

The HECO Board and the HEI Compensation Committee determine the compensation strategy for each element of the executive compensation program. The HECO Board and the HEI Compensation Committee generally target the overall compensation of the executives at the 50th percentile or median of total compensation and incentive practices found in the following utility companies that are used as a benchmark in setting the compensation of HECO's named executive officers:

Utility and Energy Benchmark Companies

Allegheny Energy, Inc.	PNM Resources, Inc.
Ameren Corp.	PPL Corp.
Aquila Inc.	Progress Energy Inc.
Avista Corp.	Puget Energy Inc.
Constellation Energy Group Inc.	Questar Corporation
Northeast Utilities	Sempra Energy
NSTAR	TECO Energy Inc.
OGE Energy Corporation	UIL Holdings Corp.
Peoples Energy Corp.	UniSource Energy Corp.
Pinnacle West Capital Corp.	Vectren Corp.

**SUMMARY COMPENSATION TABLE**

Name and 2007 Principal Positions	Year	Salary (\$)	Bonus (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (3))	Non-Equity Incentive Plan Compensation (\$ (4))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (5))	All Other Compensation (\$ (6))	Total (\$)
T. Michael May President and Chief Executive Officer	2007	590,650	—	88,427	84,562	—	—	28,757	792,396
	2006	571,334	—	36,955	144,312	—	389,129	21,317	1,163,047
Tayne S. Y. Sekimura Financial Vice President and Chief Financial Officer	2007	232,377	—	2,304	8,910	—	113,353	12,697	369,641
	2006	214,700	—	—	8,890	—	90,136	14,446	328,172
Karl E. Stahlkopf Senior Vice President- Energy Solutions and Chief Technology Officer	2007	332,500	—	14,000	11,705	130,375	122,937	14,520	626,037
	2006	322,833	—	28,176	18,615	18,125	85,571	14,652	487,972
Robert A. Alm Senior Vice President- Public Affairs	2007	284,900	—	4,608	11,865	84,038	119,462	15,899	520,772
	2006	273,967	—	—	46,394	15,125	96,312	17,303	449,101
Thomas L. Joaquin Senior Vice President- Operations	2007	291,700	—	4,608	11,865	59,138	44,350	16,138	427,799
	2006	280,666	—	—	21,295	15,125	129,864	14,389	461,339

(1) No discretionary bonuses without pre-established goals were given to HECO named executive officers in 2007 or 2006.

(2) Represents recognition of stock expense in the Company's financial statements, without reduction for

forfeitures, for restricted stock awards. For a discussion of the assumptions underlying the amounts set out for restricted stock, see Note 9 to HEI's Consolidated Financial Statements.

- (3) Represents recognition of option expense in the Company's financial statements, without reduction for forfeitures, for nonqualified stock options with dividend equivalents granted in 2002 and 2003 and stock appreciation rights with dividend equivalents granted in 2004 and 2005. For a discussion of the assumptions underlying the amounts set out for option awards, see Note 9 to HEI's Consolidated Financial Statements.
- (4) No annual Executive Incentive Compensation Plan awards were earned by the HECO named executive officers in 2007 or 2006. Long-term incentive plan awards are determined in the first quarter of each year for the three-year cycle ending on December 31 of the previous calendar year. Mr. Stahlkopf, Mr. Alm and Mr. Joaquin achieved long-term incentive plan awards in 2007 and 2006.
- (5) The 2007 amounts represent the change in pension and executive death benefit values from December 31, 2006 to December 31, 2007. The 2006 amounts represent the change in pension and executive death benefit values from December 31, 2005 to December 31, 2006. No HECO named executive officer currently participates in the HEI Nonqualified Deferred Compensation Plan. The aggregate increases and decreases in value of Mr. May's individual pension and executive death benefit plans resulted in a negative change in pension value for 2007 and is not included in Mr. May's change in pension value above. For a further discussion of these plans, see the Pension Benefits table and related notes below.
- (6) Represents total perquisites for 2007 and 2006. In 2007, Mr. May received an automobile and gas allowance, business parking, club membership and spousal travel expenses. Ms. Sekimura received an automobile and gas allowance, and business parking. Messrs. Stahlkopf, Alm, and Joaquin each received an automobile and gas allowance or used a company owned vehicle, business parking and club memberships. Mr. Alm also received a physical exam (voluntary).

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