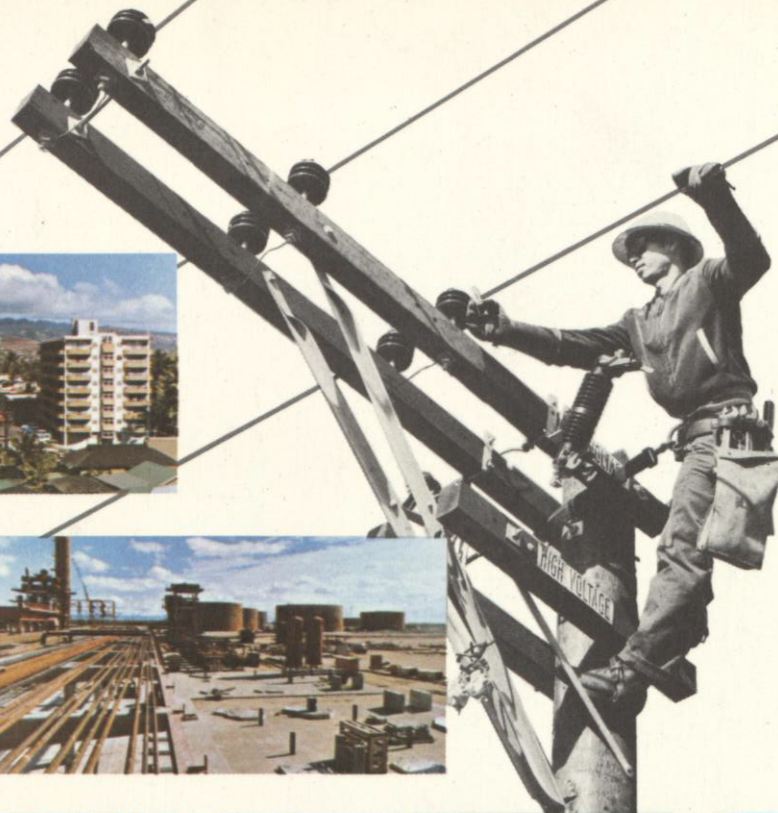


GROWING AHEAD WITH THE 50th STATE

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THE HAWAIIAN ELECTRIC CO., LTD.

ANNUAL REPORT 1959



Ala Moana Center, foreground, is an emphatic sign of Honolulu's economic growth in 1959. Huge shopping area, one of nations 10 largest, is at gateway to Waikiki, where new hotels and apartments are fast changing the skyline stretching to Diamond Head. Center's 80 stores demand 6,000 kilowatts of power every day.

THE HAWAIIAN ELECTRIC COMPANY, LTD.

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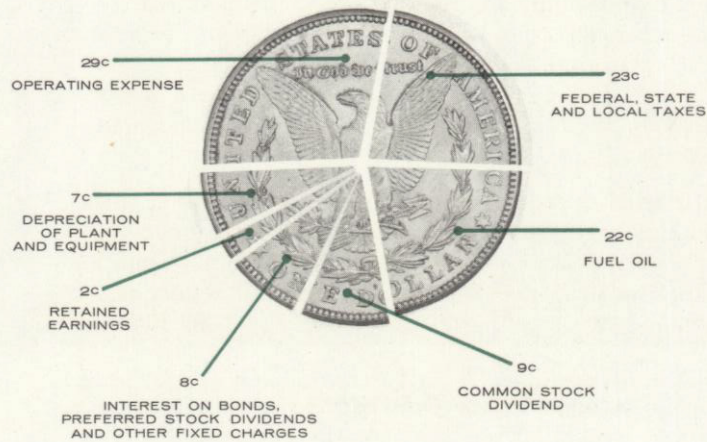
Proud HECO ladies display 50-star flag as Hawaii wins equal rank in family of states. Iolani Palace, state capitol, is in the background.

SOURCE AND DISPOSITION OF REVENUE DOLLAR

WHERE IT CAME FROM



WHERE IT WENT



HIGHLIGHTS OF THE YEAR'S GROWTH

| | | |
|-----------------------------------|---------------|----------|
| Utility plant | \$104,631,357 | up 9.5% |
| Plant capability | 400,000 kw | up 17.6% |
| Peak load | 287,500 kw | up 15.9% |
| Kwh sales | 1,204,880,410 | up 14.2% |
| Revenues | \$27,346,696 | up 7.6% |
| Expenses | \$23,509,867 | up 5.6% |
| Net income | \$3,836,829 | up 20.9% |
| Earnings per share common . . . | \$3.28 | up 8.3% |
| Customers | 111,378 | up 4.6% |
| Average residential use | 4,575 kwh | up 4.2% |



LETTER FROM THE PRESIDENT

Mr. Leslie A. Hicks retired from the Presidency on June 30, 1959 after completing 40 years of devoted service to the Company. He had served as President for more than 16 years. The Company's progress and growth over those years and the sound condition in which it stands today are proof of his exceptional energy, foresight and leadership. It is most gratifying that we shall continue to receive the benefit of his experience and counsel as a member of the Board of Directors and as Chairman of its Finance Committee.

This past year was a momentous one for Hawaii and for our Company. It is with pleasure that I present to you my first annual report.

In 1959 Hawaii stepped suddenly into statehood and the jet age. As a result of these changes, new interest and activity in Hawaii developed at an astonishing rate. In a very short time, the Chamber of Commerce and other agencies were receiving more than twice the usual number of inquiries about Hawaii and business opportunities here; interest and activity in Hawaii securities increased sharply; real estate values have increased as much as 50 per cent in the Waikiki area; the number of visitors in 1959 reached an all-time high of 242,000, which is 40 per cent above the 1958 figure, and expenditures on construction grew by 20 per cent during the year.

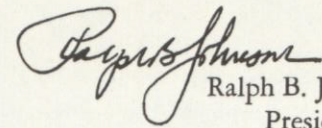
Before year-end the effects of these changes were showing up on our system. This Company has been expanding at a fast rate ever since the close of World War II, but the 1959 increase in electric output, kilowatt hour sales, revenue and net income represented unusual gains. For example, at the beginning of 1959 our output of electricity was 10 per cent above the previous year, and since October it has been running approximately 20 per cent higher than the 1958 level. Our net earnings per share on common stock increased 8.3 per cent to \$3.28.

In October a new 60,000-kw generating plant was put into commercial operation at Waiiau and our construction plans for a second 60,000-kw generator at Waiiau were changed so that it will go on our system late in 1961, six months ahead of the original schedule. Plans for major transmission lines, substations and other capital expenditures also have been advanced.

Economic studies indicate that in the next decade Hawaii will show extraordinary gains in population, construction, tourist business and retail trade. It also is expected that military spending will remain high, that agricultural industries will remain stable and that a number of new industries will become established.

As the newness of statehood and jet travel wears off, the rate of growth should gradually level out. If these powerful factors are not affected by economic adjustment on the mainland or adverse international incidents, we should expect a healthy growth in the future. Based upon estimated growth in population, land development and economic expansion as we see it today, I expect that the Company's plant and facilities will increase as much in the next nine years as they have in the past sixty.

Such rapid growth imposes rigorous responsibilities upon this Company, and there will be serious problems to solve on every front. We have an excellent group of skilled employees, and I am confident that we shall meet this new challenge of service and growth in a manner worthy of the trust which has been placed upon us.


Ralph B. Johnson,
President

March, 1960



Throng hails statehood at ceremony before Iolani Palace, ancient government seat. Coming of statehood and jet travel were year's most significant events for Hawaii, pushing an already booming economy toward new highs. In the last quarter HECO's production of electricity ran 20 per cent ahead of year before.

1959 — A HISTORIC YEAR

When the Congress of the United States passed the Statehood Enabling Act for Hawaii on March 12, 1959, the people of the islands thought first, perhaps, of the cherished political status which had been sought for so many years. There remained only the formalities of a plebiscite on July 28 and Presidential approval which came on August 21. At last Hawaii was to have two Senators and a Representative in Washington and full participation as a state, with the right to elect its Governor and vote for President. At that time, few could predict the extent to which the island economy would be affected by this historical event.

As the electric utility serving the Island of Oahu, where four-fifths of the population and well over four-fifths of the economy of the state are located, our Company has shown a

strong growth trend since the close of World War II. The initial impact of statehood, coupled with jet service, is reflected dramatically in this report of Company results for 1959. The statistics appearing on page 28 show our healthy growth trend over the last 10 years.

REVENUES AND SALES CONTINUE TO CLIMB

Substantial increases in both revenues and sales were recorded in 1959. Operating revenues for the year totaled \$27,346,696, an increase of 7.6 per cent over the previous year, while kilowatt hour sales were 1,204,880,410, a 14.2-per-cent gain over 1958.

An increase in operating revenues was reported in all classes of service, but the gain of \$1,366,074 from industrial and commercial customers was most significant, as it accounted for more than half of the Company's total revenue gain during the year.



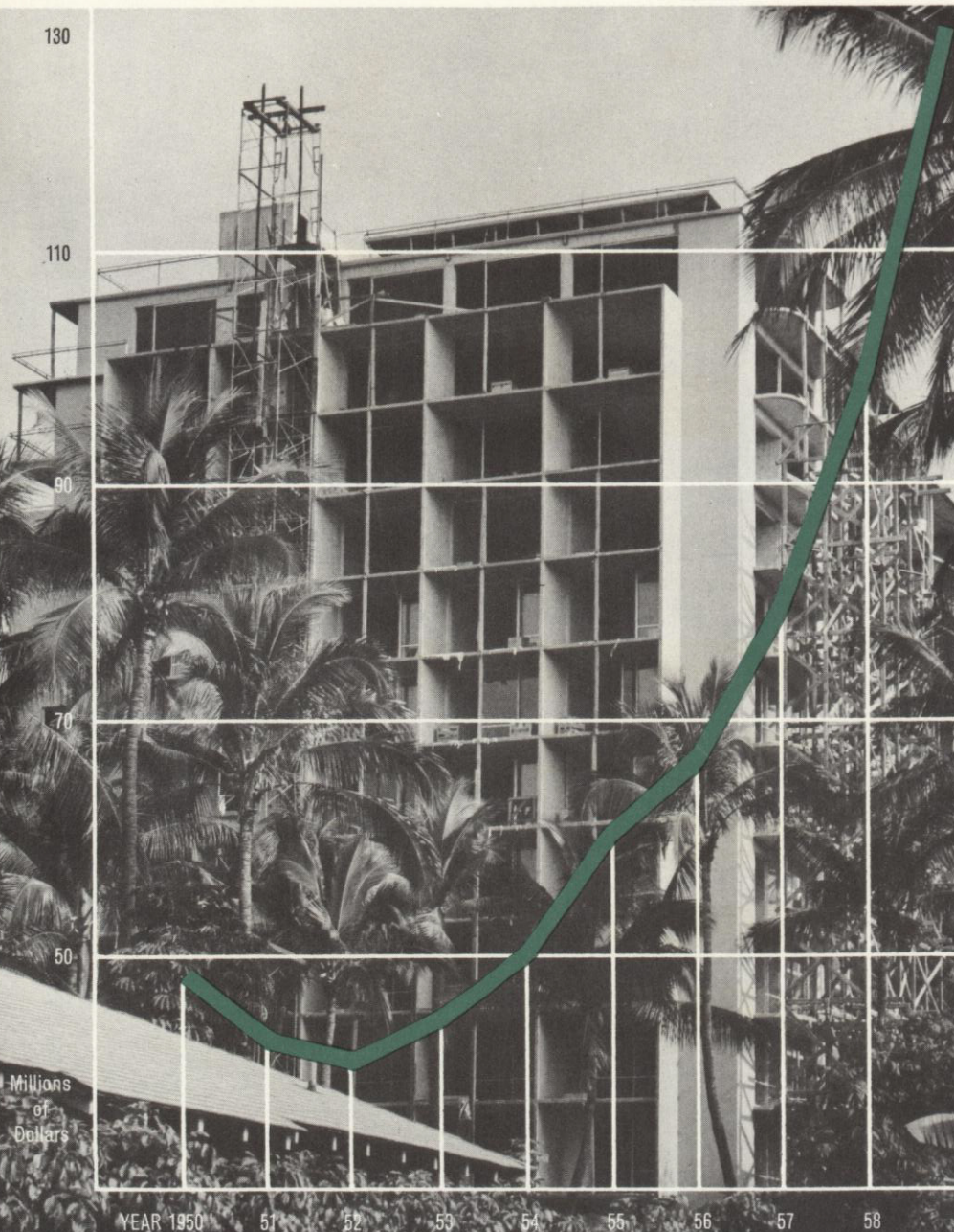
Statehood celebrants reenact royal scene at Iolani Palace, where first electric lamps in Hawaii were lighted in 1886, on birthday of Kalakaua.



Jet service reduces air time from California to Hawaii to 4½ hours. Record 242,000 visitors in 1959 seems only start of a new travel era.

BUILDING ON RISE

Graph shows growth in building permits during decade to a record \$130 million in 1959.



SOURCE: HONOLULU BUILDING PERMITS

EXPENSES GO UP

The year's operating and maintenance expenses increased a nominal 2.9 per cent over the previous year. Depreciation expense increased 7.9 per cent owing to a substantial increase in utility plant in service.

The cost of fuel oil is the largest single item of operating expense of the Company. We spent \$6,046,340 for 2,410,012 barrels of heavy fuel oil during the year. The price of oil was reduced from \$2.86 to \$2.50 per barrel in 1959. This reduction was passed on to the customer as provided for in our rate schedules.

Although the average price of fuel oil was lower, our total costs increased \$149,107 because 348,356 more barrels were used.

Taxes charged to income for state and federal governments amounted to \$6,187,614, an 11.3-per-cent increase over 1958. These taxes amounted to \$6.64 per share of common stock. This is particularly significant when we note that only \$3.28 was earned per share and available to the owners of common stock. Taxes not charged to income amounted to \$66,485.

The following table gives the major breakdown of taxes:

| | 1959 | 1958 |
|-------------------------|--------------------|--------------------|
| STATE | | |
| Income | \$ 380,080 | \$ 334,020 |
| Public Utility | 1,602,677 | 1,519,075 |
| Franchise Royalty | 673,227 | 635,865 |
| Other | 79,767 | 75,508 |
| | <u>\$2,735,751</u> | <u>\$2,564,468</u> |
| FEDERAL | | |
| Income | \$3,374,814 | \$2,936,425 |
| Payroll and other..... | 143,534 | 108,221 |
| | <u>\$3,518,348</u> | <u>\$3,044,646</u> |
| | <u>\$6,254,099</u> | <u>\$5,609,114</u> |

EARNINGS INCREASE

Net operating income for the year was \$5,076,648, an increase of 15.3 per cent. After income deductions, consisting principally of interest on bonds, net income was \$3,836,829, up \$663,366 from 1958.

Dividends on preferred stock totaled \$783,882, leaving a balance of \$3,052,947 available for common stock.

Based on the average number of common shares outstanding during the year, earnings were \$3.28 as compared with \$3.03 for the previous year. Dividends at the rate of 62½ cents per share were paid quarterly on the common stock, totaling \$2.50 for the year.

Retained earnings of \$723,697, up \$306,169 from 1958, were used to help finance the expansion and improvement program of the Company.

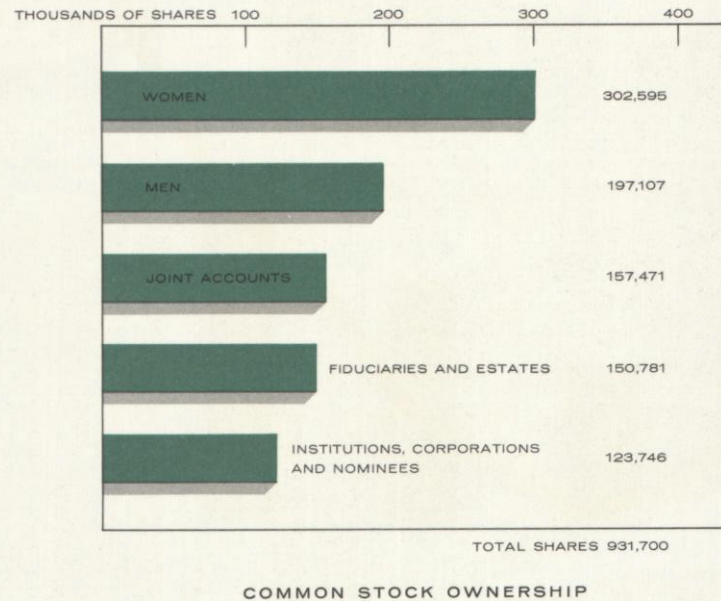
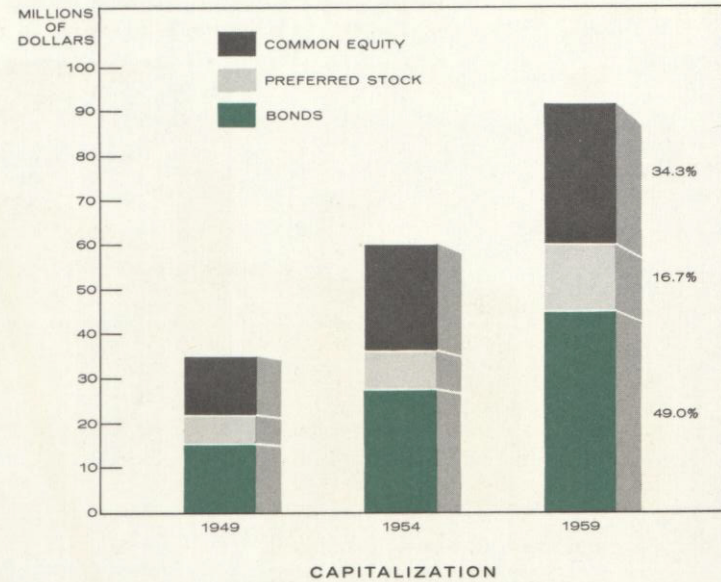
FINANCING

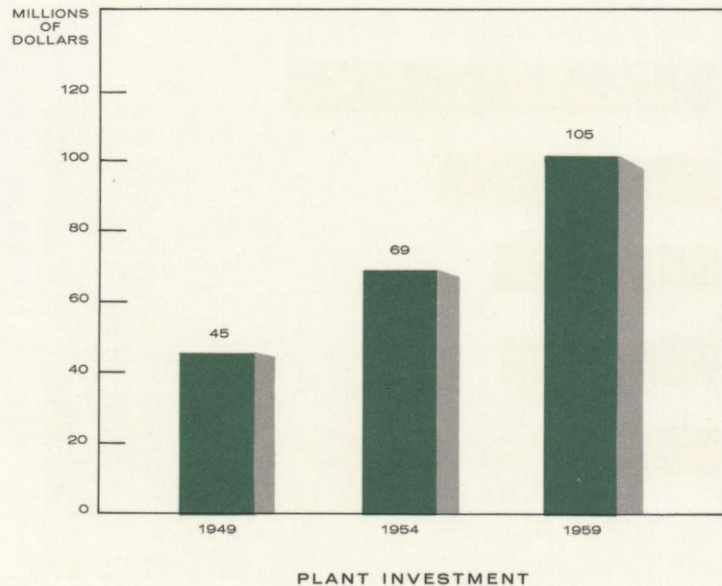
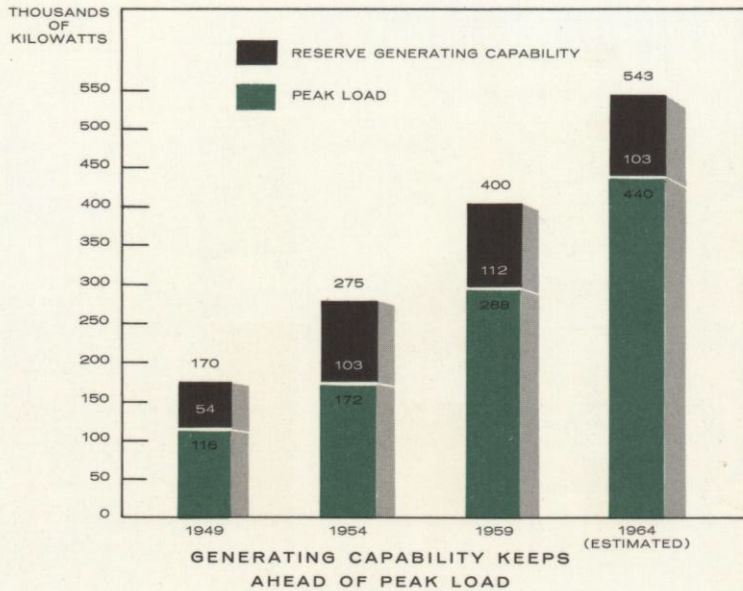
To finance expansion and improvement of our electric service facilities, the Company in April 1959 sold \$10 million principal amount of its first mortgage bonds, Series K, 4.75 per cent, due 1989. The total capital expenditure budget for 1960 is estimated to be \$14 million.

As the Company expands its facilities, we are called upon to raise funds by the issuance of bonds and preferred stock on the mainland, as well as by the sale of common stock which is first offered to shareowners. The acceptance of our bonds and preferred stock in mainland markets has been good. We foster this relationship by supplying our bondholders, shareowners, financial analysts and financial institutions with current operating data.

SHAREOWNERS

The number of owners of the common stock of the Company increased by 387 during the year to a total of 5,586. About 83 per cent of these owners reside in the State of Hawaii and own 826,706 (88.7 per cent) of the 931,700 shares of the issued and outstanding common stock. The largest single holding is an eleemosynary trust which owns less than 3 per cent.





PLANT AND OPERATIONS

The Company's highly-trained staff of engineers and operating personnel, through their planning, building, operating and maintenance work, have placed the Company's facilities in excellent condition to meet the increasing electric requirements of homes, business and industry in our area.

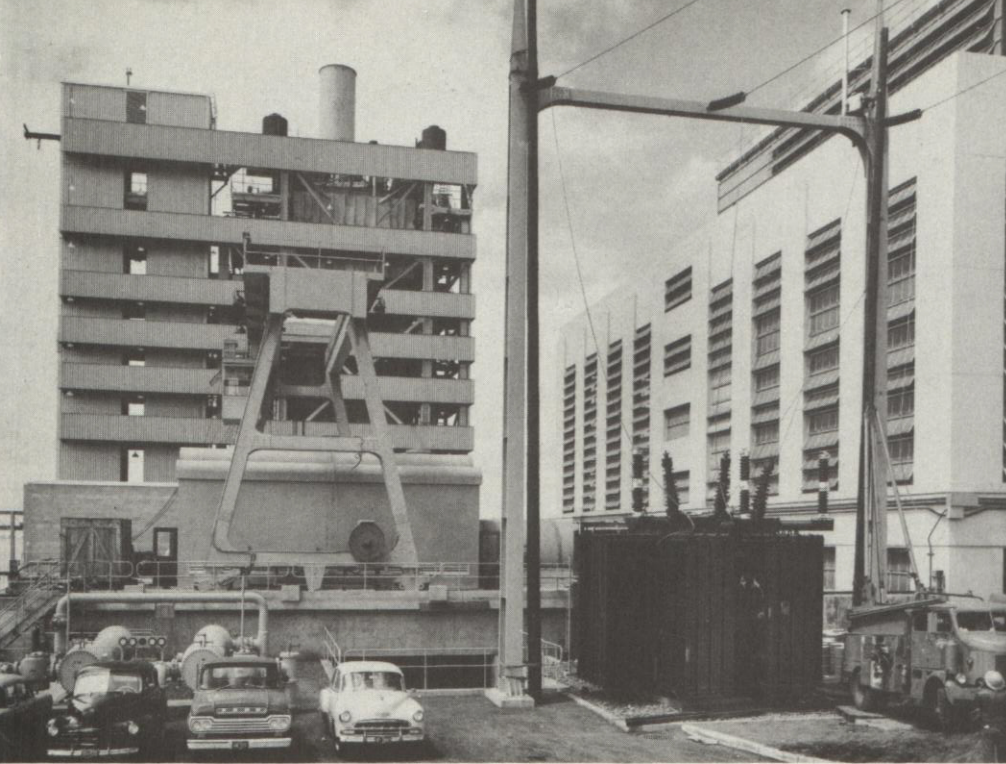
All major overhauling requirements were met on the power plant during the year, including the first annual inspection of the 60,000-kw Unit No. 9 in the Leslie A. Hicks Power Plant.

The first outdoor power plant in our system went into operation in October. It is the 60,000-kw generating Unit No. 5 at Waiau, costing approximately \$9,045,000. With this new unit, the Company has a generating capability, determined by test, of 400,000 kw. The construction schedule has been advanced six months on a unit similar to No. 5 at Waiau, and it should be completed the latter part of 1961.

Construction of the first 13 miles of line for transmission of voltage at 138 kv was completed in 1959. Engineering started in 1956 for these lines, which will extend from Waiau to the windward side of the island and to Wahiawa, eventually connecting with our proposed power station at Kahe Valley.

Five new substations were added and six substations enlarged during the year. Scarcity of land in developed areas makes the purchase of substation sites sometimes difficult and expensive.

Gross capital expenditures for plant, property and equipment during 1959 totaled \$9,939,133. This included \$3,897,736 for generation, \$5,780,871 for distribution and \$260,526 for general plant investment. Since 1954 gross



Unit 5 at Waiau, completed in October, is Hawaii's first outdoor power plant. Its 60,000-kw generator brings Company total to 400,000 kw.



One of 50-foot aluminum towers atop Koolau range carrying new lines to transmit ultimately at 138 kv, serving Windward and Leeward Oahu.

capital expenditures have averaged more than \$7,800,000 per year and total \$39,213,000.

Peak load for the year rose to 287,500 kw, leaving a reserve capability of 112,500 kw for overhaul and emergencies. Net kilowatt hours generated totaled 1,302,517,600, an increase of 15.1 per cent over 1958.

Our power plants produced 540 kw per barrel of fuel oil, or 11,988 BTU per net kilowatt hour. This is approximately the same efficiency experienced during 1958. We expect that with the use of the new Waiau Unit No. 5 for a full year improvements will be noted.



Five new substations were installed during 1959. All were planned to blend into surroundings. Landscaped Waikiki substation above is typical.



Helicopter is "sky hook" for stringing lines. By this method, 1 mile can be set in place in 10 minutes.

NEW METHODS AND EQUIPMENT

Mindful of increasing costs of labor, we are continually seeking improved work methods and equipment. Many improvements were effected this year, with the introduction of new equipment. Especially notable is the use of a helicopter for stringing lines on poles and for transmission line inspection. In ten minutes 1 mile of line can be pulled into place. In rough terrain, the cost of using the helicopter is a fraction of the cost involved with conventional methods.

ATOMIC ENERGY

Through membership in High Temperature Reactor Development Associates, Inc., our Company is participating in the construction of a 40,000-kw nuclear prototype power plant on the Philadelphia Electric Company's system. This plant is scheduled for completion in 1962 or early 1963. The Company is closely following the progress on various types of atomic power plants and expects to install a nuclear

unit as soon as it can be determined that such a plant will compete favorably with a conventional oil-fired plant.

It is anticipated that nuclear power will prove economical in Hawaii earlier than in many parts of the United States because of our high fuel costs. At the present time we are dependent upon the use of heavy fuel oil which is imported from the West Coast.

During 1959, hearings were begun in a condemnation suit which we have brought to acquire property in a protected valley on the leeward side of the island, which is suitable for a conventional as well as an atomic power plant.

EMPLOYEES

Stability and quality of the work force are especially important to a utility. Administration of wages, salaries and employee benefits is directed toward insuring the recruitment, training and retention of skilled manpower. At the end of 1959 the Company had 1,161 employees, 16 more than in 1958.



Company's 4-year apprentice program supplements on-job training. Clarence Shak (standing) of Engineering Department instructs an algebra and trigonometry class.

Sales staff attended 10-week course in selling given by Honolulu Business College in Company Board Room. All aimed to improve their record of load building.



We rely heavily upon Company training for the skills needed in our operations and are planning expansion of our indentured apprenticeship program. This program, launched in 1946, calls for approximately four years of applied work and 576 hours of related training. Upon completion of the work, employees are incorporated into our work force as journeymen. Their work performance is outstanding, and in the years of rapid growth which lie ahead, this program will provide many of our highly trained employees. At the present time we have 67 apprentices in training in 10 trades.

During 1959 we inaugurated an additional trainee program for young men whose personal and educational qualifications indicate a potential for assuming technical and administrative assignments. Trainees are scheduled to work for specified periods in all departments of the Company. This should result in more effective service to the Company as well as a broadening of personal abilities in preparation for promotion. Statehood improves our opportunity to attract from the mainland experienced technical and administrative people in short supply here.

A mutual feeling of confidence and respect has characterized a long relationship with the International Brotherhood of Electrical Workers, Local 1260, AFL-CIO, which covers 77.9 per cent of our employees. A two-year contract is in force for the period March 1, 1959 to February 28, 1961. It grants additional vacation benefits to long-term employees and a wage adjustment, to be applied at the beginning of each year of the two-year agreement. The average hourly rate of pay is \$2.69.

Our security force of 17 employees became unionized in 1958 with the United Plant Guard Workers of America, Independent Local 650, under a one-year agreement. In 1959 a new agreement was adopted for the two-year period May 1, 1959 to April 30, 1961.

The Company has contracts with The Prudential Insurance Company of America for group life insurance and group annuity plans for regular employees. Employees contribute a share of the cost of these plans. Through the Hawaii Medical Service Association, employees and their families are provided, entirely at Company expense, a hospital, surgical and medical plan.

PAYROLL AND BENEFITS

| | 1959 | 1958 |
|---------------------------------|-------------|-------------|
| Employees at December 31..... | 1,161 | 1,145 |
| Wages: | | |
| For productive work..... | \$6,277,971 | \$5,673,126 |
| Non-productive wages: | | |
| Vacations | 323,565 | 290,950 |
| Holidays | 231,373 | 235,393 |
| Sickness | 171,448 | 160,603 |
| Excused absence, etc. | 28,307 | 31,924 |
| | \$ 754,693 | \$ 718,870 |
| Total payroll | \$7,032,664 | \$6,391,996 |
| Benefits paid by Company: | | |
| Annuity and life insurance..... | \$ 633,958 | \$ 651,756 |
| Medical aid dues | 159,860 | 146,358 |
| Social Security insurance | 130,786 | 105,174 |
| Unemployment insurance | 10,597 | 10,520 |
| Total benefits | \$ 935,201 | \$ 913,808 |
| Total payroll and benefits.. | \$7,967,865 | \$7,305,804 |



President Johnson presents 40-year pin to William Mason while Nurse Pat (Mrs. Patterson) Morris readies lei for him at service awards dinner.



Orchid fanciers are plentiful in Hawaii and at Hawaiian Electric, too. Employees exhibited plants in fourth annual show staged by Lemuel Chong.



Health Department chest X-ray unit toured Company points offering free checkups to employees. Honolulu Power Plant men are shown waiting turn.

MANAGEMENT CHANGES

On June 30, 1959 Mr. Leslie A. Hicks retired as President and Mr. Ralph B. Johnson, Executive Vice President, was appointed President, effective July 1.

The Board of Directors made the following appointments at its meeting held February 27, 1959:

Carl J. Schiffers from Vice President and Assistant Secretary to Administrative Vice President.

Richard L. Summers from Secretary to Vice President and Secretary.

Eugene A. Helbush from Assistant Secretary to Assistant Secretary and Assistant Treasurer.

Edward A. Murty from Assistant Treasurer to Assistant Secretary and Assistant Treasurer.

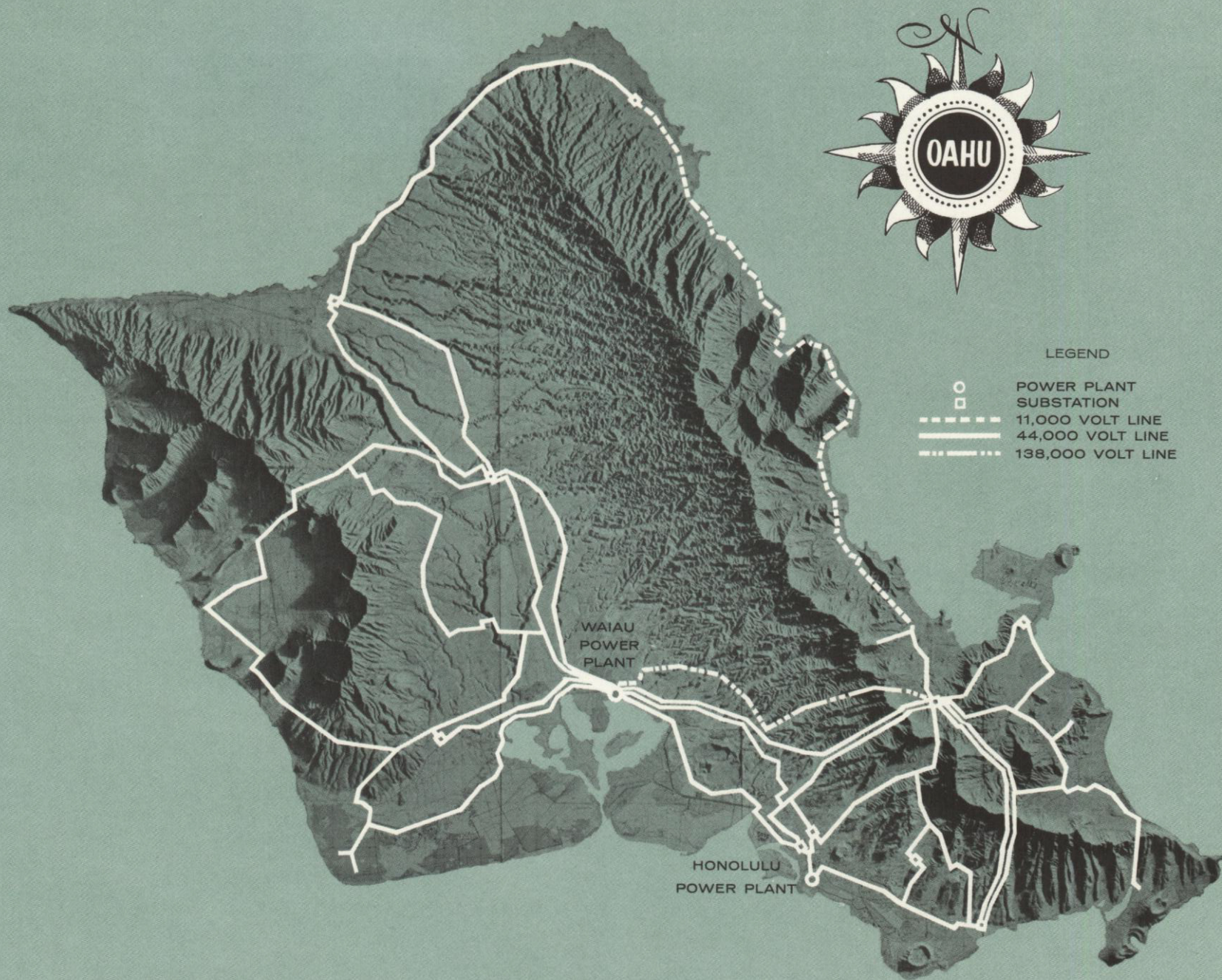
Will B. Johnstone, Jr. from Assistant Treasurer to Assistant Secretary and Assistant Treasurer.



At retirement reception, former President Leslie A. Hicks cuts cake model of power plant named for him.



Charles E. Nolan retired at year's end as Vice President and Promotional Manager. Medallion Home typified his devotion to electrical living cause.



MAIN ARTERIES of the Hawaiian Electric Company's transmission system are traced over a relief map of Oahu, central island of the Hawaiian chain and the Company's service area. Ample

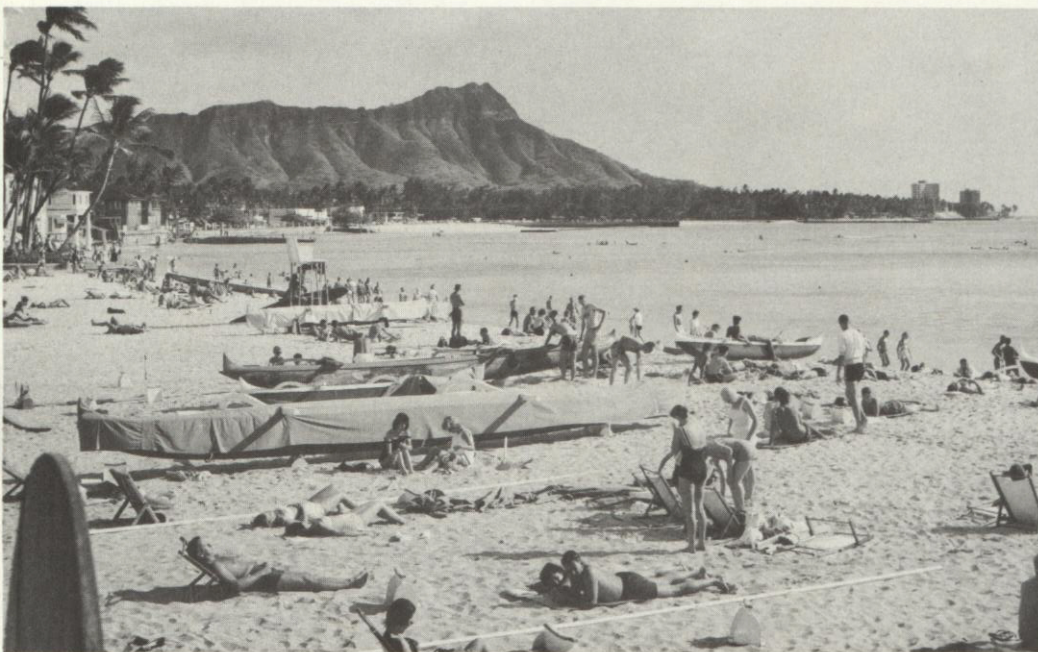
electrical power for growing Oahu and its civilian-military population of half a million is assured by Hawaiian Electric's continuing policy of Building Today for Tomorrow's Needs.



Transmission network indicated on map serves many-sided life of island. Above, big Capehart housing development spreads at Hickam Air Force Base.



Military spending is expected to remain high. One of largest users of power is the navy, with multiple operations centered at Pearl Harbor.



Ideal climate and friendliness help keep Hawaii a tourist mecca. Waikiki hotel, apartment building races to match isles' fastest growing industry.



Hawaii depends on shipping for supplies from mainland. Squat freighters unload cargo at industrial wharves, carry local products back to markets.

PROMOTION OF SALES

The promotional program of the Company has proved effective in stimulating increased use of electric power. This program is carried out on many fronts: advertising; assistance to electrical distributors, dealers and the building industry; activities of our home economists; promotion of lighting and commercial electric cooking.

A growing emphasis on new homes, tract developments and apartment buildings dictated a program directed three ways: promotion of all-electric living in new tracts and individual homes; cooperation with builders and architects to promote all-electric apartment buildings; and stimulation of electric appliance sales.

Support given the building industry is one of the most important promotional activities. This support is given through assistance in advertising new developments, the placing of signs for model homes, preparation of plans for kitchens, lighting and wiring, and assistance in the showing of model all-electric homes.

We coordinated our advertising with the Electrical Living Committee of the Pacific Coast Electrical Association (Hawaii) program which was followed by local appliance dealers and distributors. Institutional advertising consisted of a series of newspaper ads on opportunities for growth in Hawaii, supplemented by mailing of folders upon request.



Cooperative apartments continue to rise along shores and slopes, offering new and large field for promotion of all-electric living.



Operation of the all-electric home is as important as the installation. Company staff show homemakers how to get the best use out of appliances.

Fashionable Andrade's clothing store at Ala Moana Center gives effective example of lighting as a modern aid to display and sale of merchandise.



Company home economists carry on a daily program of home calls, cooking and laundry classes, kitchen planning and appliance demonstrations. Attendance at classes in the Home Service Auditorium totaled more than 20,000 during the year, and more than 300 calls a month were made to demonstrate new appliances in homes, thereby encouraging full use of new equipment.

Weekend hostessing in the kitchens of all-electric homes and apartments grew to keep pace with the island building boom. Home economists were on hand to tell the story of electric living to thousands of prospective home owners.

In commemoration of statehood, our home economists prepared a booklet entitled *Cosmopolitan Recipes of Hawaii, the 50th State*. The booklet met with immediate favor, and thousands of requests have been filled both locally and on the mainland.

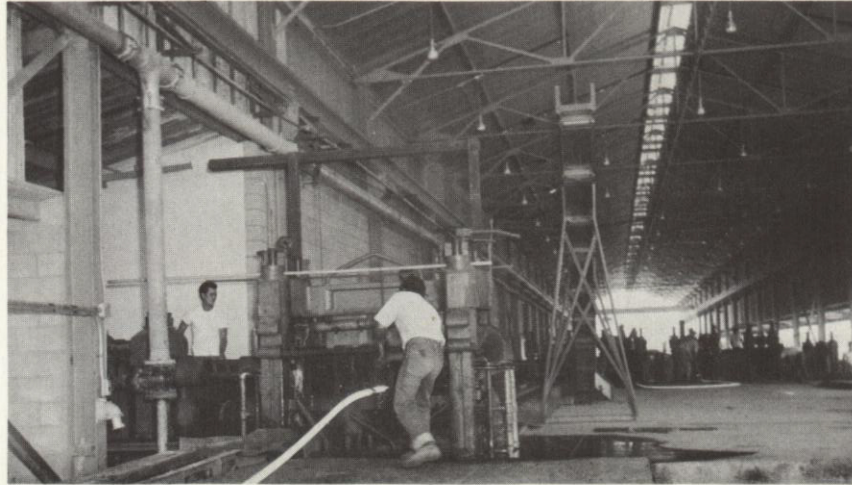
INDUSTRIAL DEVELOPMENT

Concerted effort of the community to develop new industries in Hawaii, thereby providing a more diversified economy, began in 1955. Although early studies pointed to a number of industries which would fit well into our economy, suitable sites were not available until late in 1957 when industrial tracts were opened on Oahu. Much headway has been made since that time.

The most successful industrial park has been that of the James Campbell Estate, consisting of 1,300 acres in the Barbers Point area, 22 miles by highway from Honolulu Harbor. Standard Oil Company of California is now in the process of constructing a \$65-million refinery there. Twenty other companies have already leased land for such projects as a steel mill, a pipe mill, and a cement plant. There is every indication that this will become a major industrial area. A second cement plant is being built by Kaiser interests in nearby Nanakuli.

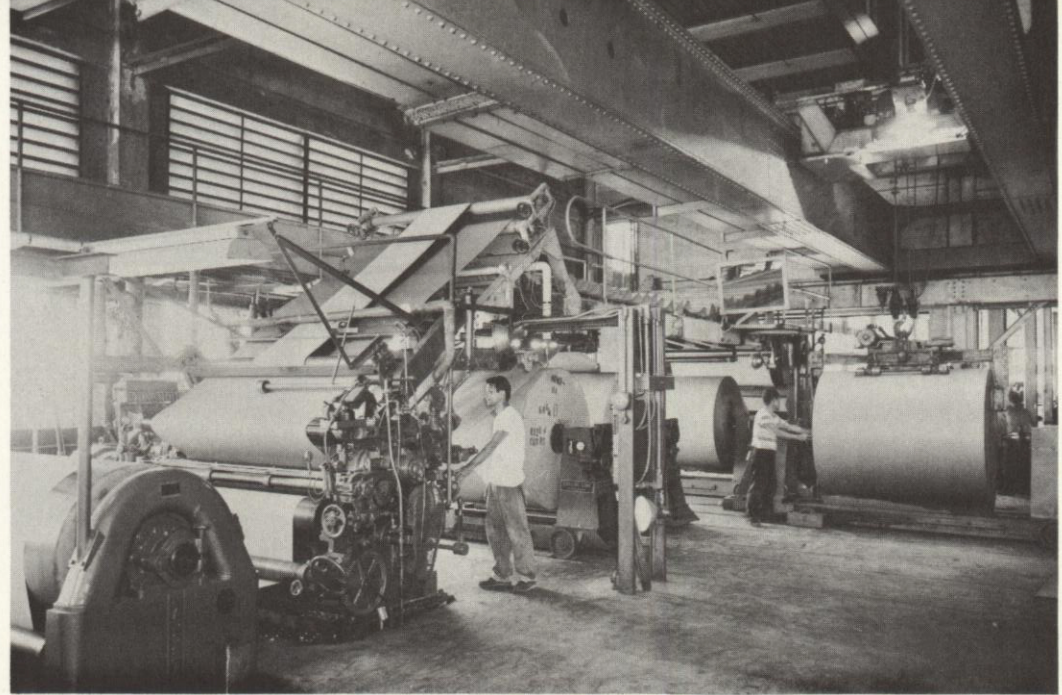
Other land developers are coming forward with industrial park plans, and the outlook for 1960 is for the establishment of more manufacturing industries than in any previous year.

The Hawaiian Electric Company, through its Industrial Development Section, has played an important part in promoting and encouraging new industry, and we plan to continue our efforts in this direction.



A steel mill for production of reinforcing bars started early in year, promising a needed new source for the building trade.

Metal fabrication is a growing industry. Making products from flat sheets cancels costly air space in items shipped whole.



Weyerhaeuser Company, with \$2½ million investment, manufactures corrugated boxboard, fabricates finished boxes at 2-year-old Hawaiian plant.

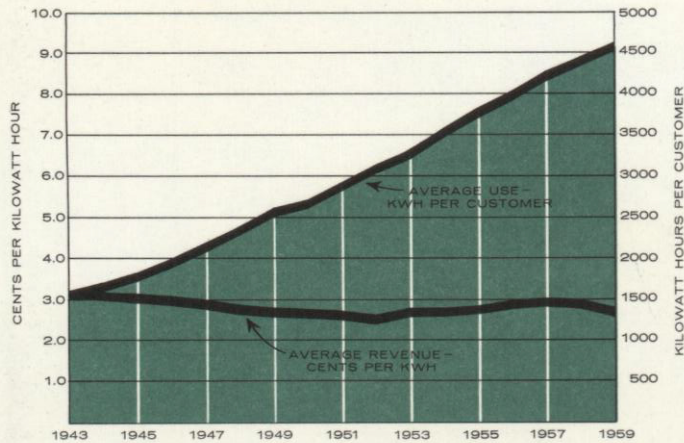
Popularity of aloha shirt and Hawaiian fabrics in world fashion centers is a good reason why garment-making has become a big small business here.





Panorama seen by arriving visitor shows famous Waikiki "Miracle Mile" steadily stretching farther along shore and reaching higher into air as hotels multiply. Yet this is but part of HECO's island service area, where 4,900 new customers brought 1959 total past 111,000 and 87 per cent of new homes were all electric.

AVERAGE YEARLY RESIDENTIAL CONSUMPTION
AND
REVENUE PER KILOWATT HOUR



Despite inflation, electricity remains biggest bargain in household, encouraging greater customer use.

NEW CUSTOMERS

During 1959 the Company added 4,923 customers to its system, bringing the total to 111,378. New commercial and industrial accounts increased by 821 as compared with an in-

crease of 265 in 1958. Residential customers increased 4,102 as compared with 3,257 in 1958. In our service area 87 per cent of all new homes are all-electric, and 90 per cent have electric ranges.

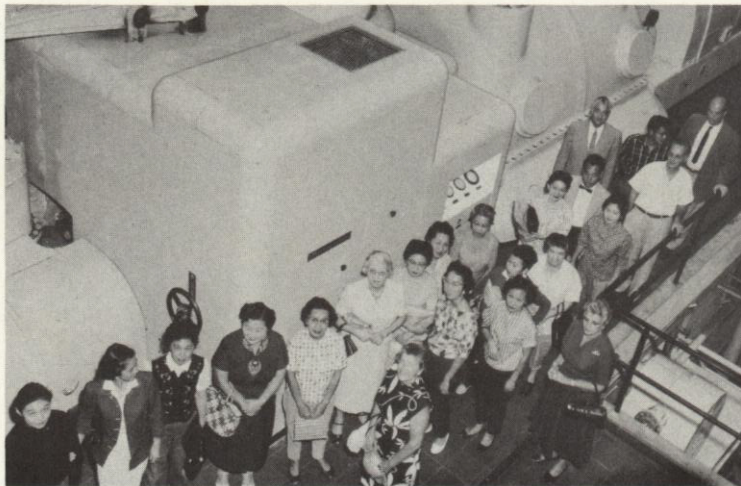
SPECIAL CUSTOMER SERVICES

A new service for customers was added during the year with provisions for payment of utility bills at all branches of a large local bank and through newly-established charge account plans. Many of our customers are using this new service and appreciate the added convenience.

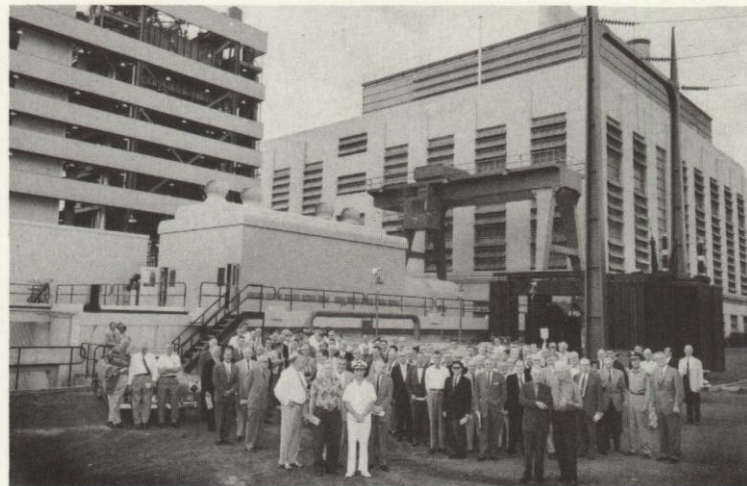
A complete program of service to our customers is one of the Company's main objectives. We not only provide reliable electric power, but have a staff of well-qualified employees to help our customers put this power to its fullest and most economical use.

PUBLIC RELATIONS

The Company has established a reputation for providing friendly, efficient service to its customers and for actively promoting social, cultural and economic betterment of the community.



Plant tours help tell public story behind electricity. A group of teachers formed "class" on Business Education Day.



Rotary Club shifted meeting place to Waiiau for visit to new Unit 5 and lunch in a tent as guests of Hawaiian Electric.

To help acquaint the public with Company facilities, several power plant tours were arranged during the year. On Sunday evenings the Company broadcasts the long-established radio concert series, the Music Hour. The Hawaiian Electric News was presented five nights a week on TV in 1959. Employees are encouraged to take part in service and social organizations and in politics; every major community activity finds Hawaiian Electric men and women participating.

The Company makes a genuine effort to keep its buildings and facilities modern and attractive so that they will contribute to the natural beauty of the island. Our substations are carefully landscaped to blend harmoniously with their surroundings, and we cooperate with a shade tree organization whose aim is to beautify our city.

We continually seek methods of improving the appearance of our distribution systems. We have a program to reduce the number of poles when rebuilding lines, have gone to spun secondary and mid-span taps, and are seeking ways to reduce the cost of underground wiring.

MERCHANDISING SUBSIDIARY

Honolulu Electrical Products Co., Ltd., a wholly-owned subsidiary of the Company, is engaged in the merchandising of electrical equipment, fixtures, appliances and accessories, as well as the repairing of electric apparatus, and represents in the State of Hawaii approximately 250 mainland manufacturers. Honolulu Electrical Products is the sole representative in the state for Westinghouse Electric Corporation, continuing a relationship that has existed since 1905 between The Hawaiian Electric Company, Limited and Westinghouse.

The new modern facilities especially designed for such an operation, located in an excellent business district, have proved highly beneficial to the subsidiary company. Gross profits increased from \$1,795,140 in 1958 to \$2,039,651 in 1959. After operating charges, depreciation accruals, taxes and interest on borrowings, \$185,565 of net income remained as compared with \$71,780 in 1958. Earnings of the subsidiary for the year were reinvested in the business.



Products firm handles 250 U.S. lines at block-square store and warehouse.

1959 saw more subdivisions beautifying with underground wiring.



OFFICERS

PHILIP E. SPALDING
Chairman of the Board

RALPH B. JOHNSON
President

GEORGE HOGG
Vice President and Treasurer

LEWIS W. LENGNICK
Vice President and Executive Engineer

CARL J. SCHIFFERS
Administrative Vice President

RICHARD L. SUMMERS
Vice President and Secretary

EUGENE A. HELBUSH
Assistant Secretary and Assistant Treasurer

WILL B. JOHNSTONE, JR.
Assistant Secretary and Assistant Treasurer

EDWARD A. MURTY
Assistant Secretary and Assistant Treasurer

DEPARTMENTAL ORGANIZATION

PHYSICAL OPERATIONS

LEWIS W. LENGNICK, *Vice President and Executive Engineer*

JESSE R. ZEIGLER, *Manager of Operations*

C. Dudley Pratt, Jr., Assistant to Manager of Operations
Frederick K. Bartels, Supt. Overhead Division
Allen K. Daniels, Supt. Substation Division
Eric L. Schlemmer, Supt. General Maintenance Division
Erling V. Schoenberg, Supt. Underground Division

Frank R. Hicks, Manager, Generation Department
F. E. Karr, Supt. of Maintenance
James H. Yamane, Sr., Supt. of Operation

William J. Froome, Manager, System Operation Department
John R. Britton, Supt. Operating Division
James A. Roth, Supt. Meter Division

CARL H. WILLIAMS, *Manager, Engineering Department*
Victor E. Larson, Principal Structural Engineer
Francis R. Montgomery, Principal Mechanical Engineer
Emil Olson, Power Plant Construction Engineer
John F. Richardson, Jr., System Planning Engineer
John A. Roling, Jr., Principal Electrical Engineer
Frank Ah Kan Shim, Principal Distribution Engineer
James C. Zane, Principal Cadastral Engineer

G. MURRAY WINSLEY, *Purchasing Agent and Manager, Purchasing and Stores Department*
Lionel G. Lino, Superintendent of Stores
Jack Weinberg, Chief Buyer

GENERAL ACCOUNTING DEPARTMENT

GEORGE HOGG, *Vice President and Treasurer*
Hallet N. DeGaa, Cashier
Eugene A. Helbush, Controller of Accounting
Roy E. Jacobson, Utility Collection Manager
Will B. Johnstone, Jr., Executives' Assistant
Edward A. Murty, Budget Director

ADMINISTRATION AND INDUSTRIAL RELATIONS

CARL J. SCHIFFERS, *Administrative Vice President*
Curtin A. Leser, Manager, Personnel Department
Dennis Brown, King Street Building Service Supervisor

COMMERCIAL DEPARTMENT

HERBERT HEINRICH, *Commercial Manager*
Willard Angell, Supervisor, Application Division
Rollin C. Bacher, Industrial Development Section
D. S. Cavaco, Supervisor, Meter Reading Division
Charles H. McAllister, Principal Commercial Engineer
Harry J. Palmer, Supervisor, Electric Sales Division
Kenneth Stretch, Principal Rate Engineer

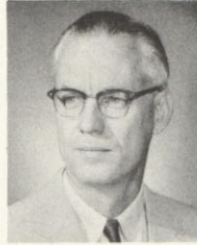
PROMOTIONAL DEPARTMENT

CHARLES E. NOLAN, *Vice President and Promotional Manager*
Erma Meeks Boyen, Home Service Director
Francis H. Williams, Assistant Promotional Manager
Bernard F. Young, Commercial Electric Equipment Specialist

DIRECTORS



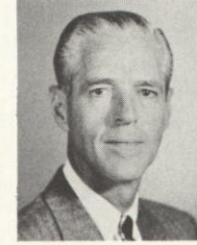
P. E. SPALDING
Chairman of the Board
The Hawaiian Electric Company, Ltd.



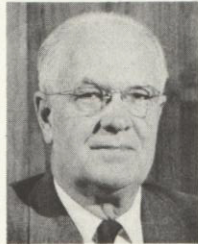
J. B. ATHERTON
President
Hawaiian Telephone Company



T. A. COOKE
Trustee of Estates



G. W. FISHER
President
Bishop Trust Company, Limited



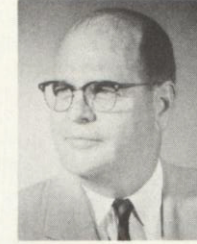
L. A. HICKS
Chairman, Finance Committee
The Hawaiian Electric Company, Ltd.



GEORGE HOGG
Vice President, Treasurer
The Hawaiian Electric Company, Ltd.



RALPH B. JOHNSON
President
The Hawaiian Electric Company, Ltd.



DUDLEY C. LEWIS
Attorney-at-Law
Lewis, Buck & Saunders



J. SCOTT B. PRATT, III
President
Hawaiian Trust Company, Limited



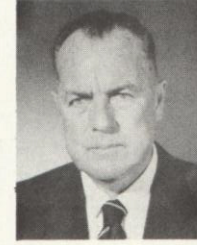
H. M. RICHARDS
Assistant Secretary
Castle & Cooke, Inc.



A. E. STEADMAN
Chairman, Board of Directors
Cooke Trust Company, Limited



H. V. VON HOLT
Estate Management



HEATON L. WRENN
Attorney-at-Law
Anderson, Wrenn & Jenks

BALANCE
SHEET

ASSETS

December 31, 1959
(with comparative figures for the previous year)

| | 1959 | 1958 | Increase (Decrease) |
|--|----------------------|---------------------|------------------------|
| UTILITY PLANT (Note 1): | | | |
| In service..... | \$103,684,332 | \$88,774,189 | \$14,910,143 |
| Construction in progress..... | 947,025 | 6,795,891 | (5,848,866) |
| | <u>\$104,631,357</u> | <u>\$95,570,080</u> | <u>\$ 9,061,277</u> |
| Less accumulated depreciation (Note 2)..... | 16,473,407 | 15,064,970 | 1,408,437 |
| | <u>\$ 88,157,950</u> | <u>\$80,505,110</u> | <u>\$ 7,652,840</u> |
| INVESTMENTS: | | | |
| Capital stock of wholly-owned subsidiary, at cost (Note 3)..... | 3,000,000 | 3,000,000 | |
| Real estate and improvements, at cost less accumulated depreciation..... | 27,446 | 28,019 | (573) |
| | <u>\$ 3,027,446</u> | <u>\$ 3,028,019</u> | <u>\$ (573)</u> |
| CURRENT ASSETS: | | | |
| Cash..... | 2,128,891 | 1,453,640 | 675,251 |
| Temporary cash investments..... | 2,000,000 | | 2,000,000 |
| Accounts receivable..... | 2,619,884 | 2,373,149 | 246,735 |
| Allowance for uncollectible accounts..... | (67,475) | (67,475) | |
| Construction and operating materials and supplies, at average cost..... | 1,997,682 | 1,709,232 | 288,450 |
| Prepaid expenses..... | 246,877 | 62,569 | 184,308 |
| | <u>\$ 8,925,859</u> | <u>\$ 5,531,115</u> | <u>\$ 3,394,744</u> |
| DEFERRED CHARGES: | | | |
| Unamortized debt expense..... | 446,856 | 321,458 | 125,398 |
| Clearing accounts..... | 37,511 | 123,716 | (86,205) |
| Other..... | 74,296 | 187,218 | (112,922) |
| | <u>\$ 558,663</u> | <u>\$ 632,392</u> | <u>\$ (73,729)</u> |
| CAPITAL STOCK EXPENSE | | | |
| (no provision made for amortization)..... | 861,898 | 854,234 | 7,664 |
| | <u>\$101,531,816</u> | <u>\$90,550,870</u> | <u>\$10,980,946</u> |

See accompanying notes to financial statements.

BALANCE
SHEET

LIABILITIES

December 31, 1959
(with comparative figures for the previous year)

| CAPITALIZATION: | 1959 | 1958 | Increase (Decrease) |
|--|----------------------|---------------------|------------------------|
| Capital stock and surplus: | | | |
| Common stock (\$20 par value)— | | | |
| Authorized, 1,100,000 shares | | | |
| Outstanding, 931,700 shares..... | \$ 18,634,000 | \$18,634,000 | |
| Premium on common stock..... | 2,983,750 | 2,983,750 | |
| Earnings reinvested in the business: (restricted; 1959, \$598,988; 1958, \$614,882—Note 4)..... | 9,816,331 | 9,080,501 | \$ 735,830 |
| | <u>\$ 31,434,081</u> | <u>\$30,698,251</u> | <u>\$ 735,830</u> |
| Cumulative preferred stock (\$20 par value) (Note 5)..... | 15,320,000 | 15,320,780 | (780) |
| Total capital stock and surplus..... | <u>\$ 46,754,081</u> | <u>\$46,019,031</u> | <u>\$ 735,050</u> |
| First mortgage bonds (Note 6)..... | 45,000,000 | 35,000,000 | 10,000,000 |
| Total capitalization..... | <u>\$ 91,754,081</u> | <u>\$81,019,031</u> | <u>\$10,735,050</u> |
| | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable..... | 811,910 | 835,157 | (23,247) |
| Accrued taxes..... | 2,660,550 | 2,588,203 | 72,347 |
| Accrued interest on long-term debt..... | 495,896 | 357,354 | 138,542 |
| Accrued payroll..... | 91,730 | 63,515 | 28,215 |
| Accrued retirement annuity premium..... | 27,390 | 479,722 | (452,332) |
| Other..... | 86,431 | 86,699 | (268) |
| | <u>\$ 4,173,907</u> | <u>\$ 4,410,650</u> | <u>\$ (236,743)</u> |
| | | | |
| DEFERRED CREDITS: | | | |
| Unamortized depreciation adjustment..... | 1,584,000 | 1,672,000 | (88,000) |
| Unamortized premium on debt..... | 129,753 | 144,939 | (15,186) |
| Other..... | 43,061 | 70,903 | (27,842) |
| | <u>\$ 1,756,814</u> | <u>\$ 1,887,842</u> | <u>\$ (131,028)</u> |
| | | | |
| RESERVES: | | | |
| Future federal taxes on income (Note 7)..... | 1,311,259 | 906,450 | 404,809 |
| Workmen's compensation liability..... | 75,113 | 75,113 | |
| | <u>\$ 1,386,372</u> | <u>\$ 981,563</u> | <u>\$ 404,809</u> |
| | | | |
| CONTRIBUTIONS IN AID OF CONSTRUCTION..... | 2,460,642 | 2,251,784 | 208,858 |
| | <u>\$101,531,816</u> | <u>\$90,550,870</u> | <u>\$10,980,946</u> |

See accompanying notes to financial statements.

STATEMENT OF INCOME

Year Ended December 31, 1959
(with comparative figures for the previous year)

| | 1959 | 1958 | Increase (Decrease) |
|--|---------------------|---------------------|------------------------|
| OPERATING REVENUES: | | | |
| Sales of electric energy..... | \$27,225,105 | \$25,393,300 | \$ 1,831,805 |
| Other electric revenues..... | 39,569 | 32,792 | 6,777 |
| | <u>\$27,264,674</u> | <u>\$25,426,092</u> | <u>\$ 1,838,582</u> |
| OPERATING COSTS: | | | |
| Fuel oil..... | 6,046,340 | 5,897,233 | 149,107 |
| Other operating expenses..... | 5,969,827 | 5,771,775 | 198,052 |
| Maintenance..... | 2,048,666 | 2,000,327 | 48,339 |
| Depreciation..... | 2,023,579 | 1,881,521 | 142,058 |
| Taxes..... | 6,187,614 | 5,560,036 | 627,578 |
| Amortization of depreciation adjustment..... | (88,000) | (88,000) | ----- |
| | <u>\$22,188,026</u> | <u>\$21,022,892</u> | <u>\$ 1,165,134</u> |
| OPERATING INCOME..... | \$ 5,076,648 | \$ 4,403,200 | \$ 673,448 |
| OTHER INCOME: | | | |
| Interest..... | 82,022 | 4,599 | 77,423 |
| Miscellaneous..... | ----- | 1,761 | (1,761) |
| | <u>\$ 82,022</u> | <u>\$ 6,360</u> | <u>\$ 75,662</u> |
| GROSS INCOME..... | \$ 5,158,670 | \$ 4,409,560 | \$ 749,110 |
| INCOME DEDUCTIONS: | | | |
| Interest on long-term debt..... | 1,600,028 | 1,262,250 | 337,778 |
| Amortization of premium on debt..... | (15,185) | (15,185) | ----- |
| Amortization of debt expense..... | 21,060 | 17,694 | 3,366 |
| Other interest charges..... | 20,975 | 43,010 | (22,035) |
| Interest charged to construction..... | (371,596) | (131,136) | (240,460) |
| Donations..... | 54,578 | 52,177 | 2,401 |
| Miscellaneous other deductions..... | 11,981 | 7,287 | 4,694 |
| | <u>\$ 1,321,841</u> | <u>\$ 1,236,097</u> | <u>\$ 85,744</u> |
| NET INCOME FOR THE YEAR..... | \$ 3,836,829 | \$ 3,173,463 | \$ 663,366 |

See accompanying notes to financial statements.

STATEMENT OF EARNINGS REINVESTED IN BUSINESS

Year Ended December 31, 1959
(with comparative figures for the previous year)

| | 1959 | 1958 | Increase (Decrease) |
|---|---------------------|---------------------|------------------------|
| BALANCE, JANUARY 1..... | \$ 9,080,501 | \$ 8,658,708 | \$ 421,793 |
| ADD: | | | |
| Net income for the year..... | 3,836,829 | 3,173,463 | 663,366 |
| Transfers from contributions in aid of construction (contributions held over 23 years)..... | 10,645 | 7,493 | 3,152 |
| Gain on sale of land (after applicable income taxes)..... | 4,717 | ----- | 4,717 |
| | <u>\$ 3,852,191</u> | <u>\$ 3,180,956</u> | <u>\$ 671,235</u> |
| | <u>\$12,932,692</u> | <u>\$11,839,664</u> | <u>\$ 1,093,028</u> |
| DEDUCT: | | | |
| Cash dividends: | | | |
| Preferred stock..... | 783,882 | 585,496 | 198,386 |
| Common stock (\$2.50 per share)..... | 2,329,250 | 2,170,438 | 158,812 |
| Pro rata share of capital stock expense applicable to preferred stock reacquired..... | 3,229 | 3,229 | ----- |
| | <u>\$ 3,116,361</u> | <u>\$ 2,759,163</u> | <u>\$ 357,198</u> |
| BALANCE, DECEMBER 31 (Note 4)..... | \$ 9,816,331 | \$ 9,080,501 | \$ 735,830 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—UTILITY PLANT

Plant constructed by the company is stated at cost of construction, which includes indirect costs and, in certain instances, a mark-on allowed the company's subsidiary on materials and equipment obtained through the subsidiary. During the year the company purchased materials aggregating \$4,597,777 from its wholly-owned subsidiary, the major portion of which related to capital additions. The subsidiary's mark-on on these purchases amounted to \$483,158, less related gross income taxes of \$155,480. The actual amount of inter-company profit on these transactions is not ascertainable due to the inability to determine the amount of applicable expenses of the subsidiary but, after deducting such expenses, it is not considered to be material in relation to total utility plant expenditures.

In the latter part of 1958, with the approval of our auditors, the company changed procedures relating to the capitalization of supervision and engineering expenses to provide a more precise allocation of these costs between plant accounts and operating costs. It is estimated that this change resulted in a net reduction, after income taxes, of approximately \$145,000 and \$55,000 in 1959 and 1958, respectively, in operating costs and an increase in additions to utility plant.

NOTE 2—ACCUMULATED DEPRECIATION

The company, since January 1, 1955, has computed depreciation on a four per cent, sinking fund, group method utilizing the remaining-life principle. In reporting for federal taxes on income, the company has taken deductions for depreciation on the straight-line method, except that since January 1, 1955, the deductions for depreciation on new additions have been computed under the accelerated depreciation provisions of the 1954 Internal Revenue Code. The deductions for depreciation taken for federal income tax purposes exceeded the amounts provided for in the accounts by \$983,709 in 1959 and \$920,739 in 1958, which amounts included approximately \$778,000 and \$698,000 of accelerated depreciation.

NOTE 3—INVESTMENT IN CAPITAL STOCK OF WHOLLY-OWNED SUBSIDIARY

As of December 31, 1959, the company's equity in the net assets of the subsidiary amounted to \$3,619,700. Net income of the subsidiary for 1959 amounted to \$185,565. The accounts of the company and the subsidiary have not been consolidated on the accompanying financial statements.

NOTE 4—EARNINGS REINVESTED IN THE BUSINESS

The restriction on earnings reinvested in the business was created in January 1953, through a credit to surplus of \$817,009 arising from the adjustment of the carrying value of the utility plant to agree with the historical cost used by the Public Utilities Commission. The restricted reinvested earnings are reduced as the revalued assets are retired from service, and accordingly the amount so restricted as to payment of dividends had been reduced to \$598,988 as of December 31, 1959.

NOTE 5—PREFERRED STOCK

The following series of preferred stock were outstanding at December 31, 1959:

| Authorized and issued: | Shares | Par Value |
|--------------------------------------|----------------|---------------------|
| Series B, 5%..... | 100,000 | \$ 2,000,000 |
| Series C, 4 1/4%..... | 150,000 | 3,000,000 |
| Series D, 5%..... | 50,000 | 1,000,000 |
| Series E, 5%..... | 150,000 | 3,000,000 |
| Series F, 5 1/2%..... | 150,000 | 3,000,000 |
| Series G, 5 3/4%..... | 175,000 | 3,500,000 |
| | <u>775,000</u> | <u>\$15,500,000</u> |
| Less reacquired Series F shares..... | 9,000 | 180,000 |
| Outstanding | <u>766,000</u> | <u>\$15,320,000</u> |

In accordance with the terms of the issue, 3,000 shares of Series F preferred stock with a par value of \$60,000 are required to be reacquired annually. Shares so reacquired are not subject to reissue.

NOTE 6—FIRST MORTGAGE BONDS

The following series of first mortgage bonds were outstanding at December 31, 1959:

| | |
|---------------------------------|---------------------|
| Series D, 3 1/2%, due 1964..... | \$ 5,000,000 |
| Series E, 3 3/8%, due 1970..... | 5,000,000 |
| Series F, 3%, due 1977..... | 5,000,000 |
| Series G, 3 1/2%, due 1981..... | 3,000,000 |
| Series H, 3 1/2%, due 1982..... | 4,000,000 |
| Series I, 3.45%, due 1984..... | 6,000,000 |
| Series J, 4.70%, due 1987..... | 7,000,000 |
| Series K, 4.75%, due 1989..... | 10,000,000 |
| | <u>\$45,000,000</u> |

These bonds are secured by a trust indenture which by its terms purports to be a lien on substantially all of the property of the company, including all of the outstanding capital stock of the subsidiary.

NOTE 7—RESERVE FOR FUTURE FEDERAL TAXES ON INCOME

Permission has been granted by the Public Utilities Commission of the State of Hawaii to charge to income amounts equal to tax reductions arising from accelerated depreciation deductions taken under the provisions of the Internal Revenue Code of 1954. Accordingly, income was charged and a reserve for "future federal taxes on income" was credited with \$404,809 for 1959 and \$363,103 for 1958.

NOTE 8—COMMITMENTS

At December 31, 1959, the company had purchase commitments approximating \$4,525,000 in connection with its plant expansion program.

Pension costs for past services under the company's supplementary pension plan which had not been funded or otherwise provided for at December 31, 1959, are estimated to amount to approximately \$3,798,000.

AUDITOR'S OPINION

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS
(INCORPORATING CAMERON, TENNENT & DUNN)
TRUSTCO BUILDING
P. O. BOX 3586
HONOLULU II, HAWAII

January 29, 1960

The Stockholders
The Hawaiian Electric Company, Limited

We have examined the balance sheet of The Hawaiian Electric Company, Limited, as of December 31, 1959, and the related statements of income and earnings reinvested in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and earnings reinvested in the business present fairly the financial position of The Hawaiian Electric Company, Limited, at December 31, 1959, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year.

Peat, Marwick, Mitchell & Co.



TEN
YEARS
OF GROWTH

Statistics for decade
from 1950 to 1959
show extent and rapidity
of Company's progress.

| | 1954 | 1953 | 1952 | 1951 | 1950 |
|-------|--------------|--------------|--------------|--------------|--------------|
| 20 | \$68,447,623 | \$55,766,675 | \$53,005,275 | \$51,228,431 | \$48,667,329 |
| 16 | 193,132 | 4,732,984 | 453,526 | 262,053 | 330,508 |
| 36 | \$68,640,755 | \$60,499,659 | \$53,458,801 | \$51,490,484 | \$48,997,837 |
| 37 | 11,016,309 | 10,558,766 | 12,959,458 | 12,026,744 | 11,209,255 |
| 00 | 28,000,000 | 22,000,000 | 22,000,000 | 18,000,000 | 15,200,000 |
| 00 | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 |
| 00 | 14,000,000 | 13,000,000 | 11,000,000 | 10,000,000 | 10,000,000 |
| 77 | 8,284,495 | 7,703,892 | 5,501,570 | 5,355,015 | 5,199,720 |
| 77 | \$59,284,495 | \$51,703,892 | \$47,501,570 | \$42,355,015 | \$39,399,720 |
| 50 | 877,475 | 726,250 | 609,583 | 523,667 | 489,250 |
| 50 | 427,500 | 427,500 | 427,500 | 427,500 | 359,268 |
| 00 | 1,325,000 | 1,150,000 | 1,025,000 | 1,000,000 | 1,225,000 |
| .16 | 2.82 | 2.81 | 2.33 | 2.30 | 3.13 |
| .16 | 2.65 | 2.45 | 2.13 | 2.30 | 3.06 |
| .50 | 2.00 | 2.00 | 2.00 | 2.00 | 2.50 |
| .54 | 31.83 | 31.85 | 30.00 | 30.71 | 30.40 |
| 388 | \$15,861,032 | \$14,909,080 | \$13,020,553 | \$11,879,223 | \$10,728,425 |
| 825 | 113,238 | 126,009 | 121,529 | 79,854 | 50,786 |
| 213 | \$15,974,270 | \$15,035,089 | \$13,142,082 | \$11,959,077 | \$10,779,211 |
| 714 | 3,507,805 | 3,401,961 | 2,979,835 | 2,631,634 | 2,122,380 |
| 757 | 4,289,780 | 3,794,163 | 3,408,487 | 3,059,594 | 2,883,084 |
| 400 | 1,747,543 | 1,662,107 | 1,399,669 | 1,160,135 | 996,410 |
| 639 | 1,316,300 | 1,248,268 | 1,165,737 | 1,086,230 | 936,696 |
| 301 | 1,162,715 | 1,272,608 | 995,065 | 1,063,744 | 931,008 |
| 252 | 1,390,380 | 1,248,211 | 1,092,671 | 1,053,453 | 992,120 |
| 189) | (161,559) | (53,456) | (1,625) | (4,351) | (74,188) |
| 000) | (88,000) | (88,000) | ----- | ----- | ----- |
| 874 | \$13,164,964 | \$12,485,862 | \$11,039,839 | \$10,050,439 | \$8,787,510 |
| 339 | 2,809,306 | 2,549,227 | 2,102,243 | 1,908,638 | 1,991,701 |
| 905 | 83,940 | 148,543 | 155,389 | 264,960 | 295,324 |
| 148 | 609,459 | 679,834 | 658,578 | 598,491 | 399,171 |
| 096 | \$2,283,787 | \$2,017,936 | \$1,599,054 | \$1,575,107 | \$1,887,854 |
| 642 | 729,582,908 | 699,439,219 | 647,314,521 | 575,221,538 | 522,324,630 |
| 788 | 3,501 | 3,242 | 3,076 | 2,867 | 2,688 |
| .71¢ | 2.65¢ | 2.69¢ | 2.56¢ | 2.62¢ | 2.66¢ |
| .915 | 90,576 | 86,593 | 83,708 | 80,307 | 76,229 |
| .348 | 75,274 | 71,587 | 68,882 | 65,683 | 61,956 |
| .000‡ | 275,000 | 220,000 | 220,000 | 220,000 | 220,000 |
| .000 | 172,200 | 168,000 | 150,500 | 140,000 | 126,000 |

† Does not include taxes charged through clearing accounts or capitalized. ‡ 5,000 KW capability added by boiler improvements.

THE HAWAIIAN ELECTRIC COMPANY, LIMITED

900 Richards Street
Honolulu 13, Hawaii

The Hawaiian Electric Company, Limited is a corporation existing under the laws of the State of Hawaii, originally incorporated under the laws of the Kingdom of Hawaii on October 13, 1891.

The Company is an operating public utility engaged principally in the production, transmission, distribution and sale of electric energy on the Island of Oahu. It is not affiliated in any manner with a holding company nor with

any other corporation. Honolulu Electrical Products Co., Ltd. is a wholly-owned merchandise subsidiary.

A trust mortgage to the Hawaiian Trust Company, Limited was executed on December 1, 1938 to provide for the issuance of First Mortgage Bonds in series equally secured thereunder. Company securities are listed on the Honolulu Stock Exchange.

TRANSFER AGENTS

Morgan Guaranty Trust Company of New York
140 Broadway
New York 15, N. Y.

*Wells Fargo Bank
Market Street at Montgomery
San Francisco 20, California

The Hawaiian Electric Company, Limited
900 Richards Street
Honolulu 13, Hawaii

REGISTRARS

The Chase Manhattan Bank
40 Wall Street
New York 15, N. Y.

The Bank of California *National Association*
400 California Street
San Francisco 20, California

Cooke Trust Company, Limited
926 Fort Street
Honolulu 13, Hawaii

* Wells Fargo Bank and American Trust Company have announced their intention to merge.

