annual incentive plan and long-term incentive plan. In addition, annual equity grants to executive officers in the form of restricted stock units ensure that executives share in both the upside potential and downside risk of any shareholder.

In structuring incentive compensation plans and setting metrics and goals for awards under those plans, the Compensation Committee incorporates the following elements and practices to promote prudent decision-making without encouraging employees to take unnecessary or excessive risks:

- Financial performance objectives for the annual cash incentive program are linked to approved budget guidelines, and nonfinancial measures (such as customer satisfaction, safety, employee engagement and clean energy initiatives) are aligned with the interests of all of HEI's stakeholders.

Financial and nonfinancial performance measures for annual cash incentive programs are aligned for named executive officers, other officers and nonexecutive employees.

An executive compensation recovery policy permits clawback/recoupment of performance-based compensation paid to executives found personally responsible for fraud, gross negligence or intentional misconduct that causes a restatement of HEI's financial statements.

Financial opportunities under long-term incentive programs are greater than financial opportunities under annual incentive programs, thereby encouraging sustained attention to long-term value growth and discouraging excessive short-term risk-taking.

Share ownership and retention guidelines requiring named executive officers to hold significant amounts of HEI Common Stock promote a shared interest in HEI's long-term performance.

Payouts under the long-term incentive plan are 100% equity based, so executives share in the same upside potential and downside risk as all shareholders.

Payouts under performance-based plans are generally pro-rata once performance is above minimum thresholds, rather than "all-or-nothing."

Annual grants of long-term equity-based incentives vest over a period of years to encourage executives to focus on sustaining HEI's long-term performance.

Performance-based plans use a variety of financial and nonfinancial performance metrics (e.g., net income, return on average common equity, total shareholder return, achievement of clean energy initiatives, safety, customer satisfaction and employee engagement, among others) that correlate with long-term creation of shareholder value and are impacted by management decisions.

The goal-setting process is variable and nonformulaic and considers prior performance, market conditions and peer group measures relative to future expected performance to assess the reasonableness of the goals.

The Compensation Committee and Board exercise discretion in establishing performance metrics and goals, in determining whether the goals have been achieved and in administering performance-based and equity awards.

The Compensation Committee and Board continuously monitor HEI's progress toward its goals in juxtaposition to risks faced by the enterprise, including through management presentations at quarterly meetings and through periodic written reports from management.

Compensation Philosophy

What is HEI's philosophy regarding its executive compensation programs?

HEI's overall philosophy is to have compensation plans that enhance long-term value for all stakeholders, including shareholders, customers and employees. The specific goals that satisfy this objective are:

To attract and retain talented executives;

To motivate that talent through rewards aligned to the creation of sustainable value; and

To satisfy these attraction and alignment goals at a reasonable cost.

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How are the programs designed and what are they designed to reward?

The compensation programs' objectives of attracting and retaining executives, alignment of executive interests with value creation and maintaining reasonable cost are designed to be mutually distinct and collectively complete.

Target total direct compensation is established at approximately the competitive market median of the relevant peer group to promote executive recruitment, retention and motivation, while at a reasonable cost.

Compensation elements are designed to incent individual and group performance toward achieving the Company's strategic goals.

Compensation components are balanced between cash and equity to ensure an appropriate level of alignment of executives' compensation with shareholders' interests.

Multiple metrics are used to focus executives on long-term value creation and risk management, with Company performance measured against its peers.

In making executive compensation decisions, the Compensation Committee reviews tally sheets and considers how changes in one element impact other compensation elements as well as the overall pay mix for each executive.

Compensation Elements

What is each element of executive compensation and how does it fulfill HEI's compensation objectives?

The following chart summarizes the components of HEI's executive compensation program and the connection of each component to HEI's executive compensation objectives. Each compensation element is described in further detail in the pages that follow and in the charts and notes in the "Executive Compensation" section of this Proxy Statement.

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Element	Description	Objectives
CURRENT YEAR PERFORMANCE		
Base Salary	Fixed level of cash compensation targeted to peer group median (but may vary based on performance, experience, responsibilities and other factors).	Attract and retain talented executives by providing market-competitive base salary.
Annual Incentive	Cash award based on achievement of Company goals during the year. Awards are at risk because they depend on achievement of pre-set performance goals. Poor performance yields no incentive payment. Combined with base salary, target annual incentive provides a market-competitive total annual cash opportunity.	Motivate executives and pay for performance in financial and nonfinancial metrics designed, over time, to build shareholder value. Attract and retain talented leaders by providing competitive annual cash opportunity. Balance compensation cost and return by paying awards based on performance.
LONG-TERM COMPENSATION		
Long-term Performance-based Awards	Long-term incentive award opportunity based on meeting performance objectives over rolling three-year periods. Awards are at risk because they depend on achievement of pre-set performance goals. Poor performance yields no incentive payment. Target opportunity is based on peer group median. Awards are payable 100% in shares of HEI stock.	Motivate executives and pay for performance that creates long-term value for shareholders and considers other key stakeholders. Align executive interests with those of shareholders by focusing on long-term growth and by paying awards in the form of equity. Attract and retain talented leaders by setting target level to be competitive with peer median. Balance compensation cost and return by paying awards based on performance.
Annual Stock-based Grant	Annual equity grants in the form of restricted stock units. Amount of annual grant is a percentage of base salary at market-competitive levels. Awards vest in annual installments over 4 years.	Align executive and shareholder interests by ensuring executives have a significant personal stake in long-term growth of the Company. Motivate high business performance. Retain talented leaders through multi-year vesting.
RETIREMENT, PENSION & SAVINGS		
HEI Retirement Plans	HEI and Hawaiian Electric Company executives participate in the defined benefit pension plans under the same terms and conditions as all HEI employees. The HEI Excess Pay Plan enables HEI and Hawaiian Electric Company executives to earn retirement benefits correlated to salary compensation in excess of limits applicable to tax-qualified defined benefit pension plans.	Attract and retain talented leaders by providing retirement income and enhancing long-term employee well-being.

HEI and American Savings Bank 401(k) Plans	401(k) plans providing retirement savings opportunity for all HEI, Hawaiian Electric Company and American Savings Bank employees.	Attract and retain talented leaders by providing retirement income and enhancing long-term employee well-being.
HEI and American Savings Bank Deferred Compensation Plans	Enable HEI, Hawaiian Electric Company and American Savings Bank executives to defer portions of cash compensation, with certain limitations. The plan applicable to American Savings Bank executives allows employer matching contributions on certain contributions and allows profit sharing contributions.	Attract and retain talented leaders by providing an additional method of saving for retirement and enhancing long-term employee well-being.
OTHER BENEFITS		
Double Trigger Change-in-control Agreements	Double-trigger agreements, with 2 to 3 times payment multiples. (Double-trigger = change in control followed by qualifying loss of employment.)	Attract and retain qualified leaders capable of a high level of performance. Encourage focused attention of executives in the change-in-control context.
HEI Executive Death Benefit Plan	Form of insurance that provides benefits to executive's beneficiaries in event of executive's death; frozen to include only those participants who were employees as of September 2009.	Provide peace of mind to enhance long-term employee well-being.

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How does HEI determine the amount for each element?

Competitive Market Comparisons

The Compensation Committee considers competitive market compensation as a reference in determining appropriate pay levels and mix of pay components. The Compensation Committee benchmarks the elements of named executive officer compensation toward the median of the competitive market, while allowing individual differences based on an executive's importance to the organization, performance, length of time in the position, execution of strategy, competitive options and retention and succession considerations. Competitive market data used in setting 2012 executive compensation consisted of information from public company proxy statements for peer group companies and compensation survey data provided to Fred Cook & Co. by Towers Watson.

Peer companies are recommended by Fred Cook & Co. and reviewed and approved by the Compensation Committee. Peer companies are, in the aggregate, similar in size, provide similar products and services and are sources for talented employees. Peer companies for HEI and its subsidiaries reflect HEI's diverse businesses. HEI is a Hawaii-based holding company with a unique blend of two regulated operating subsidiaries, a bank and electric utilities. HEI supplies power to 95% of Hawaii's population through Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company, and provides a range of financial services through American Savings Bank, one of the state's largest financial institutions based on asset size.

In late 2011, Fred Cook & Co. conducted a peer group selection and compensation comparison in which separate peer groups applied to HEI, Hawaiian Electric Company and American Savings Bank for purposes of setting 2012 compensation. Taking into account Fred Cook & Co.'s peer analysis, the HEI Compensation Committee largely maintained the peer groups used for the prior year's compensation decisions, with modest changes for 2012 with respect to companies that had undergone an acquisition or merger since the prior year.

HEI. HEI's peers were selected from among utilities in a similar size range with primarily regulated operations and less than 80% regulated assets. The 2012 peer group consisted of 22 publicly-traded utilities with annual revenue generally between one-third and two-times that of HEI. Following is HEI's 2012 peer group:

Alliant Energy	IDACORP	OGE Energy	TECO Energy
Avista	Integrys Energy	Pepco Holdings	UniSource Energy
Black Hills	NiSource	Pinnacle West Capital	Vectren
Cleco	NorthWestern	PNM Resources	Westar Energy
DPL	NSTAR	Portland General Electric	
Great Plains Energy	NV Energy	SCANA	

Hawaiian Electric Company. Hawaiian Electric Company's peers were chosen from among utilities in a similar size range with primarily regulated operations. The 2012 peer group included 16 public utilities with annual revenue generally between one-third and 1.5 times that of Hawaiian Electric Company. Following is Hawaiian Electric Company's 2012 peer group:

Alliant Energy	Great Plains Energy	OGE Energy	TECO Energy
Avista	IDACORP	Pinnacle West Capital	UniSource Energy
Black Hills	NorthWestern	PNM Resources	Vectren
DPL	NV Energy	Portland General Electric	Westar Energy

American Savings Bank. American Savings Bank's peers were selected from among high-performing regional banks and thrifts. The 2012 peer group included 21 regional banks and thrifts with total assets generally

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between one-half and two-times that of American Savings Bank. Following is American Savings Bank's 2012 peer group:

1st Source	CVB Financial	Independent Bank
BancFirst	Dime Community Bancshares	NBT Bancorp
Bank of Hawaii	First Financial	Park National
Bank of the Ozarks	Flushing Financial	Prosperity Bancshares
Central Pacific Financial	Glacier Bancorp	Republic Bancorp
City Holding Company	Great Southern Bancorp	United Bankshares
Community Bank System	IBERIABANK	Westamerica Bancorporation

Competitive market data available in late 2011 was used to establish the 2012 total direct compensation opportunity (comprised of base salary, target annual incentive, target long-term incentive and restricted stock unit grants). The competitive market comparison revealed that the 2012 total direct compensation opportunity for all HEI named executive officers was established approximately at the median of the applicable peer group, except for Mr. Ajello, whose 2012 total direct compensation opportunity was set between median and 70% due to his significant expertise in and value to the Company with respect to finance and strategy and to promote retention.

Other Considerations

In addition to competitive market comparisons, the Compensation Committee considers other factors to determine compensation levels, including internal equity among the named executive officers, individual and Company performance, experience and other matters. The Compensation Committee believes that the comparative compensation among the named executive officers is fair considering job scope, experience, value to the organization and duties relative to the other named executive officers, and that the total compensation for the named executive officers is appropriate given the needs of the Company, the experience, responsibilities, competencies and performance of the executive team and market comparisons.

What are the base salaries of the named executive officers?

Base salaries for our named executive officers are targeted to the median of the competitive market (with individual differences above or below the median in light of considerations discussed above under "How does HEI determine the amount for each element?") in order to provide a base level of compensation for the year and to attract and retain the talent needed to create shareholder value.

In February 2012, the Board evaluated Ms. Lau's performance for the prior year. Taking such evaluation into consideration, the Compensation Committee recommended to the Board, with Ms. Lau's full support, that her salary remain the same as 2011 but that her long-term incentive opportunity be increased as described under "What is HEI's 2012-2014 long-term incentive plan?" below. Also in February 2012, Ms. Lau recommended to the Compensation Committee base salary increases for Messrs. Ajello, Richardson, Rosenblum and Wacker. After considering these recommendations, the Board approved the base salary adjustments below for Messrs. Richardson, Rosenblum and Wacker, effective January 2012.

Name	% Base Salary Increase	$ Base Salary Increase	Annualized Base Salary
Constance H. Lau			$ 815,000
James A. Ajello	2.0%	$ 10,000	$ 510,000
Chester A. Richardson	3.8%	$ 14,200	$ 385,000
Richard M. Rosenblum	0.5%	$ 3,000	$ 605,000
Richard F. Wacker	5.5%	$ 30,000	$ 580,000

The foregoing base salary increases were consistent with both industry practice and the state of the economy.

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What was HEI's 2012 annual incentive plan and were there any payouts?

HEI named executive officers have the opportunity to earn an annual cash incentive award based on the achievement of performance goals during the year. Goals under HEI's annual incentive plan, known as the Executive Incentive Compensation Plan (EICP), are designed to (i) focus executives on building fundamental earnings in a controlled risk manner to support the continued payment of the HEI dividend, (ii) promote nonfinancial goals important to HEI's stakeholders and (iii) motivate executives and encourage their commitment to HEI's success. Award ranges are determined in comparison to competitive peers to assist in attracting and retaining high-caliber executives.

Award ranges. Below are the 2012 EICP named executive officer award ranges established by the Compensation Committee in February 2012, shown as a percentage of 2012 base salary.

Name	Minimum Threshold	Target	Maximum
Constance H. Lau	45%	90%	180%
James A. Ajello	30%	60%	120%
Chester A. Richardson	27.5%	55%	110%
Richard M. Rosenblum	35%	70%	140%
Richard F. Wacker	40%	80%	160%

Metrics, goals and results. In February 2012, the Compensation Committee and Board established the performance metrics, weightings, minimum thresholds, target and maximum goals shown in the chart below for the 2012 EICP. The executives listed together in the chart below shared the same goals. The results shown in the table represent the level of achievement in each 2012 EICP performance metric.

The 2012 EICP metrics were chosen because improvement in those metrics correlates with strengthened financial condition, progress that benefits our stakeholders, including customers and employees, and, over time, growth in shareholder value. The minimum threshold, target and maximum performance levels were established taking into account the performance challenges posed by changing regulatory environments. Unless otherwise specified, references in this Proxy Statement to Utility goals means consolidated goals of the utilities, which include Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company. HEI's goals of return on average common equity and net income are determined on a consolidated basis, and are thus impacted by the results from both American Savings Bank and Hawaiian Electric Company.

In determining the level of performance achieved for purposes of the 2012 EICP, in February 2013 the Compensation Committee excluded from the HEI Net Income, HEI Return on Average Common Equity and Utility Net Income results the impact of an after-tax write-down of utility assets of approximately $24 million pursuant to a regulatory settlement, which settlement had not yet been approved by the Hawaii Public Utilities Commission as of the date of printing of this Proxy Statement. In reaching its decision to approve this exclusion for purposes of the 2012 EICP, the Compensation Committee considered that (i) the write-down was in the long-term best interests of the Company, its shareholders and utility customers and that executives should be encouraged to take actions that are in the best interests of the Company and its stakeholders, (ii) on a core (non-GAAP) basis, in 2012 HEI and Hawaiian Electric Company achieved among their strongest financial performance in the past decade and (iii) that including the impact of the write-down for purposes of determining the level of performance achieved would have frustrated the intent of the goals established at the beginning of the performance period. The after-tax write-down of utility assets is described further under "Subsequent Event" in Note 3 of our financial statements included in our Annual Report on Form 10-K.

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Metric and Weighting (%)	Minimum Threshold	Target	Maximum	Result
Constance H. Lau				
HEI Net Income (1) (50%)	$134 million	$150 million	$161 million	$163 million *Core (non-GAAP) result*
HEI Return on Average Common Equity (2) (50%)	8.4%	9.4%	10.1%	10.3% *Core (non-GAAP) result*
James A. Ajello, Chester A. Richardson				
HEI Net Income (1) (50%)	$134 million	$150 million	$161 million	$163 million *Core (non-GAAP) result*
HEI Return on Average Common Equity (2) (35%)	8.4%	9.4%	10.1%	10.3% *Core (non-GAAP) result*
HEI Strategic Initiatives (3) (15%)	Meet minimum milestones	Meet target milestones	Meet maximum milestones	Met milestones between target and maximum
Richard M. Rosenblum				
Utility Net Income (1) (40%)	$102 million	$112 million	$122 million	$124 million *Core (non-GAAP) result*
Utility Operations & Maintenance Expense Management (4) (10%)	$412 million	$396 million	$380 million	$389 million
Utility Plant Additions (5) (10%)	$280 million	$312 million	$329 million	$340 million
Utility Safety (6) (10%)	1.85	1.53	1.21	2.15
Hawaii Clean Energy Initiative (7) (10%)	Meet minimum milestones	Meet target milestones	Meet maximum milestones	Did not meet minimum milestones
Utility Customer Satisfaction (8) (10%)	50^{th} percentile	55^{th} percentile	60^{th} percentile	5^{th} percentile
Utility Employee Engagement (9) (10%)	67.8%	Utility industry average	Utility industry average + 5%	66.9%
Richard F. Wacker				
Bank Return on Assets (10) (40%)	1.05%	1.15%	1.25%	1.21%
Bank Net Income (1) (60%)	$51.6 million	$57.3 million	$63.0 million	$58.6 million

(1) Net Income is a basic financial measure of earnings for the year. The HEI and Utility Net Income results were based on core (non-GAAP) earnings, which differ from what is reported under GAAP because they exclude the impact of an after-tax write-down of utility assets of approximately $24 million in 2012. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A. Bank Net Income was equal to American Savings Bank's 2012 GAAP net income.

(2) The HEI Return on Average Common Equity result was calculated by dividing HEI core (non-GAAP) net income by HEI core (non-GAAP) average common equity as measured from the beginning to the end of the performance period. HEI core (non-GAAP) net income and HEI core (non-GAAP) average common equity differ from what is reported under GAAP because they reflect the exclusion described in note 1. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

(3) The HEI Strategic Initiatives metric focused HEI executives on projects relating to growth, community affairs and people and culture. HEI achieved between target and maximum for this metric by meeting or exceeding milestones established at the beginning of the year for each of growth, community affairs and people and culture.

(4) Utility Operations and Maintenance Expense Management encourages utility executives to seek better ways to perform operations and maintenance projects. Demand-side management expenses were not considered for purposes of this metric.

(5) Utility Plant Additions incentivizes management to execute the utility's robust plant additions program, which is needed to achieve clean energy goals and maintain reliable service to customers. Utility Plant Additions represents budgeted plant additions to the utility rate base, net of in-kind contributions in aid of construction.

(6) Utility Safety is measured by Total Cases Incident Rate (TCIR), which is a standard measure of employee safety. TCIR is equal to the total number of Occupational Safety and Health Administration recordable cases as of December 31, 2012 × 200,000 productive hours divided by the total number of productive hours for the year, with the lower the TCIR the better.

(7) The Hawaii Clean Energy Initiative (HCEI) metric focuses executives on projects to obtain renewable energy from wind, photovoltaics, biomass, geothermal, ocean and other sources to help the utilities meet their commitments under the HCEI, an

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agreement between the state of Hawaii and the utilities to reduce the state's dependence on fossil fuels by increasing the development and use of renewable energy.

(8) Utility Customer Satisfaction is based on customer surveys conducted by a third party vendor and compares utility performance to the national utility industry. This metric is an indicator of how satisfied customers are with the utilities' service, reliability and pricing relative to other utilities.

(9) Utility Employee Engagement is based on employee engagement surveys conducted by a third party vendor and compares utility employee engagement to that of general industry and to utilities in particular.

(10) Bank Return on Assets is American Savings Bank's GAAP net income divided by its average total assets for the performance period. Average total assets is calculated by averaging the total assets for each day in the performance period.

As a result of achieving the performance levels indicated in the chart above, in February 2013 the Compensation Committee and Board approved payment of the following 2012 annual incentive awards to the named executive officers:

Name	Payout
Constance H. Lau	$ 1,467,000
James A. Ajello	$ 589,050
Chester A. Richardson	$ 407,619
Richard M. Rosenblum	$ 484,378
Richard F. Wacker	$ 584,982

What was HEI's 2010-2012 long-term incentive plan and were there any payouts?

HEI named executive officers have the opportunity to earn awards under HEI's long-term incentive plan (LTIP) based on achievement of company performance goals over rolling three-year performance periods. The three-year performance periods foster a long-term perspective and provide balance with the shorter-term focus of the annual incentive program. In addition, the overlapping three-year performance periods encourage sustained high levels of performance because at any one time three separate potential awards are affected by current performance. These incentives also are intended to promote retention due to their long-term nature. The 2010-2012 LTIP awards described below were paid 100% in HEI stock to align executive incentives with shareholder interests.

Award ranges. In February 2010, the Compensation Committee established the following award ranges for the named executive officers participating in the 2010-2012 LTIP, shown as a percentage of annual base salary as of January 2010:

Name	Minimum Threshold	Target	Maximum
Constance H. Lau	70%	140%	280%
James A. Ajello	40%	80%	160%
Chester A. Richardson	35%	70%	140%
Richard M. Rosenblum	45%	90%	180%

Metrics, goals and results. The table below shows the performance metrics, weightings, minimum thresholds, target and maximum goals and results for the 2010-2012 LTIP. The executives listed together below shared the same goals. Mr. Wacker did not participate in the 2010-2012 LTIP because he joined American Savings Bank in late 2010.

The metrics and goals below were set by the Compensation Committee in 2010 because they were believed to align executive compensation with the creation of long-term shareholder value. The minimum thresholds reflected what the Compensation Committee believed to be minimum performance expectations and the maximum goal provided greater upside potential for performance stretch goals. Each goal was aligned with HEI's or Hawaiian Electric Company's strategic plan and determined by the Compensation Committee to be at a level which, if achieved, would be worthy of the incentive compensation.

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In determining the level of performance achieved for purposes of the 2010-2012 LTIP, for the reasons described above on page 38, in February 2013 the Compensation Committee excluded from the HEI 2-year Average Consolidated Net Income and Utility Return on 2-Year Average Common Equity results the impact of after-tax write-downs of utility assets of approximately $24 million in 2012 (described above with respect to the 2012 EICP results) and approximately $6 million in 2011.

Metric and Weighting (%)	Minimum Threshold	Target	Maximum	Result
Constance H. Lau, James A. Ajello, Chester A. Richardson				
HEI Total Shareholder Return (TSR) as percentile of Edison Electric Institute (EEI) Index (1) (50%)	30th percentile	50th percentile	75th percentile	42nd percentile
HEI 2-year Average Consolidated Net Income (2) (50%)	$172 million	$191 million	$210 million	$154 million *Core (non-GAAP) result*
Richard M. Rosenblum				
HEI TSR as percentile of EEI Index (1) (40%)	30th percentile	50th percentile	75th percentile	42nd percentile
HEI 2-year Average Consolidated Net Income (2) (30%)	$172 million	$191 million	$210 million	$154 million *Core (non-GAAP) result*
Utility Return on 2-year Average Common Equity (3) (30%)	8.5%	9.1%	10.0%	8.1% *Core (non-GAAP) result*

(1) TSR is based on the relationship of HEI's total return to that of the Edison Electric Institute (EEI) Index. For LTIP purposes, TSR is the sum of the growth in price per share of HEI Common Stock based on the December month-average share price at the beginning of the performance period to the December month-average share price at the end of the performance period, plus dividends during the period, assuming reinvestment, divided by the beginning December month-average share price. The EEI is an association of U.S. shareholder-owned electric companies that are representative of comparable investment alternatives to HEI. The EEI's members serve 95% of the ultimate customers in the shareholder-owned segment of the industry and represent approximately 70% of the U.S. electric power industry. The 2012 three-year EEI Index consisted of the following:

ALLETE
Alliant Energy
Ameren
American Electric Power
Avista
Black Hills
Centerpoint Energy
CH Energy Group
CLECO
CMS Energy
Consolidated Edison
Dominion Resources
DTE Energy
Duke Energy
Edison International
El Paso Electric
The Empire District Electric
Entergy
Exelon
First Energy
Great Plains Energy
Hawaiian Electric Industries
IDACORP
Integrys Energy Group
MDU Resources Group
MGE Energy
NEXTERA Energy
NiSource
Northeast Utilities
NorthWestern Energy
NV Energy
OGE Energy
Otter Tail
Pepco Holdings
PG&E
Pinnacle West Capital
PNM Resources
Portland General Electric
PPL
Public Service Enterprise Group
Scana
Sempra Energy
Southern
TECO Energy
UIL Holdings
UniSource Energy
Unitil
Vectren
Westar Energy
Wisconsin Energy
Xcel Energy

(2) The HEI 2-year Average Consolidated Net Income result was calculated by averaging HEI's core (non-GAAP) net income for 2011 and 2012. HEI core (non-GAAP) net income for 2011 and 2012 differs from what is reported under GAAP because it excludes after-tax write-downs of utility assets of approximately $6 million in 2011 and approximately $24 million in 2012. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

(3) The Utility Return on 2-year Average Common Equity result was calculated by dividing the average 2-year Utility core (non-GAAP) consolidated net income for 2011 and 2012 by the Utility core (non-GAAP) average common equity for 2011 and 2012. Utility core (non-GAAP) average common equity is calculated by taking the simple average of the sum of Utility core (non-GAAP) common equity at December 31, 2010, 2011 and 2012. For a reconciliation of the GAAP and non-GAAP results, see Exhibit A.

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Based on achievement of the performance levels indicated in the chart above, in February 2013 the Compensation Committee approved the 2010-2012 LTIP payouts listed below for Ms. Lau and Messrs. Ajello, Richardson and Rosenblum. Dividend equivalent shares compounded during the period and were issued based on the number of shares earned and shown below.

Name	Payout	Dividend Equivalent (DE) Shares	Total (Payout plus DE Shares)
Constance H. Lau	22,814 shares	3,789 shares	26,603 shares
James A. Ajello	7,179 shares	1,192 shares	8,371 shares
Chester A. Richardson	5,158 shares	857 shares	6,015 shares
Richard M. Rosenblum	8,817 shares	1,465 shares	10,282 shares

What is HEI's 2011-2013 long-term incentive plan?

HEI's 2011-2013 long-term incentive plan was described in the proxy statement for HEI's 2012 Annual Meeting of Shareholders.

What is HEI's 2012-2014 long-term incentive plan?

Awards under the 2012-2014 LTIP will be paid 100% in shares of HEI Common Stock (plus compounded dividend equivalent shares). The potential number of shares at minimum threshold, target and maximum performance levels was determined at the beginning of the performance period based on the participant's salary at the beginning of the performance period and the fair market value of HEI Common Stock on the date the award opportunity was established.

Award ranges. In February 2012, the Compensation Committee established the following 2012-2014 LTIP award ranges for the named executive officers, shown as a percentage of annual base salary as of January 2012:

Name	Minimum Threshold	Target	Maximum
Constance H. Lau	75%	150%	300%
James A. Ajello	40%	80%	160%
Chester A. Richardson	35%	70%	140%
Richard M. Rosenblum	45%	90%	180%
Richard F. Wacker	40%	80%	160%

In lieu of a base salary increase for 2012, Ms. Lau received an increase in her long-term incentive award opportunity (from a target of 140% for the 2011-2013 performance period to a target of 150% for the 2012-2014 performance period), in order to tie a greater proportion of her compensation to long-term value creation.

Metrics and goals. In February 2012 the Compensation Committee also approved the following 2012-2014 LTIP performance metrics, weightings, minimum thresholds, target and maximum goals. The executives listed together below share the same goals. The minimum threshold, target and maximum performance levels were established taking into account the performance challenges posed by changing regulatory environments.

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Metric and Weighting (%) (1)	Minimum Threshold	Target	Maximum
Constance H. Lau, James A. Ajello, Chester A. Richardson			
HEI Total Shareholder Return (TSR) as percentile of Edison Electric Institute (EEI) Index (2) (50%)	30th percentile	50th percentile	75th percentile
HEI 3-year Average Consolidated Net Income (3) (50%)	$153 million	$170 million	$183 million
Richard M. Rosenblum			
HEI TSR as percentile of EEI Index (2) (40%)	30th percentile	50th percentile	75th percentile
Utility Consolidated Return on Average Common Equity (ROACE) as a percentage of allowed return (4) (30%)	72%	80%	90%
Utility 3-year Average Consolidated Net Income (5) (30%)	$117 million	$130 million	$143 million
Richard F. Wacker			
Bank Return on Assets relative to performance peers (6) (40%)	60th-69th percentile	70th-79th percentile	80th-100th percentile
Bank 3-year Average Net Income (7) (40%)	$54.9 million	$59.7 million	$62.7 million
HEI TSR as percentile of EEI Index (2) (20%)	30th percentile	50th percentile	75th percentile

(1) Compensation Committee-authorized adjustments of American Savings Bank and Hawaiian Electric Company results will be applied for purposes of calculating HEI metric results.

(2) TSR is based on the relationship of HEI's total return to that of the EEI Index. For LTIP purposes, TSR is the sum of the growth in price per share of HEI Common Stock based on the December month-average share price at the beginning of the performance period to the December month-average share price at the end of the performance period, plus dividends during the period, assuming reinvestment, divided by the beginning December month-average share price.

(3) HEI 3-year Average Consolidated Net Income is the average over the performance period of HEI's GAAP net income, adjusted for exclusions allowed by the Compensation Committee for American Savings Bank and Hawaiian Electric Company.

(4) Utility Consolidated ROACE as a percentage of allowed return is measured as the average consolidated return on average common equity for the 3-year performance period compared to the average consolidated allowed return on common equity as determined by the Hawaii Public Utilities Commission for the 3-year performance period.

(5) Utility 3-year Average Consolidated Net Income is the average of Hawaiian Electric Company's GAAP consolidated net income over the performance period, adjusted for exclusions allowed by the Compensation Committee.

(6) Bank Return on Assets relative to performance peers represents how American Savings Bank's Return on Assets compared to the Return on Assets of its performance peer group over the three years of the performance period. The result for the performance period is obtained by (i) comparing American Savings Bank's Return on Assets for each year against the Return on Assets of the performance peer group for each year, resulting in a percentile ranking and (ii) taking the average of American Savings Bank's percentile ranking for the three years. Return on Assets is American Savings Bank's GAAP net income for the year divided by its average total assets for the year, adjusted for exclusions allowed by the Compensation Committee. Average total assets is calculated by averaging the daily total assets for each day of the year.

The bank performance peer group differs from the bank's compensation peer group discussed under "How does HEI determine the amount for each element?" above. The bank performance peer group consists of all publicly traded banks and thrifts with total assets between $3.5 billion and $8 billion, determined for each applicable year as of the beginning of such year. The specific banks and thrifts in the bank performance peer group in one year may differ from the banks and thrifts in the bank performance peer group in the next year, as total assets for a given institution may change from year to year. The banks and thrifts in the bank performance peer group for 2012 are listed in Exhibit C.

(7) Bank 3-year Average Net Income is the average of American Savings Bank's GAAP net income over the performance period, adjusted for exclusions allowed by the Compensation Committee.

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The Compensation Committee chose the metrics and goals above to encourage long-term achievement of earnings and enhancement of shareholder value. Shareholders, customers and employees all benefit when these goals are met. Achievement of these goals makes HEI, the utility and the bank stronger financially, enabling HEI to raise capital at favorable rates for reinvestment in the operating companies and supporting dividends to shareholders. Total Shareholder Return (TSR) shows the return on stock to an investor. Comparing HEI's TSR to that of the EEI Index reflects the value created for HEI shareholders compared to that created by other investor-owned electric companies. Net income for each of HEI, the utility and the bank is a standard measurement of earnings for the year and supports reinvestment in the utility and the bank as well as continued payment of HEI's dividend to shareholders. Utility Consolidated ROACE as a percentage of allowed return is a measure of the utility's ability to earn net income as a percentage of equity. As Utility Consolidated ROACE increases, it reduces the difference between the ROACE allowed by regulation and the utility's actual ROACE, thus providing more income. Bank return on assets is a widely used performance metric to measure how effectively management uses assets to increase profitability.

From a historical perspective, payouts are not easy to achieve, nor are they guaranteed, under the LTIP. HEI and its utility and bank subsidiaries face significant external challenges in the 2012-2014 performance period. Extraordinary leadership on the part of the named executive officers will be needed to achieve the long-term objectives required for them to earn the incentive payouts. The Compensation Committee believes the LTIP targets are challenging and that all stakeholders will benefit if HEI and its utility and bank subsidiaries are successful in achieving the goals listed above for the 2012-2014 performance period.

Do named executive officers receive equity-based awards other than through the long-term incentive plan?

HEI named executive officers are eligible to receive annual equity-based grants in the form of restricted stock units (RSUs) that vest in annual installments over four years. RSUs offer executives the opportunity to receive shares of HEI Common Stock when the restrictions lapse, generally subject to continued employment with the Company. The amount of the annual RSU grant is a percentage of the executive's base salary. These awards are designed to align named executive officers' interests with those of shareholders by exposing executives to the same upside potential and downside risk as our shareholders. Since they take four years to fully vest, these awards focus executives on creating long-term value for shareholders and other stakeholders and encourage retention.

In February 2012, RSUs were granted to all of the named executive officers. The Compensation Committee determined the number of RSUs to be awarded in consultation with its independent compensation consultant and considering peer practices. The RSUs vest and convert to shares of HEI Common Stock (plus compounded dividend equivalent shares) in equal annual installments over a four-year period. The 2012 RSU grants are summarized in the 2012 Grants of Plan-Based Awards table and related notes below.

What retirement benefits do named executive officers have?

HEI, Hawaiian Electric Company and American Savings Bank provide retirement benefits to named executive officers to promote financial security in recognition of years of service and to attract and retain high-quality leaders.

HEI and Hawaiian Electric Company employees who joined the Company before May 1, 2011 (including each named executive officer employed by HEI or Hawaiian Electric Company) are eligible to participate in the HEI Retirement Plan, which is a tax-qualified defined benefit pension plan, and to save for retirement on a tax-deferred basis through HEI's 401(k) Plan, which does not provide matching contributions for participants who joined the Company before May 1, 2011. In 2011, revisions were made to reduce the pension benefit under the HEI Retirement Plan and to provide for limited Company matching contributions under the HEI 401(k) Plan, but only for employees hired on or after May 1, 2011. These changes are intended to lower the cost of pension benefits over the long term.

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Additional retirement benefits that cannot be paid from the HEI Retirement Plan due to Internal Revenue Code limits are provided to named executive officers and other executives through the nonqualified HEI Excess Pay Plan. 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 and on the amount of annual benefits that can be paid from qualified retirement plans. This allows those participating in the HEI Excess Pay Plan a total retirement benefit at the same general percentage of final average pay afforded to other employees under the HEI Retirement Plan.

Certain American Savings Bank executives, including its president and CEO (who is a named executive officer), may participate in the American Savings Bank 401(k) Plan, a qualified defined contribution retirement plan that enables eligible employees to save for retirement on a tax-deferred basis. The plan allows eligible American Savings Bank employees to elect to reduce their salary in return for a tax-deferred contribution to their account in the plan. American Savings Bank provides matching contributions to the accounts of eligible employees of American Savings Bank on a dollar-for-dollar basis up to 4% of eligible compensation, subject to the Internal Revenue Code limit on the amount of annual compensation that can be used for calculating benefits under qualified retirement plans. American Savings Bank also provides discretionary, nonelective profit sharing contributions to the accounts of eligible employees.

Retirement benefits are discussed in further detail in the 2012 Pension Benefits table and related notes below.

May named executive officers participate in nonqualified deferred compensation plans?

HEI provides named executive officers and other executives the opportunity to participate in plans that allow them to defer compensation and the resulting tax liability.

Executives of HEI and Hawaiian Electric Company and directors of HEI, Hawaiian Electric Company and American Savings Bank may participate in the HEI Deferred Compensation Plan, a nonqualified deferred compensation plan implemented in 2011 that allows deferral of portions of the participants' cash compensation, with certain limitations, and provides investment opportunities that are substantially similar to those available under HEI's 401(k) Plan. There are no matching contributions under this plan. Messrs. Ajello and Richardson participated in the HEI Deferred Compensation Plan in 2012. HEI and Hawaiian Electric Company executives are also eligible to defer payment of annual and long-term incentive awards and the resulting tax liability under a prior nonqualified deferred compensation plan, although no named executive officer participated in that plan in 2012.

The American Savings Bank Select Deferred Compensation Plan is a nonqualified deferred compensation plan that allows a select group of American Savings Bank management to defer up to 100% of current salary, bonus or commissions based upon annual elections made prior to the beginning of each deferral year. Pursuant to a 2009 amendment, the plan provides for employer matching contributions on certain contributions to the plan and profit sharing contributions for plan years beginning January 1, 2010. These matching and profit sharing contributions would be in an amount that would have been made to the named executive officer's American Savings Bank 401(k) Plan account if not for certain tax limits. Ms. Lau participated in the American Savings Bank Select Deferred Compensation Plan during her employment with American Savings Bank.

Deferred compensation benefits are discussed in further detail in the 2012 Nonqualified Deferred Compensation table and related notes below.

Do named executive officers have executive death benefits?

The Executive Death Benefit Plan of HEI and Participating Subsidiaries, which provides death benefits to an executive's beneficiaries following the executive's death while employed or after retirement, was closed to new participants effective September 9, 2009. These death benefits would be provided to beneficiaries of executives who

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participated in the plan prior to that date. In addition, the benefits to beneficiaries of participants who were employees as of such date were frozen (i.e., the plan was amended to foreclose any increase in death benefits that would occur due to salary increases after September 9, 2009). Under the Executive Death Benefit Plan contracts with participants in effect before September 9, 2009, the death benefits were grossed up for tax purposes. This treatment was considered appropriate because the executive death benefit is a form of life insurance and traditionally life insurance proceeds have been tax-exempt. Ms. Lau and Messrs. Ajello, Richardson and Rosenblum are covered under the Executive Death Benefit Plan. Mr. Wacker is not covered under the plan because he joined the HEI enterprise after the plan was frozen. Death benefits are discussed in further detail in the 2012 Pension Benefits table and related notes below.

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

The Compensation Committee and Board view change-in-control agreements to be an appropriate tool to recruit executives as an expected part of their compensation package, to encourage the continued attention of key executives to the performance of their duties without distraction in the event of a potential change in control and to assist in retaining key executives. Change-in-control agreements can protect against executive flight during a transaction when key executives might, in the absence of the agreement, leave the Company and accept employment elsewhere. Accordingly, each of the named executive officers has a change-in-control agreement.

All of the change-in-control agreements are double trigger, which means that the executives receive severance payments only if there is both a change in control and they lose their jobs as a result. In determining the amount an executive is eligible to receive in such an event, the Compensation Committee takes into account the executive's expected role in a potential transaction, value to the organization and fairness. The agreements approved by the Compensation Committee provide for a cash lump sum payment of three times base salary plus annual incentive for Ms. Lau and two times base salary plus annual incentive for Messrs. Ajello, Richardson, Rosenblum and Wacker. Annual incentive pay is the greater of the current annual incentive target or the largest actual annual incentive payout during the preceding three fiscal years. Aggregate payments under these agreements are limited to the maximum amount deductible under Section 280G of the Internal Revenue Code and there are no tax gross ups with respect to these agreements. Payment of the severance benefits is conditioned on the Company receiving a release of claims by the executive.

The change-in-control agreements have initial terms of two years and automatically renew for an additional year on each anniversary unless 90 days' notice of nonrenewal is provided by either party, so that the protected period is at least one year upon nonrenewal. The agreements remain in effect for two years following a change in control. The agreements define a change in control as a change in ownership of HEI, a substantial change in the voting power of HEI's securities or a change in the majority of the composition of the Board following consummation of a merger, tender offer or similar transaction. The agreements for Messrs. Rosenblum and Wacker also define a change in control as a change in ownership of Hawaiian Electric Company and American Savings Bank, respectively. Change-in-control benefits are discussed in further detail in the Potential Payments upon Termination or Change in Control section and related notes below.

What other benefits do named executive officers have?

HEI provides limited other compensation to the named executive officers because they are commonly provided to business executives in Hawaii, such as club memberships primarily for the purpose of business entertainment, or are necessary to recruit executives, such as relocation expenses or extra weeks of vacation. HEI reimburses executives for reasonable business-related expenses.

HEI has eliminated nearly all tax gross ups. There are no tax gross ups on club membership initiation or membership fees, or in the change-in-control agreements for the named executive officers. As discussed under "Do named executive officers have executive death benefits?", tax gross ups of death benefits have been restricted to the executives who participated in the Executive Death Benefit Plan prior to September 9, 2009 (the date the plan was frozen). As noted in that discussion, such tax gross ups are pursuant to contracts in effect prior to

September 9, 2009 and were considered appropriate because executive death benefits are a form of life insurance, the proceeds of which have traditionally been tax-exempt.

In 2012, each named executive officer had a Company-paid club membership for the primary purpose of business entertainment expected of executives in their positions. For part of 2012, Ms. Lau had a preferential rate mortgage loan from American Savings Bank, but paid off the remaining balance under that loan in November 2012. American Savings Bank ceased offering such loans to employees and executives in 2009 and no named executive officer currently has a preferential rate mortgage loan from American Savings Bank.

Mr. Ajello received a signing bonus upon being hired in 2009 by HEI, subject to monthly pro-rata reimbursement in the event of a voluntary termination or termination for cause prior to the completion of three years of service. This reimbursement period ended on January 25, 2012. As part of his employment offer, he was also extended a special severance agreement that provided that, in the event his employment was terminated without cause on or before the third anniversary of his date of hire, he would be paid a declining portion of his annual base salary and any target annual incentive compensation amount, depending on length of service. This agreement also expired on January 25, 2012. Such severance agreements are not uncommon when hiring experienced executives, especially from the mainland United States, who may have difficulty finding other employment if their job is terminated within months of their hire and relocation. Since Mr. Ajello's severance arrangement has now expired, there are no separate severance agreements for any named executive officers. The named executive officers are eligible to participate in the same manner as all HEI, Hawaiian Electric Company and American Savings Bank employees in their respective company's standard severance policy based on years of service.

When he joined the company in 2009, Mr. Rosenblum received two years of additional credited service for purposes of calculating his retirement benefits under the HEI Excess Pay Plan. Messrs. Ajello, Richardson and Rosenblum receive four weeks of vacation annually, which is more than an employee with similar length of service would receive. Mr. Wacker receives 28 days of paid time off annually, which is more than employees with similar length of service below the senior vice president level would receive.

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Executive Compensation

Summary Compensation Table

The following table shows HEI named executive officer total compensation for 2010, 2011 and 2012 as calculated under Securities and Exchange Commission (SEC) rules. Cash compensation earned for the applicable year is reported in the "Salary," "Bonus," and "Nonequity Incentive Plan Compensation" columns. The "Stock Awards" column is comprised of (i) the opportunity to earn shares of Company stock in the future if performance metrics are achieved and (ii) shares that vest over time and may be forfeited in whole or in part if the executive leaves before the applicable vesting period ends. The "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column sets forth the change in value of pension and executive death benefits, which can fluctuate significantly from year-to-year based on changes in discount rates and other actuarial assumptions. For example, nearly 80% of the amount reported in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column for the HEI CEO for 2012 was due to a change in the discount rate, which reflects historic low interest rates and not any change in the benefit to be received after retirement. This year we have added a new column, "Total Without Change in Pension Value," to show how the change in value of pension and executive death benefits impacts total compensation as determined under SEC rules.

2012 SUMMARY COMPENSATION TABLE

Name and 2012 Principal Positions	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Nonequity Incentive Plan Compensation ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total Without Change in Pension Value ($) (6)	Total ($)
Constance H. Lau	2012	815,000		1,945,033	1,467,000	1,572,661	23,976	4,251,009	5,823,670
HEI President & CEO	2011	815,000		1,951,782	853,222	1,645,834	31,137	3,651,141	5,296,975
American Savings Bank Chair	2010	787,267		1,722,253	2,575,164	1,448,910	34,408	5,119,092	6,568,002
Hawaiian Electric Company Chair									
James A. Ajello	2012	510,000		700,124	589,050	359,587	25,971	1,825,145	2,184,732
HEI Executive Vice President,	2011	473,750		891,260	313,980	231,273	23,469	1,702,459	1,933,732
CFO and Treasurer	2010	436,333		597,479	203,830	180,636	25,741	1,263,383	1,444,019
Chester A. Richardson	2012	385,000		486,532	407,619	291,888		1,279,151	1,571,039
HEI Executive Vice President,	2011	370,800		499,596	206,564	220,841	16,574	1,093,534	1,314,375
General Counsel, Secretary &	2010	357,000		447,715	563,568	178,365	16,605	1,384,888	1,563,253
Chief Administrative Officer									
Richard M. Rosenblum	2012	605,000		886,652	484,378	482,246	29,210	2,005,240	2,487,486
Hawaiian Electric Company	2011	602,000		873,872	529,013	337,515	25,696	2,030,581	2,368,096
President & CEO	2010	584,667		786,620	282,037	279,777	26,335	1,679,659	1,959,436
Richard F. Wacker	2012	580,000		596,899	584,982		50,243	1,812,124	1,812,124
American Savings Bank	2011	550,000		587,042	577,346		25,000	1,739,388	1,739,388
President & CEO	2010	68,750	150,020	399,980	103,851			722,601	722,601

(1) *Bonus*. Represents signing bonus paid in cash that was not awarded under a nonequity incentive plan. Mr. Wacker received a signing bonus when he joined the Company in 2010. Cash incentive compensation awarded under nonequity incentive plans is reported under

"Nonequity Incentive Plan Compensation."

(2)

Stock Awards. These amounts represent the aggregate grant date fair value of stock awards granted in the years shown computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). These amounts comprise: (i) the opportunity (based on probable outcome of performance conditions (or target) as of the grant date) to earn shares of HEI Common Stock in the future pursuant to the Long-term Incentive Plan (LTIP) if pre-established performance goals are achieved and (ii) restricted stock units (RSUs) granted in the year shown and vesting in installments over a four-year period. See the 2012 Grants of Plan-Based Awards table below for the portion of the amount in the Stock Awards column above that is composed of 2012 grants of RSUs and performance award opportunities under the 2012-2014 LTIP. Assuming achievement of the highest

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level of performance conditions, the maximum value of the performance awards payable in 2015 under the 2012-2014 LTIP would be: Ms. Lau $2,667,579; Mr. Ajello $890,291; Mr. Richardson $588,077; Mr. Rosenblum $1,168,312; and Mr. Wacker $961,796. For a discussion of the assumptions underlying the amounts set out for the RSUs and performance awards, see Note 10 to HEI's Consolidated Financial Statements in HEI's 2012 Form 10-K.

(3)

Nonequity Incentive Plan Compensation. These amounts represent payouts to named executive officers under the annual incentive plan, called the Executive Incentive Compensation Plan (EICP), earned for the years shown. EICP payouts are made in cash. For 2010 and 2011, the amount in this column also included the cash portion of any payout from the LTIP ending in the applicable year. No portion of the 2010-2012 LTIP payout was in cash (100% of the payout was in HEI Common Stock), and so no LTIP payout is reflected in this column for 2012.

(4)

Change in Pension Value and Nonqualified Deferred Compensation Earnings. These amounts represent the change in present value of the accrued pension and executive death benefits from beginning of year to end of year for 2010, 2011 and 2012. These amounts are not current payments; pension and executive death benefits are only paid after retirement or death, as applicable. The amounts in this column depend heavily on changes in actuarial assumptions, such as discount rates. For example, for 2012, nearly 80% of the increase in this column for Ms. Lau was solely due a change in the assumed discount rate, which reflects historic low interest rates and not any change in the benefit to be received after retirement. If the discount rate had not changed from 2011 to 2012, Ms. Lau's change in pension value would have been $338,279. For a further discussion of the applicable plans, see the 2012 Pension Benefits table and related notes below. No named executive officer had above-market or preferential earnings on nonqualified deferred compensation for the periods covered in the table above.

(5)

All Other Compensation. The following table summarizes the components of "All Other Compensation" with respect to 2012:

Name	Preferential Mortgage Loan Interest ($) (a)	Other ($) (b)	Contributions to Defined Contribution Plans ($) (c)	Total All Other Compensation ($)
Constance H. Lau	13,735	10,241		23,976
James A. Ajello		25,971		25,971
Chester A. Richardson*				
Richard M. Rosenblum		29,210		29,210
Richard F. Wacker		32,147	18,096	50,243

(a)

Ms. Lau received the benefit of a preferential mortgage loan interest rate for part of 2012 and a club membership. The value of the preferential mortgage loan interest benefit shown above is calculated as the difference between the preferential rate and the market rate at the time the loan was originated. Ms. Lau paid off the remaining balance under the preferential rate mortgage in 2012.

(b)

Messrs. Ajello and Rosenblum each received a club membership and had two weeks of vacation more than employees with similar length of service would usually receive. Mr. Wacker received club membership dues, a distribution from ASB's profit sharing plan and eight more days of paid time off than non-executive employees with similar length of service would usually receive.

(c)

Mr. Wacker received matching contributions to his account in the American Savings Bank 401(k) Plan.

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* Mr. Richardson's total value of perquisites and other personal benefits was less than $10,000 for 2012 and is therefore not included in the table above.

(6) *Total Compensation Without Change in Pension Value*. This column shows how the change in value of pension and executive death benefits impacts total compensation as determined under SEC rules. The amounts reported in the Total Without Change in Pension Value column differ substantially from the amounts reported in the Total column required by SEC rules and are not a substitute for total compensation. Total Without Change in Pension Value represents total compensation, as determined under SEC rules, minus the change in pension value amount reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column.

Additional narrative disclosure about salary, bonus, stock awards, non-equity incentive plan compensation, change in pension value and nonqualified deferred compensation earnings and other compensation can be found in the Compensation Discussion and Analysis above.

Grants of Plan-Based Awards

The table below shows cash award opportunities under the 2012 annual incentive plan, equity award opportunities granted under the 2012-2014 long-term incentive plan for performance over the 2012-2014 period and payable in 2015 and restricted stock unit awards granted in 2012 and vesting in installments over four years under the 2010 Equity and Incentive Plan.

2012 GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Nonequity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)(3)**	**($)(4)**
Constance H. Lau	2/03/12 EICP	366,750	733,500	1,467,000					
	2/03/12 LTIP				23,528	47,055	94,111		1,333,776
	2/03/12 RSU							23,528	611,257
James A. Ajello	2/03/12 EICP	153,000	306,000	612,000					
	2/03/12 LTIP				7,852	15,704	31,409		445,130
	2/03/12 RSU							9,815	254,994
Chester A. Richardson	2/03/12 EICP	105,875	211,750	423,500					
	2/03/12 LTIP				5,187	10,373	20,747		294,020
	2/03/12 RSU							7,410	192,512
Richard M. Rosenblum	2/03/12 EICP	211,750	423,500	847,000					
	2/03/12 LTIP				10,479	20,958	41,917		584,141
	2/03/12 RSU							11,644	302,511
Richard F. Wacker	2/03/12 EICP	232,000	464,000	928,000					
	2/03/12 LTIP				8,930	17,860	35,720		480,898