

FORM 10-Q/A

AMENDMENT TO FORM 10-Q PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Amendment: January 14, 2002
Date of Report Being Amended: August 13, 2001

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

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from ----- to -----

Commission file number 0-565

ALEXANDER & BALDWIN, INC.

(Exact name of registrant as specified in its charter)

HAWAII 99-0032630

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

P. O. BOX 3440, HONOLULU, HAWAII 96801
822 BISHOP STREET, HONOLULU, HAWAII 96813

(Address of principal executive offices) (Zip Code)

(808) 525-6611

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Number of shares of common stock outstanding as of June 30, 2001: 40,569,696

EXPLANATORY NOTE:

This Form 10-Q/A amends the Form 10-Q filed by Alexander & Baldwin, Inc. ("Registrant") with the Securities and Exchange Commission for the quarter ended June 30, 2001, to include the complete text of the first page (cover page) of the Form 10-Q. The Registrant has made no further changes to its Form 10-Q filed with the Securities and Exchange Commission on August 13, 2001 or to the exhibits included with that Form 10-Q.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed financial statements and notes for the second quarter and first six months of 2001 are presented below, with comparative figures from the 2000 financial statements.

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Statements of Income
(In thousands except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
Revenue:				
Operating revenue	\$277,191	\$284,819	\$549,976	\$513,384
Interest, dividends and other	16,972	4,341	20,031	8,001
Total revenue	294,163	289,160	570,007	521,385
Costs and Expenses:				
Costs of goods sold, services and rentals	225,053	217,099	435,388	400,478
Selling, general and administrative	24,504	21,626	49,448	43,419
Interest	4,870	5,959	10,649	11,306
Income taxes	15,222	16,233	27,574	23,758
Total costs and expenses	269,649	260,917	523,059	478,961
Income Before Cumulative Effect of Change in Accounting Method	24,514	28,243	46,948	42,424
Cumulative Effect of Change in Accounting Method for Drydocking Costs (net of income taxes of \$7,668, Note d)	--	--	--	12,250
Net Income	\$ 24,514	\$ 28,243	\$ 46,948	\$ 54,674
Basic Earnings Per Share:				
Before cumulative effect of accounting change	\$ 0.61	\$ 0.69	\$ 1.16	\$ 1.03
Accounting change (Note d)	--	--	--	0.29
Net income	\$ 0.61	\$ 0.69	\$ 1.16	\$ 1.32
Diluted Earnings Per Share:				
Before cumulative effect of accounting change	\$ 0.60	\$ 0.69	\$ 1.15	\$ 1.03
Accounting change (Note d)	--	--	--	0.29
Net income	\$ 0.60	\$ 0.69	\$ 1.15	\$ 1.32
Dividends Per Share	\$ 0.225	\$ 0.225	\$ 0.450	\$ 0.450
Average Number of Shares Outstanding Outstanding	40,568	40,722	40,538	41,427

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Industry Segment Data, Net Income
(In thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000
	-----		-----	
	(unaudited)		(unaudited)	
Revenue:				
Ocean Transportation	\$ 203,212	\$ 213,584	\$ 399,821	\$ 413,809
Property Development and Management:				
Leasing	17,490	15,287	34,586	29,805
Sales	29,155	24,987	72,239	28,039
Food Products	28,118	34,504	46,316	48,170
Other	16,188	798	17,045	1,562
	-----	-----	-----	-----
Total revenue	\$ 294,163	\$ 289,160	\$ 570,007	\$ 521,385
	=====	=====	=====	=====
Operating Profit, Net Income:				
Ocean Transportation	\$ 18,713	\$ 27,914	\$ 36,168	\$ 47,807
Property Development and Management:				
Leasing	8,679	7,606	17,419	14,790
Sales	3,551	18,917	15,767	19,618
Food Products	747	(2,060)	5,852	8
Other	16,107	764	16,947	1,473
	-----	-----	-----	-----
Total operating profit	47,797	53,141	92,153	83,696
Interest Expense	(4,870)	(5,959)	(10,649)	(11,306)
Corporate Expenses	(3,191)	(2,706)	(6,982)	(6,208)
	-----	-----	-----	-----
Income Before Taxes and Accounting Change	39,736	44,476	74,522	66,182
Income Taxes	(15,222)	(16,233)	(27,574)	(23,758)
	-----	-----	-----	-----
Income Before Accounting Change	24,514	28,243	46,948	42,424
Cumulative Effect of Accounting Change	--	--	--	12,250
	-----	-----	-----	-----
Net Income	\$ 24,514	\$ 28,243	\$ 46,948	\$ 54,674
	=====	=====	=====	=====

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Balance Sheets
(In thousands)

	June 30, 2001 ----- (unaudited)	December 31, 2000 ----- (audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 308	\$ 3,451
Accounts and notes receivable, net	132,531	141,553
Inventories	23,879	17,137
Real estate held for sale	11,662	19,324
Deferred income taxes	13,265	13,186
Prepaid expenses and other assets	10,821	18,736
Accrued deposits to Capital Construction Fund	(2,000)	(4,520)
	-----	-----
Total current assets	190,466	208,867
	-----	-----
Investments	181,055	183,141
	-----	-----
Real Estate Developments	59,419	62,628
	-----	-----
Property, at cost	1,884,927	1,808,194
Less accumulated depreciation and amortization	882,601	853,502
	-----	-----
Property - net	1,002,326	954,692
	-----	-----
Capital Construction Fund	151,322	150,405
	-----	-----
Other Assets	102,494	106,279
	-----	-----
Total	\$1,687,082	\$1,666,012
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable and current portion of long-term debt	\$ 29,500	\$ 30,500
Accounts payable	64,268	63,075
Other	63,517	59,431
	-----	-----
Total current liabilities	157,285	153,006
	-----	-----
Long-term Liabilities:		
Long-term debt	311,823	330,766
Post-retirement benefit obligations	44,363	44,752
Other	57,074	56,698
	-----	-----
Total long-term liabilities	413,260	432,216
	-----	-----
Deferred Income Taxes	391,935	387,139
	-----	-----
Shareholders' Equity:		
Capital stock	33,369	33,248
Additional capital	64,732	58,007
Unrealized holding gains on securities	68,238	61,937
Retained earnings	570,233	552,637
Cost of treasury stock	(11,970)	(12,178)
	-----	-----
Total shareholders' equity	724,602	693,651
	-----	-----
Total	\$1,687,082	\$1,666,012
	=====	=====

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Statements of Cash Flows
(In thousands)

	Six Months Ended June 30,	
	2001	2000
	----	----
	(unaudited)	
Cash Flows from Operating Activities	\$ 77,714	\$ 43,318
	-----	-----
Cash Flows from Investing Activities:		
Capital expenditures	(63,363)	(45,706)
Proceeds from sale of investments	16,217	--
Capital Construction Fund, net	358	1,807
Other	774	1,646
	-----	-----
Net cash used in investing activities	(46,014)	(42,253)
	-----	-----
Cash Flows from Financing Activities:		
Proceeds from issuances of long-term debt	6,000	64,000
Payments of debt, net	(26,000)	(12,500)
Proceeds from short-term commercial paper borrowings, net	--	5,000
Proceeds from issuances of capital stock	3,409	51
Repurchases of capital stock	--	(43,294)
Dividends paid	(18,252)	(18,625)
	-----	-----
Net cash used in financing activities	(34,843)	(5,368)
	-----	-----
Net Decrease in Cash and Cash Equivalents	\$ (3,143)	\$ (4,303)
	=====	=====
Other Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ (12,187)	\$ (11,123)
Income taxes paid, net of refunds	(18,091)	(17,098)
Other Non-cash Information:		
Accrued withdrawals from Capital Construction Fund, net	(2,520)	(1,204)
Depreciation expense	(36,310)	(34,478)
Tax-deferred property sales	30,843	23,056
Tax-deferred property purchases	(42,257)	(3,139)
Change in unrealized holding gains	6,301	(10,295)

Financial Notes
(Unaudited)

- (a) The condensed balance sheet as of June 30, 2001, the condensed statements of income for the three months and six months ended June 30, 2001 and 2000, and the condensed statements of cash flows for the six months ended June 30, 2001 and 2000 are unaudited. Because of the nature of the Company's operations, the results for interim periods are not necessarily indicative of results to be expected for the year, but in the opinion of management, all material adjustments necessary for the fair presentation of interim period results have been included in the interim financial statements.
- (b) Estimated effective annual income tax rates differ from statutory rates, primarily due to the dividends-received deduction, various tax credits and the charitable donation of appreciated stock (See Note e).
- (c) The Company's total non-owner changes in shareholders' equity consist of net income, adjusted for unrealized holding gains (losses) on securities (other comprehensive income). On this basis, comprehensive income for the three months ended June 30, 2001 and 2000 was \$38.4 million and \$17.2 million, respectively. Comprehensive income for the six months ended June 30, 2001 and 2000 was \$53.2 million and \$44.4 million, respectively.
- (d) The cumulative effect of an accounting change in the first quarter of 2000 related to the treatment of vessel drydocking costs. The Company changed its method of accounting for these costs from the accrual method to the deferral method. Drydocking costs had been accrued as a liability and an expense on an estimated basis, in advance of the next scheduled drydocking. Under the deferral method, actual drydocking costs are capitalized when incurred and amortized over the period benefited. This change was made to conform with prevailing industry accounting practices. The cumulative effect of this accounting change, as of January 1, 2000, is shown separately in the condensed statements of income and resulted in income of \$12,250,000 (net of income tax expense of \$7,668,000), or \$0.29 per share.

The effect of this change in accounting method as of January 1, 2000, on the Condensed Balance Sheets, was to increase Other Assets by \$4,765,000, eliminate drydocking reserves of \$15,153,000, increase deferred taxes by \$7,668,000, and increase total shareholders' equity by \$12,250,000. The pro-forma effect of the change on 2000 net income is the same as the reported amount.

- (e) Investments: During the first half of 2001, the Company divested its holdings in Pacific Century Financial Corporation ("Pacific Century") (NYSE:BOH). This was completed through the sales, in the second quarter, of 749,000 shares of the stock for \$16,200,000 and the donations, in the first quarter, of 360,000 shares to the Company's charitable foundation. The fair value of the donated stock was \$7.5 million and the historical cost basis of the donated shares was approximately \$500,000. The net expense related to this contribution of \$500,000 is included in the 2001 first quarter financial statements (Selling, general and administrative Expense in the Condensed Statements of Income, and in Corporate Expenses in the Industry Segment Data.) The after-tax gain on the sale of the Pacific Century stock was approximately \$9.4 million, or \$0.23 per share. This gain is included in the Company's 2001 second quarter financial results in the Condensed Statements of Income under "Interest, dividends and other" and in the Industry Segment Data under "Other."

In May 2001, BNP Paribas SA, France's largest bank, announced that, subject to regulatory, shareholder and other approvals, it would purchase the remaining 55 percent of BancWest Corporation ("BancWest") (NYSE:BWE) which it did not already own. This offer was 40 percent higher than the market price of BancWest's stock at the time of the offer. The transaction is expected to occur during the third quarter of 2001. The sale of the Company's holdings in BancWest, at \$35 per share, would result in an after-tax realized gain of approximately \$68 million, or \$1.68 per share.

- (f) Certain amounts have been reclassified to conform with the current year's presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SECOND QUARTER AND FIRST HALF EVENTS:

Net income for the second quarter of 2001 was \$24,514,000, or \$0.61 per basic share. In the second quarter of 2000, income was \$28,243,000, or \$0.69 per basic share. Revenue in the second quarter of 2001 was \$294,163,000, compared with revenue of \$289,160,000 in the second quarter of 2000. Second quarter 2001 net income includes a gain of \$9,400,000 (\$0.23 per basic share), due to the sale of the Company's investment in Pacific Century Financial Corporation ("Pacific Century")(NYSE:BOH).

Net income for the first half of 2001 was \$46,948,000, or \$1.16 per basic share, compared with \$54,674,000, or \$1.32 per basic share, for the first half of 2000. The 2000 net income includes a change in accounting for vessel drydocking costs that resulted in a one-time non-cash increase of \$12,250,000 in net income (\$0.29 per basic share). This change is described in Note (d) to the second quarter 2001 financial statements. Excluding the change in accounting, net income rose by \$4,524,000, or 11 percent, compared with the first half of 2000.

Interest expense for the first half and second quarter of 2001 were lower than in the comparable periods last year, due to lower rates and lower debt balances.

Financial Condition and Liquidity

The Company's principal liquid resources, comprising cash and cash equivalents, receivables, sugar and coffee inventories and unused lines of credit, less accrued deposits to the Capital Construction Fund, totaled \$410,090,000 at June 30, 2001, an increase of \$165,018,000 from December 31, 2000. This net increase was due primarily to \$140,000,000 for new facilities, a \$45,000,000 increase in the Company's multi-bank revolving credit facility, \$7,500,000 lower drawn balances on variable rate facilities, and agricultural inventories which were \$7,000,000 higher than 2000 year end (due to seasonality of production cycles), partially offset by the expiration and non-renewal of a \$25,000,000 uncommitted short-term facility, and lower receivables and cash balances.

Working capital was \$33,181,000 at June 30, 2001, a decrease of \$22,680,000 from the amount at the end of 2000. The lower working capital was due primarily to a lower inventory of residential units, higher income taxes payable, lower trade receivables, and lower cash balances, partially offset by higher agricultural products inventory. The lower inventory of residential units was due to active sales of residential units on Maui. The remaining factors are the result of normal seasonality.

RESULTS OF SEGMENT OPERATIONS -
SECOND-QUARTER 2001 COMPARED WITH THE SECOND-QUARTER 2000

Ocean Transportation revenue of \$203,212,000 for the second quarter of 2001 decreased five percent from the \$213,584,000 reported in 2000. Operating profit of \$18,713,000 decreased 33 percent from the \$27,914,000 reported in 2000. The lower revenue was mainly due to the 2000 discontinuation of the Company's Pacific Coast shuttle service and lower intermodal revenue. These two revenue reduction factors, however, had little impact on the lower operating profit. The decrease in operating profit resulted primarily from modestly lower cargo volume, higher fleet costs, higher information technology expenses, and the Company's share of lower results from a stevedoring joint venture, partially offset by rate actions taken in 2001. Second quarter 2001 Hawaii service container volume was two-percent lower than in the second quarter of 2000. Automobile volume was two-percent higher for the second quarter compared with a year earlier.

Property Development and Management - Leasing revenue of \$17,490,000 and operating profit of \$8,679,000 for the second quarter of 2001 were both 14 percent higher than in the second quarter of 2000. These increases were due primarily to additions to the property portfolio in late 2000 and early 2001, and higher Hawaii occupancy levels. Second quarter 2001 occupancy levels for Mainland properties averaged 93 percent, versus 96 percent in the second quarter of 2000. Occupancy levels for Hawaii properties averaged 90 percent in the second quarter of 2001, versus 85 percent a year earlier. Mainland occupancy declined due to lease expirations for several large industrial tenants. The increase in Hawaii occupancy was due primarily to higher tenancy in retail and warehouse properties.

Property Development and Management - Sales revenue of \$29,155,000 and operating profit of \$3,551,000 for the second quarter of 2001 were primarily the result of selling 46 residential properties, four business parcels and a four-acre parcel on Maui. Sales revenue of \$24,987,000 and operating profit of \$18,917,000 for the second quarter of 2000 were the result of the sale of a ground lease under a Costco store in Kahului, Maui, six business parcels and six residential properties. The lower operating profit and greater revenue for the second quarter of 2001 were the result of a higher number of lower-margin residential unit sales than in 2000.

Food Products revenue of \$28,118,000 for the second quarter of 2001 was \$6,386,000 lower than the \$34,504,000 of revenue reported in the second quarter of 2000. Operating profit of \$747,000 for the second quarter of 2001 compared with a loss of \$2,060,000 for the second quarter of 2000. The improvement in operating profit was due primarily to higher domestic raw sugar prices and reduced operating costs attributable to the closure of the Paia Mill, partially offset by losses from A&B's residual 36 percent investment in C&H Sugar Company, Inc. and from the startup of a panelboard manufacturing business. For 2001, the Company has forward-priced 80 percent of its sugar production at approximately \$21/cwt. Drought conditions on Maui continue to affect adversely sugar production and costs. Higher California energy costs were the driving factor for the lower results at C&H.

Other operating profit for the second quarter of 2001 included a \$15,100,000 gain due to the sale of the Company's investment in Pacific Century.

RESULTS OF SEGMENT OPERATIONS -
FIRST SIX MONTHS 2001 COMPARED WITH THE FIRST SIX MONTHS OF 2000

Ocean Transportation revenue of \$399,821,000 for the first half of 2001 was three-percent lower than the \$413,809,000 reported in the first half of 2000. Operating profit of \$36,168,000 for the first half of 2001 declined 24 percent from \$47,807,000 in the first half of 2000. The lower revenue was due to the

same factors cited in the second quarter comparisons. The decline in operating profit resulted primarily from higher fleet costs, higher technology costs, and lower results from a stevedoring joint venture, partially offset by rate actions taken in 2001. First half 2001 Hawaii service container volume was virtually the same as in the first half of 2000. Automobile volume was one-percent higher for the first six months of 2001, compared with the first half of 2000.

Property Development and Management - Leasing revenue of \$34,586,000 for the first half of 2001 was 16-percent higher than the \$29,805,000 reported for the first half of 2000. Operating profit of \$17,419,000 for the first half of 2001 was 18-percent higher than the \$14,790,000 reported for the first half of 2000. These increases were due primarily to additions to the property portfolio in the latter part of 2000 and in early 2001. 2001 occupancy levels for Mainland properties averaged 93 percent, versus 96 percent in the first half of 2000. Average occupancy levels for Hawaii properties improved to 90 percent, versus 85 percent in the comparable period of 2000. The fluctuations in occupancy rates were due to the same factors cited for the second quarter.

Property Development and Management - Sales revenue of \$72,239,000 and operating profit of \$15,767,000 in the first half of 2001 were primarily the result of the sale of an industrial lot to Wal-Mart, three commercial properties in Bainbridge, Washington, a four-acre parcel on Maui, 68 residential properties and four business parcels. Sales revenue of \$28,039,000 and operating profit of \$19,618,000 in the first half of 2000 included the Costco ground lease, eight business parcels and 17 residential properties. The lower operating profit and greater revenue for 2001 compared with 2000 were the result of a higher number of lower-margin residential unit sales in 2001. This variability in sales and operating profit is an inherent characteristic of property sales activity.

Food Products revenue of \$46,316,000 in the first half of 2001 compared with \$48,170,000 in revenue for the comparable period of 2000. Operating profit for the first half of 2001 was \$5,852,000 compared with a nearly break-even operating profit for the first half of 2000. The improvement in operating profit was due primarily to a one-time cash distribution from the sugar marketing and transportation cooperative that handles Hawaii sugar growers' production, higher domestic raw sugar prices and reduced operating costs attributable to the closure of the Paia Mill, partially offset by losses from A&B's residual 36 percent investment in C&H Sugar Company, Inc. and from the startup of a panelboard manufacturing business.

Other operating profit for the first half of 2001 included the previously noted gain from the sale of the Company's investment in Pacific Century.

OTHER MATTERS

Property Sales and Trends: The mix of property sales in any year or quarter can be diverse. Sales can include developed residential real estate, commercial properties, developable subdivision lots, undeveloped land and property sold under threat of condemnation. The sale of undeveloped land and vacant parcels generally provides a greater contribution to earnings than does the sale of developed and commercial property, due to the low historical-cost basis of the Company's Hawaii land. Consequently, property sales revenue trends, cash flows from the sales of real estate and the amount of real estate held for sale on the balance sheets do not necessarily indicate future profitability trends for this segment.

New Accounting Standards: Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, was adopted by the Company in January 2001 with no impact on the financial statements. SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," was adopted in 2000 with no significant changes to the Company's accounting practices.

Accounting Change: In January 2000, the Company changed its method of accounting for vessel drydocking costs from the accrual method to the deferral method. The cumulative effect of this accounting change increased first quarter 2000 net income by \$12,250,000. (See Note (d) to the Company's condensed financial statements.)

Tax-Deferred Real Estate Exchanges: During the first six months of 2001, the Company recorded tax-deferred sales of \$30,843,000 and reinvested, on a tax-deferred basis, \$42,257,000 in new real estate assets. These amounts are not included in "cash flows from operating activities" and "capital expenditures," but are reported under the caption of "Other Non-cash Information" in the Condensed Statements of Cash Flows.

Environmental Matters: As with most industrial and land-development companies of its size, the Company's operations have certain risks, which could result in expenditures for environmental remediation. The Company believes that it is in compliance, in all material respects, with applicable environmental laws and regulations, and works proactively to identify potential environmental concerns. Management believes that appropriate liabilities have been accrued for environmental matters.

Investments: During the first half of 2001, the Company divested its holdings in Pacific Century. This was completed through the donation of 360,000 shares to the Company's charitable foundation and the sale of the remaining 749,000 shares. In May 2001, BNP Paribas SA, announced that, subject to regulatory, shareholder and other approvals, it would purchase the remaining 55 percent of BancWest Corporation ("BancWest")(NYSE:BWE) that it did not already own. The Company currently owns 3,385,788 shares of BancWest stock. See Note (e) for additional information about these matters.

Economic Conditions: Although many reported measures of Hawaii's economic performance continue to reflect momentum from the boost in 2000, some important measures and most current forecasts anticipate that the State's economy is decelerating. That conclusion is based on uncertainty over the prospective performance of the U.S. mainland economy and the sustained weakness of Japan's economy. For example, one sound current measure, Hawaii's all-cash, broad-based general excise tax, was up a solid 6.8 percent for the fiscal year ended June 30, 2001. In contrast, the leading economic indicator prepared by the State of Hawaii's Department of Business, Economic Development & Tourism has been lower in nine of the past 11 months, and for the past five consecutive months. Similarly, measures of the important visitor industry are also slowing. For 2001, through May, total visitor days are down 1.6%. The decline was more pronounced at 4.4% for the month of May 2001. Reflecting the same patterns, domestic travel, international travel and Japanese travel were down 1%, 3.3% and 0.7%, respectively, through May 2001. However, the rate of decline during just the month of May for domestic, international and Japanese travel was much steeper at 3.5%, 6.9 and 6.2%, respectively. Hotel occupancies were 67.7% in May 2001, or 4.6 percentage points below May 2000.

The Company, from time to time, may make or may have made certain forward-looking statements, whether orally or in writing, such as forecasts and projections of the Company's future performance or statements of management's plans and objectives. Such forward-looking statements may be contained in, among other things, Securities and Exchange Commission (SEC) filings, such as the Forms 10-Q, press releases made by the Company and oral statements made by the officers of the Company. Except for historical information contained in these written or oral communications, such communications contain forward-looking statements. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to: (1) economic conditions in Hawaii and elsewhere; (2) market demand; (3) competitive factors and pricing pressures in the Company's primary markets; (4) legislative and regulatory environments at the federal, state and local levels, such as government rate regulations, land-use regulations, government administration of the U.S. sugar program, and modifications to or retention of cabotage laws; (5) dependence on third-party suppliers; (6) fuel prices; (7) raw sugar prices; (8) labor relations; (9) risks associated with current or future litigation; and (10) other risk factors described elsewhere in such communications and from time to time in the Company's filings with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning market risk is incorporated herein by reference to Item 7A of the Company's Form 10-K for the fiscal year ended December 31, 2000. There has been no material change in the quantitative and qualitative disclosure about market risk since December 31, 2000.

PART II. OTHER INFORMATION

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

At the Annual Meeting of Shareholders of the Company held on April 26, 2001, the Company's shareholders voted in favor of: (i) the election of ten directors to the Company's Board of Directors, and (ii) the election of Deloitte & Touche LLP as the Company's independent auditors. The number of votes for, against or withheld, as well as the number of abstentions and broker non-votes, as to each matter voted upon at the Annual Meeting of Shareholders, were as follows:

(i) Election of Directors	For	Withheld	
	---	-----	
Michael J. Chun	37,534,512	126,771	
Leo E. Denlea, Jr.	37,370,483	290,800	
W. Allen Doane	35,486,419	2,174,864	
Walter A. Dods, Jr.	37,247,741	413,542	
Charles G. King	37,524,123	137,160	
Carson R. McKissick	37,375,101	286,182	
C. Bradley Mulholland	35,143,311	2,517,972	
Lynn M. Sedway	37,540,420	120,863	
Maryanna G. Shaw	37,521,385	139,898	
Charles M. Stockholm	37,519,626	141,657	

(ii) Election of Auditors	For	Against	Abstain
	---	-----	-----
	37,544,808	56,474	61,145

There were no broker non-votes at the Annual Meeting.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

4.b. Debt.

4.b.(v) Fourth Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, effective as of June 14, 2001, among Alexander & Baldwin, Inc. and First Hawaiian Bank, Bank of America, N.A., Bank of Hawaii, The Bank of New York, Wells Fargo Bank, National Association, and American Savings Bank, F.S.B.

10. Material contracts.

10.a.(xlvii) Private Shelf Agreement between Alexander & Baldwin, Inc. and Prudential Insurance Company of America, dated as of April 25, 2001.

10.a.(xlviii) Amendment, dated as of April 25, 2001, to the Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of June 4, 1993, and the Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996.

10.a.(xlix) Private Shelf Agreement between Matson Navigation Company, Inc. and Prudential Insurance Company of America, dated as of June 29, 2001.

11. Statement re Computation of Per Share Earnings.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALEXANDER & BALDWIN, INC.

(Registrant)

Date: August 10, 2001

/s/ James S. Andrasick

James S. Andrasick
Sr. Vice President, Chief
Financial Officer and Treasurer

Date: August 10, 2001

/s/ Thomas A. Wellman

Thomas A. Wellman
Controller

EXHIBIT INDEX

4.b. Debt.

4.b.(v) Fourth Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, effective as of June 14, 2001, among Alexander & Baldwin, Inc. and First Hawaiian Bank, Bank of America, N.A., Bank of Hawaii, The Bank of New York, Wells Fargo Bank, National Association, and American Savings Bank, F.S.B.

10. Material contracts.

10.a.(xlvii) Private Shelf Agreement between Alexander & Baldwin, Inc. and Prudential Insurance Company of America, dated as of April 25, 2001.

10.a.(xlviii) Amendment, dated as of April 25, 2001, to the Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of June 4, 1993, and the Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996.

10.a.(xlix) Private Shelf Agreement between Matson Navigation Company, Inc. and Prudential Insurance Company of America, dated as of June 29, 2001.

11. Statement re Computation of Per Share Earnings.

FOURTH AMENDMENT TO
SECOND AMENDED AND RESTATED
REVOLVING CREDIT AND TERM LOAN AGREEMENT

THIS FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "Agreement") is made effective as of the 14th day of June, 2001, by and among ALEXANDER & BALDWIN, INC., a Hawaii corporation (the "Borrower"), FIRST HAWAIIAN BANK, BANK OF AMERICA, N.A., BANK OF HAWAII, THE BANK OF NEW YORK, WELLS FARGO BANK, NATIONAL ASSOCIATION, and AMERICAN SAVINGS BANK, F.S.B. (herein called, individually, a "Bank" and, collectively, the "Banks"), FIRST HAWAIIAN BANK, a Hawaii corporation, as agent for the Banks (the "Agent"), and BANK OF AMERICA, N.A., as co-agent for the Banks (the "Co-Agent").

I. BACKGROUND.

A. The Banks (other than The Bank of New York, Wells Fargo Bank, National Association and American Savings Bank, F.S.B.), Credit Lyonnais Los Angeles Branch and Union Bank of California (the "Original Banks") extended a revolving credit facility with a term loan feature (the "Credit Facility") to the Borrower and A&B Hawaii, Inc., a Hawaii corporation (the "Original Borrowers") pursuant to the terms and conditions of that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of December 31, 1996 (the "Credit Agreement").

B. All capitalized terms used herein shall have the meanings set forth in the Credit Agreement except as otherwise expressly provided herein.

C. The Original Banks, The Bank of New York, and the Original Borrowers entered into the First Amendment to the Credit Agreement dated as of December 10, 1997 (the "First Amendment"), pursuant to which The Bank of New York became a Bank under the Credit Agreement and pursuant to which Credit Lyonnais Los Angeles Branch ceased to have any Commitment under the Credit Agreement.

D. The Banks (other than Wells Fargo Bank, National Association and American Savings Bank, F.S.B.), Union Bank of California, and the Original Borrowers entered into the Second Amendment to the Credit Agreement dated as of November 30, 1998 (the "Second Amendment"), pursuant to which Union Bank of California ceased to have any Commitment under the Credit Agreement.

E. The Banks (other than Wells Fargo Bank, National Association and American Savings Bank, F.S.B.) and the Original Borrowers entered into a Third Amendment to the Credit Agreement dated as of November 30, 1999 (the "Third Amendment"), pursuant to which, among other matters, the Termination Date was extended to November 30, 2001, and A&B-Hawaii, Inc. was deleted as a "Borrower" under the Credit Facility.

F. The Borrower has requested the Banks to amend the Credit Agreement to increase the Total Commitment from \$140,000,000.00 to \$185,000,000.00, and to include Wells Fargo Bank, National Association and American Savings Bank, F.S.B. as Banks under the Credit Agreement.

G. The Banks are willing to so amend the Credit Agreement in accordance with the terms and conditions of this Agreement.

II. AGREEMENTS.

In consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

A. Schedule I. Schedule I to the Credit Agreement is hereby deleted

and replaced with Schedule I attached hereto. From and after the date hereof, Wells Fargo Bank, National Association and American Savings Bank, F.S.B. each shall be a "Bank" under the Credit Agreement.

B. Issuance of Revolving Credit Notes; and Issuance of Rider. On the

date hereof, and as a condition to the effectiveness of this Agreement, (i) Borrower shall issue a Revolving Credit Note, dated the date hereof, in the form of Exhibit A hereto, in the amount of Forty Million Dollars (\$40,000,000.00) to Wells Fargo Bank, National Association; (ii) Borrower shall issue a Revolving Credit Note, dated the date hereof, in the form of Exhibit B hereto, in the amount of Ten Million Dollars (\$10,000,000.00) to American Savings Bank, F.S.B.; and (iii) Borrower shall issue a First Rider to Revolving Credit Note, dated the date hereof, in the form of Exhibit C hereto, to Bank of America, N.A.

C. REALLOCATION OF EXISTING LOANS.

1. If on the date hereof there shall be any outstanding Term Loans or Prime Loans, on the date hereof with respect to each such Loan, as conditions to the effectiveness of this Agreement:

(a) Not later than 8:00 a.m., Hawaii Standard Time, the Agent shall advise each Bank of such Bank's Proportional Share of such outstanding Loans determined in accordance with the Commitments set forth on Schedule I attached hereto (the "Revised Proportional Share") and the amount by which such Bank's Revised Proportional Share exceeds or is less than such Bank's Proportional Share determined in accordance with the Commitments set forth on Schedule I to the Second Amendment (the "Former Proportional Share").

(b) To the extent that any Bank's Revised Proportional Share exceeds such Bank's Former Proportional Share, such Bank shall, not later than 10:00 a.m., Hawaii Standard Time, provide to the Agent at its office specified in Section 12.4 of the Credit Agreement, immediately available funds in Dollars in such amount together with any accrued but unpaid interest on such amount determined in accordance the Credit Agreement.

(c) To the extent that any Bank's Former Proportional Share exceeds such Bank's Revised Proportional Share, the Agent shall, not later than 12:00 noon, Hawaii Standard Time, provide to such Bank immediately available funds in Dollars in such amount together with any accrued but unpaid interest on such amount determined in accordance the Credit Agreement.

2. If on the date hereof there shall be any outstanding CD Loans or Eurodollar Loans, each such outstanding CD Loan and Eurodollar Loan shall remain in effect until the expiration date(s) of the current related Eurodollar Interest Period(s) or CD Interest Period(s), as applicable. If the Borrower has elected, pursuant to Section 1.7 B. of the Credit Agreement, to extend such

Loan(s), such outstanding Loan(s) shall be reallocated and repaid in the manner specified in Subsections (a) through (c) below. Any such Loan(s) converted to a Prime Loan pursuant to said Section 1.7 B. shall be reallocated and repaid in the manner specified in Subsections (a) through (c) of Section II. C. 1., above, on the last day of the relevant CD Interest Period or Eurodollar Interest Period.

(a) Not later than 8:00 a.m., Hawaii Standard Time, on the second Business Domestic Day or Eurodollar Business Day, as applicable, prior to the last day of the relevant CD Interest Period or Eurodollar Interest Period, the Agent shall advise each Bank of such Bank's Revised Proportional Share of such outstanding Loan and the amount by which such Bank's Revised Proportional Share exceeds or is less than such Bank's Former Proportional Share.

(b) To the extent that any Bank's Revised Proportional Share exceeds such Bank's Former Proportional Share, such Bank shall, not later than 10:00 a.m., Hawaii Standard Time, on the last day of such CD Interest Period or Eurodollar Interest Period, provide to the Agent at its office specified in Section 12.4 of the Credit Agreement, immediately available funds in Dollars in such amount together with any accrued but unpaid interest on such amount determined in accordance the Credit Agreement.

(c) To the extent that any Bank's Former Proportional Share exceeds such Bank's Revised Proportional Share, the Agent shall, not later than 12:00 noon, Hawaii Standard Time, on the last day of such CD Interest Period or Eurodollar Interest Period, provide to such Bank immediately available funds in Dollars in such amount together with any accrued but unpaid interest on such amount determined in accordance the Credit Agreement.

D. MISCELLANEOUS.

1. Confirmation of Warranties and Covenants; No Event of

Default. All of the continuing warranties of the Borrower contained in the

Credit Agreement, are hereby confirmed and reaffirmed by the Borrower as being true, valid and correct as of the date of this Agreement. The Borrower represents and warrants that no Event of Default exists as of the date of this Agreement.

2. No Defenses. The Borrower acknowledges that it does not have

any offsets, counterclaims, deductions, or defenses to payment or performance of its duties and obligations under the Credit Agreement.

3. Full Force and Effect. The provisions of the Credit

Agreement and of the Notes, as previously amended by the First Amendment, the Second Amendment and the Third Amendment, are hereby amended to conform with this Agreement, and in the event of any conflict between the provisions of this Agreement and the provisions of the Credit Agreement, the Notes, the First Amendment, the Second Amendment or the Third Amendment, the provisions of this Agreement shall control; but in all other respects, the provisions of the Credit Agreement and the Notes, as previously amended by the First Amendment, the Second Amendment and the Third Amendment, shall continue in full force and effect.

4. Rights of the Banks. This Agreement is made on the express

condition that nothing contained herein shall in any way be construed as affecting, impairing, or waiving any rights of the Banks under the Credit Agreement.

5. Bind and Inure. This Agreement shall be binding upon and

inure to the benefit of the Banks, the Borrower and their respective successors and assigns.

6. Applicable Law; Severability. This Agreement shall be

governed by and interpreted in accordance with the laws of the State of California. If any provision of this Agreement is held to be invalid or unenforceable, the validity or enforceability of the other provisions shall remain unaffected.

7. Paragraph Headings. The headings of paragraphs in this

Agreement are inserted only for convenience and shall in no way define, describe, or limit the scope or intent of any provision of this Agreement.

8. Counterparts and Facsimile Signatures. The parties to this

Agreement agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. For all purposes, including, without limitation, recordation and delivery of this Agreement, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document. The submission of a signature page transmitted by facsimile telecopy (or similar electronic transmission facility) shall be fully binding and in full effect for all purposes under this Agreement. In such event, original signature pages shall be delivered within a reasonable time and substituted for the facsimile signature pages in the counterpart copies upon receipt.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ALEXANDER & BALDWIN, INC.

FIRST HAWAIIAN BANK

By /s/ Thomas A. Wellman

By /s/ Lance A. Mizumoto

Its Controller & Asst. Treas.

Its Vice President

By /s/ John B. Kelley

As a "Bank" and as "Agent"

Its Vice President

"Borrower" BANK OF AMERICA, N.A.
 By /s/ Nancy Nuereberg

 Its Senior Vice President

 As a "Bank" and as "Co-Agent"

BANK OF HAWAII
 By /s/ Dana-Ann Takushi

 Its Vice President

 As a "Bank"

THE BANK OF NEW YORK
 By /s/ Jennifer Ellerman

 Its Vice President

 As a "Bank"

WELLS FARGO BANK, NATIONAL
 ASSOCIATION
 420 Montgomery MAC A0101-096
 San Francisco, California 94104
 Attention: Mr. Stephen J. DeMarti
 Telephone: (415) 396-4832
 Facsimile: (415) 421-1352

 By /s/ Stephen J. DeMarti

 Its Vice President

 As a "Bank"

AMERICAN SAVINGS BANK, F.S.B.
 915 Fort Street Mall, 4th Floor
 Honolulu, Hawaii 96813
 Attention: Mr. Carl A. Morita
 Telephone: (808) 539-7631
 Facsimile: (808) 536-1169

 By /s/ Carl Morita

 Its Vice President

 As a "Bank"

SCHEDULE I

Bank -----	Commitment -----
First Hawaiian Bank	\$ 45,000,000
Bank of America, N.A.	40,000,000
Wells Fargo Bank, National Association	40,000,000
Bank of Hawaii	30,000,000
The Bank of New York	20,000,000
American Savings Bank, F.S.B.	10,000,000

TOTAL:	\$185,000,000

As of April 25, 2001

The Prudential Insurance Company
of America ("PRUDENTIAL")
Each Prudential Affiliate (as hereinafter
defined) which becomes bound by certain
provisions of this Agreement as hereinafter
provided (together with Prudential,
the "PURCHASERS")
c/o Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, CA 94111

Ladies and Gentlemen:

The undersigned, Alexander & Baldwin, Inc. (the "Company") hereby agrees
with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES. The Company has authorized
the issue of its senior promissory notes in the aggregate principal amount of
\$50,000,000, to be dated the date of issue thereof, to mature, in the case of
each Note so issued, no more than twenty years from the date of original
issuance, to have an average life, in the case of each Note so issued, of no
more than fifteen years, to bear interest on the unpaid balance thereof from
the date thereof at the rate per annum, and to have such other particular
terms, as shall be set forth, in the case of each Note so issued, in the
Confirmation of Acceptance with respect to such Note delivered pursuant to
paragraph 2B(5), and to be substantially in the form of Exhibit A attached

hereto. The terms "NOTE" and "NOTES" as used herein shall include each Note
delivered pursuant to any provision of this Agreement and each Note delivered
in substitution or exchange for any such Note pursuant to any such provision.
Notes which have (i) the same final maturity, (ii) the same principal
prepayment dates, (iii) the same principal prepayment amounts (as a percentage
of the original principal amount of each Note), (iv) the same interest rate,
(v) the same interest payment periods and (vi) the same date of issuance
(which, in the case of a Note issued in exchange for another Note, shall be
deemed for these purposes the date on which such Note's ultimate predecessor
Note was issued), are herein called a "SERIES" of Notes.

2A. INTENTIONALLY OMITTED.

2B. PURCHASE AND SALE OF NOTES.

2B(1). FACILITY. Prudential is willing to consider, in its sole
discretion and within limits which may be authorized for purchase by Prudential
and Prudential Affiliates from time to time, the purchase of Notes pursuant to
this Agreement. The willingness of Prudential to consider such purchase of
Notes is herein called the "FACILITY". At any time, the aggregate principal
amount of Notes stated in paragraph 1, minus the aggregate principal amount of

Notes purchased and sold pursuant to this Agreement prior to such time, minus

the aggregate principal amount of Accepted Notes (as hereinafter defined) which
have not yet been purchased and sold hereunder prior to such time, is herein
called the "AVAILABLE FACILITY AMOUNT" at such time. NOTWITHSTANDING THE
WILLINGNESS OF PRUDENTIAL TO CONSIDER PURCHASES OF NOTES, THIS AGREEMENT IS
ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY
PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE
NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC
PURCHASES OF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A
COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE.

2B(2). ISSUANCE PERIOD. Notes may be issued and sold pursuant to this
Agreement until the earlier of (i) the third anniversary of the date of this
Agreement (or if such anniversary is not a Business Day, the Business Day next
preceding such anniversary) and (ii) the thirtieth day after Prudential shall
have given to a Company, or a Company shall have given to Prudential, a
written notice stating that it elects to terminate the issuance and sale of
Notes pursuant to this Agreement (or if such thirtieth day is not a Business
Day, the Business Day next preceding such thirtieth day). The period during
which Notes may be issued and sold pursuant to this Agreement is herein called
the "ISSUANCE PERIOD".

2B(3). REQUEST FOR PURCHASE. The Company may from time to time during
the Issuance Period make requests for purchases of Notes (each such request
being herein called a "REQUEST FOR PURCHASE"). Each Request for Purchase shall
be made to Prudential by telefacsimile or overnight delivery service, and shall
(i) specify the aggregate principal amount of Notes covered thereby, which
shall not be less than \$5,000,000 and not be greater than the Available
Facility Amount at the time such Request for Purchase is made, (ii) specify
the principal amounts, final maturities, principal prepayment dates and amounts
and interest payment periods (quarterly or semiannual in arrears) of the Notes
covered thereby, (iii) specify the use of proceeds of such Notes, (iv) specify
the proposed day for the closing of the purchase and sale of such Notes, which
shall be a Business Day during the Issuance Period not less than 5 Business
Days and not more than 30 Business Days after the making of such Request for
Purchase, (v) specify the number of the account and the name and address of the
depository institution to which the purchase price of such Notes is to be
transferred on the Closing Day for such purchase and sale, (vi) certify that
the representations and warranties contained in paragraph 8 are true on and as
of the date of such Request for Purchase and that there exists on the date of
such Request for Purchase no Event of Default or Default, (vii) specify the
Designated Spread for such Notes and (viii) be substantially in the form of
Exhibit B attached hereto. Each Request for Purchase shall be in writing and

shall be deemed made when received by Prudential.

2B(4). RATE QUOTES. Not later than five Business Days after the
Company shall have given Prudential a Request for Purchase pursuant to
paragraph 2B(3), Prudential may, but shall be under no obligation to, provide
to the Company by telephone or telefacsimile, in each case between 9:30 A.M.
and 2:00 P.M. New York City local time (or such later time as Prudential may
elect) interest rate quotes for the several principal amounts, maturities,
principal prepayment schedules, and interest payment periods of Notes specified
in such Request for Purchase. Each quote shall represent the interest rate per
annum payable on the outstanding principal balance of such Notes at which
Prudential or a Prudential Affiliate would be willing to purchase such Notes
at 100% of the principal amount thereof.

2B(5). ACCEPTANCE. Within five minutes after Prudential shall have provided any interest rate quotes pursuant to paragraph 2B(4), or such shorter period as Prudential may specify to the Company (such period herein called the "ACCEPTANCE WINDOW"), the Company may, subject to paragraph 2B(6), elect to accept such interest rate quotes as to not less than \$5,000,000 aggregate principal amount of the Notes specified in the related Request for Purchase. Such election shall be made by an Authorized Officer of the Company notifying Prudential by telephone or telefacsimile within the Acceptance Window that the Company elects to accept such interest rate quotes, specifying the Notes (each such Note being herein called an "ACCEPTED NOTE") as to which such acceptance (herein called an "ACCEPTANCE") relates. The day the Company notifies an Acceptance with respect to any Accepted Notes is herein called the "ACCEPTANCE DAY" for such Accepted Notes. Any interest rate quotes as to which Prudential does not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Notes hereunder shall be made based on such expired interest rate quotes. Subject to paragraph 2B(6) and the other terms and conditions hereof, the Company agrees to sell to Prudential or a Prudential Affiliate, and Prudential agrees to purchase, or to cause the purchase by a Prudential Affiliate of, the Accepted Notes at 100% of the principal amount of such Notes. As soon as practicable following the Acceptance Day, the Company, Prudential and each Prudential Affiliate which is to purchase any such Accepted Notes will execute a confirmation of such Acceptance substantially in the form of Exhibit C attached hereto (herein called a "CONFIRMATION OF ACCEPTANCE").

If the Company should fail to execute and return to Prudential within three Business Days following receipt thereof a Confirmation of Acceptance with respect to any Accepted Notes, Prudential may at its election at any time prior to its receipt thereof cancel the closing with respect to such Accepted Notes by so notifying the Company in writing.

2B(6). MARKET DISRUPTION. Notwithstanding the provisions of paragraph 2B(5), if Prudential shall have provided interest rate quotes pursuant to paragraph 2B(4) and thereafter prior to the time an Acceptance with respect to such quotes shall have been notified to Prudential in accordance with paragraph 2B(5) the domestic market for U.S. Treasury securities or derivatives shall have closed or there shall have occurred a general suspension, material limitation, or significant disruption of trading in securities generally on the New York Stock Exchange or in the domestic market for U.S. Treasury securities or derivatives, then such interest rate quotes shall expire, and no purchase or sale of Notes hereunder shall be made based on such expired interest rate quotes. If the Company thereafter notifies Prudential of the Acceptance of any such interest rate quotes, such Acceptance shall be ineffective for all purposes of this Agreement, and Prudential shall promptly notify the Company that the provisions of this paragraph 2B(6) are applicable with respect to such Acceptance.

2B(7). FACILITY CLOSINGS. Not later than 1:30 P.M. (New York City local time) on the Closing Day for any Accepted Notes, the Company will deliver to each Purchaser listed in the Confirmation of Acceptance relating thereto at the offices of Prudential Capital Group the Accepted Notes to be purchased by such Purchaser in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Notes to be purchased on the Closing Day, dated the Closing Day and registered in such Purchaser's name (or in the name of its nominee), against payment of the purchase price thereof by transfer of immediately available funds for credit to the account specified by the Company in the Request for Purchase of such Notes. If the Company fails to tender to any Purchaser the Accepted Notes to be purchased by such Purchaser on the scheduled Closing Day for such Accepted Notes as provided above in this paragraph 2B(7), or any of the conditions specified in paragraph 3 shall not have been fulfilled by the time required on such scheduled Closing Day, the Company shall, prior to 2:30 P.M., New York City local time, on such scheduled Closing Day notify Prudential (which notification shall be deemed received by each Purchaser) in writing whether (i) such closing is to be rescheduled (such rescheduled date to be a Business Day during the Issuance Period not less than one Business Day and not more than 10 Business Days after such scheduled Closing Day (the "RESCHEDULED CLOSING DAY")) and certify to Prudential (which certification shall be for the benefit of each Purchaser) that the Company reasonably believes that it will be able to comply with the conditions set forth in paragraph 3 on such Rescheduled Closing Day and that the Company will pay the Delayed Delivery Fee in accordance with paragraph 2B(8)(iii) or (ii) such closing is to be canceled. In the event that the Company shall fail to give such notice referred to in the preceding sentence, Prudential (on behalf of each Purchaser) may at its election, at any time after 2:30 P.M., New York City local time, on such scheduled Closing Day, notify the Company in writing that such closing is to be canceled. Notwithstanding anything to the contrary appearing in this Agreement, the Company may not elect to reschedule a closing with respect to any given Accepted Notes on more than one occasion, unless Prudential shall have otherwise consented in writing.

2B(8). FEES.

2B(8)(i). STRUCTURING FEE. In consideration for the time, effort and expense involved in the preparation, negotiation and execution of this Agreement, at the time of the execution and delivery of this Agreement by the Company and Prudential, the Company shall pay to Prudential in immediately available funds a fee (herein called the "Structuring Fee") in the amount of \$50,000.

2B(8)(ii). ISSUANCE FEE. The Company agrees to pay to each Purchaser in immediately available funds a fee (herein called the "ISSUANCE FEE") on each Closing Day (other than any Closing Day occurring on or before (a) the six month anniversary of the date of this Agreement or (b) if the Company has issued at least \$15,000,000 of Notes hereunder on or before the three month anniversary of the date of this Agreement, the one year anniversary of the date of this Agreement) in an amount equal to 0.10% of the aggregate principal amount of Notes sold to such Purchaser on such Closing Day.

2B(8)(iii). DELAYED DELIVERY FEE. If the closing of the purchase and sale of any Accepted Note is delayed for any reason beyond the original Closing Day for such Accepted Note, the Company agrees to pay to Prudential (a) on the Cancellation Date or actual closing date of such purchase and sale and (b) if earlier, the next Business Day following 90 days after the Acceptance Day for such Accepted Note and on each Business Day following 90 days after the prior payment hereunder, a fee (herein called the "DELAYED DELIVERY FEE") calculated as follows:

(BEY - MMY) X DTS/360 X PA

where "BEY" means Bond Equivalent Yield, i.e., the bond equivalent yield per annum of such Accepted Note, "MMY" means Money Market Yield, i.e., the yield per annum on a commercial paper investment of the highest quality selected by Prudential on the date Prudential receives notice of the delay in the closing for such Accepted Note having a maturity date or dates the same as, or closest to, the Rescheduled Closing Day or Rescheduled Closing Days (a new alternative investment being selected by Prudential each time such closing is delayed); "DTS" means Days to Settlement, i.e., the number of actual days elapsed from

and including the original Closing Day with respect to such Accepted Note (in the case of the first such payment with respect to such Accepted Note) or from and including the date of the next preceding payment (in the case of any subsequent delayed delivery fee payment with respect to such Accepted Note) to but excluding the date of such payment; and "PA" means Principal Amount, i.e., the principal amount of the Accepted Note for which such calculation is being made. In no case shall the Delayed Delivery Fee be less than zero. Nothing contained herein shall obligate any Purchaser to purchase any Accepted Note on any day other than the Closing Day for such Accepted Note, as the same may be rescheduled from time to time in compliance with paragraph 2B(7).

2B(8)(iv). CANCELLATION FEE. If the Company at any time notifies Prudential in writing that the Company is canceling the closing of the purchase and sale of any Accepted Note, or if Prudential notifies the Company in writing under the circumstances set forth in the last sentence of paragraph 2B(5) or the penultimate sentence of paragraph 2B(7) that the closing of the purchase and sale of such Accepted Note is to be canceled, or if the closing of the purchase and sale of such Accepted Note is not consummated on or prior to the last day of the Issuance Period (the date of any such notification, or the last day of the Issuance Period, as the case may be, being herein called the "CANCELLATION DATE"), the Company agrees to pay to Prudential in immediately available funds an amount (the "CANCELLATION FEE") calculated as follows:

PI X PA

where "PI" means Price Increase, i.e., the quotient (expressed in decimals) obtained by dividing (a) the excess of the ask price (as determined by Prudential) of the Hedge Treasury Note(s) on the Cancellation Date over the bid price (as determined by Prudential) of the Hedge Treasury Notes(s) on the Acceptance Day for such Accepted Note by (b) such bid price; and "PA" has the meaning ascribed to it in paragraph 2B(8)(iii). The foregoing bid and ask prices shall be as reported by Bridge\Telerate (or, if such data for any reason ceases to be available through Bridge\Telerate, any publicly available source of similar market data). Each price shall be based on a U.S. Treasury security having a par value of \$100.00 and shall be rounded to the second decimal place. In no case shall the Cancellation Fee be less than zero.

3. CONDITIONS OF CLOSING. On or before the date on which this Agreement is executed and delivered the Company shall (a) pay to Prudential the Structuring Fee referenced in paragraph 2B(8)(i) and (b) deliver to Prudential an amendment to the Private Shelf Agreement dated as of August 2, 1996, and the Note Agreement dated as of June 4, 1993, in form and content satisfactory to Prudential. The obligation of any Purchaser to purchase and pay for any Notes is subject to the satisfaction, on or before the Closing Day for such Notes, of the following conditions:

3A. CERTAIN DOCUMENTS. Such Purchaser shall have received the following, each dated the date of the applicable Closing Day:

(i) The Note(s) to be purchased by such Purchaser.

(ii) Certified copies of the resolutions of the Board of Directors of the Company authorizing the execution and delivery of this Agreement and the issuance of the Notes, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

(iii) A certificate of the Secretary or an Assistant Secretary and one other officer of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) Certified copies of the Certificate of Incorporation and By-laws of the Company.

(v) A favorable opinion of Cades Schutte Fleming & Wright, special counsel to the Company (or such other counsel designated by the Company and acceptable to the Purchaser(s)) satisfactory to such Purchaser and substantially in the form of Exhibit D attached hereto

and as to such other matters as such Purchaser may reasonably request. The Company hereby directs each such counsel to deliver such opinion, agrees that the issuance and sale of any Notes will constitute a reconfirmation of such direction, and understands and agrees that each Purchaser receiving such an opinion will and is hereby authorized to rely on such opinion.

(vi) A good standing certificate for the Company from the secretary of state of Hawaii and, if different, from its jurisdiction of incorporation, in each case dated as of a recent date and such other evidence of the status of each Company as such Purchaser may reasonably request.

(vii) Additional documents or certificates with respect to legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by such Purchaser.

3B. OPINION OF PURCHASER'S SPECIAL COUNSEL. Such Purchaser shall have received from James F. Evert, Assistant General Counsel of Prudential, or such other counsel who is acting as special counsel for it in connection with this transaction, a favorable opinion satisfactory to such Purchaser as to such matters incident to the matters herein contemplated as it may reasonably request.

3C. REPRESENTATIONS AND WARRANTIES; NO DEFAULT. The representations and warranties contained in paragraph 8 shall be true on and as of such Closing Day, except to the extent of changes caused by the transactions herein contemplated; there shall exist on such Closing Day no Event of Default or Default; and each Company shall have delivered to such Purchaser an Officer's Certificate, dated such Closing Day, to both such effects.

3D. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by such Purchaser on the terms and conditions herein provided (including the use of the proceeds of such Notes by each Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject such Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as it may request to establish compliance with this condition. This paragraph 3D is a closing condition and shall not be construed as a tax indemnity.

3E. PAYMENT OF FEES. The Company shall have paid to Prudential or any other Purchaser any fees due it pursuant to or in connection with this

Agreement, including the Structuring Fee due pursuant to paragraph 2B(8)(i), any Issuance Fee due pursuant to paragraph 2B(8)(ii) and any Delayed Delivery Fee due pursuant to paragraph 2B(8)(iii).

4. PREPAYMENTS. The Notes shall be subject to required prepayment as and to the extent provided in paragraph 4A. The Notes shall also be subject to prepayment under the circumstances set forth in paragraph 4B. Any prepayment made by the Company pursuant to any other provision of this paragraph 4 shall not reduce or otherwise affect their obligation to make any required prepayment as specified in paragraph 4A.

4A. REQUIRED PREPAYMENTS OF NOTES. Each Series of Notes shall be subject to required prepayments, if any, set forth in the Notes of such Series.

4B. OPTIONAL PREPAYMENT WITH YIELD-MAINTENANCE AMOUNT. The Notes of each Series shall be subject to prepayment, in whole at any time or from time to time in part (in integral multiples of \$100,000 and in a minimum amount of \$1,000,000), at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each such Note. Any partial prepayment of a Series of the Notes pursuant to this paragraph 4B shall be applied in satisfaction of required payments of principal in inverse order of their scheduled due dates.

4C. NOTICE OF OPTIONAL PREPAYMENT. The Company shall give the holder of each Note of a Series to be prepaid pursuant to paragraph 4B irrevocable written notice of such prepayment not less than 10 Business Days prior to the prepayment date, specifying such prepayment date, the aggregate principal amount of the Notes of such Series to be prepaid on such date, the principal amount of the Notes of such Series held by such holder to be prepaid on that date and that such prepayment is to be made pursuant to paragraph 4B. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, herein provided, shall become due and payable on such prepayment date. The Company shall, on or before the day on which it gives written notice of any prepayment pursuant to paragraph 4B, give telephonic notice of the principal amount of the Notes to be prepaid and the prepayment date to each Significant Holder which shall have designated a recipient for such notices in the purchaser schedule attached to the applicable Confirmation of Acceptance or by notice in writing to the Company.

4D. APPLICATION OF PREPAYMENTS. In the case of each prepayment of less than the entire unpaid principal amount of all outstanding Notes of any Series pursuant to paragraph 4A or 4B, the amount to be prepaid shall be applied pro rata to all outstanding Notes of such Series (including, for the purpose of this paragraph 4D only, all Notes prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates other than by prepayment pursuant to paragraph 4A or 4B) according to the respective unpaid principal amounts thereof.

4E. RETIREMENT OF NOTES. The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraphs 4A or 4B, or upon acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquire, directly or indirectly, Notes of any Series held by any holder unless the Company or such Subsidiary or Affiliate shall have offered to prepay or otherwise retire or purchase or otherwise acquire, as the case may be, the same proportion of the aggregate principal amount of Notes of such Series held by each other holder of Notes of such Series at the time outstanding upon the same terms and conditions. Any Notes so prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates shall not be deemed to be outstanding for any purpose under this Agreement, except as provided in paragraph 4D.

5. AFFIRMATIVE COVENANTS. During the Issuance Period and so long thereafter as any Note is outstanding and unpaid, the Company covenants as follows:

5A. FINANCIAL STATEMENTS. The Company covenants that it will deliver to each holder of the Notes in duplicate:

(i) as soon as practicable and in any event within the earlier to occur of 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year or the date on which another creditor of the Company first receives such information, consolidated statements of income and cash flows of the Company and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail and certified by an authorized financial officer of the Company, subject only to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within the earlier to occur of 120 days after the end of each fiscal year or the date on which another creditor of the Company first receives such information, consolidated statements of income and cash flows of the Company and its Subsidiaries for such year and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding figures from the preceding annual audit, all in reasonable detail and reasonably satisfactory in scope to the Required Holder(s) and certified by independent public accountants of recognized standing whose opinion shall be unqualified and otherwise satisfactory in scope and substance to the Required Holder(s), provided that such opinion shall be deemed otherwise satisfactory if prepared and rendered in accordance with GAAP and generally accepted auditing standards;

(iii) promptly upon transmission thereof, copies of all such financial, proxy and information statements, notices and other reports as are sent to the Company's stockholders and copies of all registration statements (with such exhibits as any holder reasonably requests) and all reports which are filed with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission);

(iv) promptly upon receipt thereof, a copy of each other report submitted to the Company or any of its Subsidiaries by independent accountants in connection with any material annual, interim or special audit made by them of the books of such Company or such Subsidiary pursuant to a request by the Company's Board of Directors;

(v) promptly after the furnishing thereof, copies of any

certificate, statement or report furnished to any other holder of the securities of the Company pursuant to the terms of any indenture, loan, credit or similar agreement or instrument and not otherwise required to be furnished to the holders of the Notes pursuant to any other clause of this paragraph 5; and

(vi) with reasonable promptness, such other financial data (including without limitation the information specified in paragraph 5E(ii)) as any holder of Notes may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each holder of Notes an Officers' Certificate (a) setting forth the aggregate amount of Restricted Payments made during such fiscal period and computations showing (non)compliance with the covenants in paragraphs 6A(1), 6A(2), 6A(3), 6B(1)(iv), 6B(2)(iv), 6B(3)(iv), 6B(4) and 6B(6)(ii); and (b) stating that there exists no Default or Event of Default, or if any such Default or Event of Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each holder of Notes a certificate of such accountants substantially in the form of Schedule 5A stating whether they have obtained knowledge of any Event of Default or Default and, if so, specifying the nature and period of existence thereof.

The Company also covenants that forthwith upon a Principal Officer obtaining actual knowledge of an Event of Default or Default, it will deliver to each holder of Notes an Officers' Certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

5B. INSPECTION OF PROPERTY. The Company covenants that it will permit any employees or designated representatives of Prudential, any Prudential Affiliate or any other holder of Notes in an original principal amount in excess of \$5,000,000, at such Person's expense, to visit and inspect any of the properties of the Company and its Subsidiaries, to examine their books and financial records and to make copies thereof or extracts therefrom and to discuss their affairs, finances and accounts with the Principal Officers and the Company's independent certified public accountants, all at such times as the Company and such Person reasonably agree and as often as such Person may reasonably request.

5C. COVENANT TO SECURE NOTE EQUALLY. The Company covenants that, if it or any of its Subsidiaries shall create, assume or otherwise incur any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6B(1) (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to paragraph 11C), it will make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured.

5D. INFORMATION REQUIRED BY RULE 144A. The Company covenants that it will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to and in compliance with the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5D, the term "QUALIFIED INSTITUTIONAL BUYER" shall have the meaning specified in Rule 144A under the Securities Act.

5E. MAINTENANCE OF PROPERTIES; INSURANCE. The Company covenants that it and each Subsidiary will (i) maintain or cause to be maintained in good repair, working order and condition all properties used or useful at that time in its business and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof and (ii) maintain insurance with reputable and financially sound insurers in such amounts and against such liabilities and hazards as is customarily maintained by other companies operating similar businesses and together with each delivery of financial statements under clause (ii) of paragraph 5A, upon the request of any Significant Holder of Notes, deliver certificates of insurance to the foregoing effect to such Significant Holder.

5F. ENVIRONMENTAL AND SAFETY LAWS. (i) The Company covenants that it will deliver promptly to each Significant Holder notice of (a) any material enforcement, cleanup, removal or other material governmental or regulatory action instituted or, to the Company's best knowledge, threatened against the Company or any Subsidiary pursuant to any Environmental and Safety Laws, (b) all material Environmental Liabilities and Costs against or in respect of the Property, the Company or any Subsidiary and (c) the Company's or any Subsidiary's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that the Company or such Subsidiary has reason to believe could cause the Property or any material part thereof to be subject to any material restrictions on its ownership, occupancy, transferability or use under any Environmental and Safety Laws.

(ii) The Company covenants that it will, and will cause each of the Subsidiaries to, keep and maintain the Property and conduct its and their operations in compliance in all material respects with all applicable Environmental and Safety Laws.

6. NEGATIVE COVENANTS. During the Issuance Period and so long thereafter as any Note or amount due hereunder is outstanding and unpaid, the Company covenants as follows:

6A. FINANCIAL COVENANTS. The Company will not permit:

6A(1). MINIMUM NET WORTH. Consolidated Tangible Net Worth at any time to be less than the sum of (a) \$530,000,000 plus (b) to the extent positive, 25% of Consolidated Cumulative Net Income for each fiscal quarter ended after December 31, 2000 (such required minimum net worth not to be reduced by any consolidated net loss during any such fiscal quarter).

6A(2). DEBT TO EBITDA RATIO. The Debt to EBITDA Ratio at any time to exceed 300%; or

6A(3). INTEREST COVERAGE RATIO. The Interest Coverage Ratio for any fiscal quarter (measured at the end of such fiscal quarter) to be less than 200%.

6B. LIEN AND OTHER RESTRICTIONS. The Company will not, and will not permit any Subsidiary to:

6B(1). LIENS. Create, assume or suffer to exist at any time any

Lien on or with respect to any of its property or assets, whether now owned or hereafter acquired (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C hereof), except:

(i) Liens for taxes not yet due or which are being actively contested in good faith by appropriate proceedings and for which adequate reserves have been established;

(ii) Liens incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances of credit, or the guarantee, maintenance, extension or renewal of the same, and which do not in the aggregate materially detract from the value of its property or assets, taken as a whole, or materially impair the use thereof in the operation of its business;

(iii)(A) Liens on the vessels owned or to be owned or chartered, or any shoreside facilities or equipment owned, leased or to be owned or leased by Matson or its Subsidiaries and (B) Liens securing Debt between Subsidiaries or owing to the Company by a Subsidiary;

(iv) the giving, simultaneously with or within ninety (90) days after the acquisition or construction of real property or tangible personal property, of any purchase money lien (including vendor's rights under purchase contracts under an agreement whereby title is retained for the purpose of securing the purchase price thereof) on real property or tangible personal property acquired or constructed after December 31, 2000 and not theretofore owned by the Company or any of its Subsidiaries, or the acquiring after December 31, 2000 of real property or tangible personal property not theretofore owned by the Company or any of its Subsidiaries subject to any then existing Lien (whether or not assumed); provided, however, that notwithstanding

the foregoing, non-Matson Subsidiaries may grant Liens on real property owned on December 31, 2000 or thereafter acquired for development in the ordinary course of Property Development Activities so long as the aggregate amount of Debt secured by all such Liens does not, at any time, exceed the sum of (A) \$85,000,000 and (B) \$5,000,000 for each completed calendar year, commencing with the calendar year completed December 31, 2001; and provided further, that in each such

case (including Liens granted pursuant to the foregoing proviso) (x) such Lien is limited to such real or tangible personal property, and (y) the principal amounts of the Debt secured by each such Lien, together (without duplication) with the principal amount of all other Debt secured by Liens on such property, shall not exceed 100% of the cost (which shall be deemed to include the amount of Debt secured by Liens, including existing Liens, on such property) of such property to the Company or any of its Subsidiaries;

(v) Liens (other than as specified in clauses (i) - (iv) above) of the Company and Subsidiaries in existence on the date of this Agreement as set forth in Schedule 6B(1); and

(vi) subject to compliance with paragraph 6B(4), Liens securing Debt other than as set forth in the foregoing clauses (i) - (v); provided that there shall not exist any Lien of any kind on the shares

of the Voting Stock of any Subsidiary, unless the Company and Subsidiaries continue to own shares of Voting Stock of such Subsidiary which are not subject to any Lien and which represent a majority of the Voting Stock of such Subsidiary;

6B(2). LOANS AND ADVANCES. Make or permit to remain outstanding at any time any loan or advance to any Person, except that the Company and its Subsidiaries may:

(i) subject to paragraph 6B(4), make or permit to remain outstanding loans and advances to the Company and Subsidiaries;

(ii) make or permit to remain outstanding travel and other like advances and customary employee benefits in reasonable amounts to employees in the ordinary course of business;

(iii) make or permit to remain outstanding third party loans and advances on standard arm's-length terms, all such loans and advances not to exceed an aggregate of \$50,000,000 at any time outstanding; and

(iv) make or permit to remain outstanding purchase money loans to Persons to whom it sells real property in the ordinary course of its Property Development Activities, provided that the aggregate

amount of all such purchase money loans may not exceed at any one time an amount equal to 10% of Consolidated Total Assets at the end of the fiscal quarter most recently-ended as of any date of determination;

6B(3). MERGER AND SALE OF ASSETS. Merge with or into or consolidate with any other Person or sell, lease, transfer or otherwise dispose of assets (other than in the ordinary course of business), except that:

(i) any Subsidiary may merge with the Company, so long as the Company is the surviving corporation;

(ii) any Subsidiary may merge with another Subsidiary, or sell, lease, transfer or otherwise dispose of its assets to another Subsidiary or to the Company; provided, however, that no Subsidiary

(other than Matson and Matson Subsidiaries) may merge into or sell, lease, transfer or otherwise dispose of any assets to any Matson Subsidiary;

(iii) (A) Property Subs may sell, lease, transfer, exchange or otherwise dispose of their real property to the extent that such sales or other dispositions are made in the ordinary course of their Property Development Activities, and (B) the Company may sell, lease, transfer, exchange or otherwise dispose of the real property it owned as of December 31, 2000 in the ordinary course of business;

(iv) the Company or any Subsidiary may sell, lease, transfer or otherwise dispose of assets to third parties so long as (A) the fair market value thereof on the date sold or otherwise disposed of, together with the fair market value of all other assets sold or otherwise disposed of to third parties (1) within the prior 12 months, does not represent more than 15% of Consolidated Total Assets and (2) since the date of this Agreement, does not represent more than 40% of Consolidated Total Assets and (B) such assets, together with all

other assets sold or otherwise disposed of to third parties since the beginning of the most recently ended fiscal year, did not contribute more than 15% of Consolidated Net Income during the Company's most recently ended fiscal year; provided that, notwithstanding the 15%

limitation appearing clause (A), above, sales or dispositions in excess thereof in a twelve month period may be made if the proceeds of such sale or disposition are fully utilized in the acquisition of Permitted Assets and/or applied to the repayment of Permitted Debt, in each case within 365 days from the date of sale or disposition; and

(v) the Company may merge or consolidate with another corporation or other Person if (A) it will be the continuing or surviving entity and (B) no Default or Event of Default would exist immediately after giving effect to such merger or consolidation;

6B(4). PRIORITY DEBT. Permit the aggregate amount of Priority Debt to exceed the Priority Debt Limit.

6B(5). SALE OR DISCOUNT OF RECEIVABLES. Sell with recourse, or discount or otherwise sell for less than the face value thereof, any of its notes or accounts receivable (other than sales of accounts receivable the collection of which is doubtful in accordance with GAAP);

6B(6). SALE-LEASEBACKS. Enter into any arrangement with any lender or investor or to which such lender or investor is a party providing for the leasing by the Company or any Subsidiary of real or personal property which has been or is to be sold or transferred by the Company or such Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Company or a Subsidiary; provided, however, that such sale-

leaseback transactions may be entered into by:

(i) Matson and Matson Subsidiaries without limitation; and

(ii) the Company and its non-Matson Subsidiaries so long as the aggregate sales price of all assets sold or otherwise transferred after December 20, 1990 pursuant to such transactions does not exceed 5% of Consolidated Tangible Net Worth (measured as at the end of the fiscal quarter immediately preceding the date of such sale-leaseback);

6B(7). TRANSACTIONS WITH HOLDERS OF PARTNERSHIP OR OTHER EQUITY INTERESTS. Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, in the ordinary course of business or otherwise (i) any Affiliate (other than in the capacity of an employee), or (ii) any Person owning, beneficially or of record, directly or indirectly, 5% or more of the outstanding voting stock of the Company or any executive officer (as such term is defined under the Securities Exchange Act of 1934, as amended) of the Company (other than in such Person's capacity as an employee); provided, however, that such acts and

transactions may be performed or engaged in if they are entered into upon terms no less favorable to the Company or such Subsidiary than if no such relationship described in clauses (i) or (ii) above existed and such acts or transactions are otherwise permitted by this Agreement;

6B(8). TRANSFER OF ASSETS TO SUBSIDIARIES. Transfer (other than in the ordinary course of business) any assets to a Subsidiary for the principal purpose of improving the credit position of such Subsidiary in order to enable it to borrow money;

6B(9). SALE OF STOCK AND DEBT OF SUBSIDIARIES. Sell or otherwise dispose of, or part with control of, any shares of stock (or similar equity securities) or Debt or other obligations of any Subsidiary, or permit any Subsidiary to issue shares of its stock (or similar equity securities), to any Person other than to a Company or another Subsidiary (except that non-Matson Subsidiaries may not issue shares of capital stock to Matson or a Matson Subsidiary), and except that (i) the Property Subs may sell or otherwise dispose of part with control of all shares of stock (or similar equity securities) of special purpose Subsidiaries (i.e., Subsidiaries established to hold and develop real property only for specific development projects) if such sale or disposition is made in the ordinary course of their Property Development Activities and (ii) all shares of stock (or similar equity securities) and Debt or other obligations of any Subsidiary at the time owned by or owed to the Company and any Subsidiary may be sold as an entirety to any third party for a consideration which represents fair value (as determined in good faith by its Board of Directors) at the time of such sale; provided,

however, that the securities or other obligations so sold shall constitute

assets subject to the limitations and other provisions of paragraph 6B(3); and provided, further, that, at the time of such sale, such Subsidiary shall not

own, directly or indirectly, any shares of stock or Debt or other obligations of any other Subsidiary or of the Company (unless all of the shares of stock and Debt or other obligations of such other Subsidiary owned, directly or indirectly, by the Company and all Subsidiaries are simultaneously being sold as permitted by this paragraph 6B(9));

6C. RESTRICTED PAYMENTS. The Company covenants that it will not declare or pay any dividend or other distribution on any class of its capital stock or other equity interests, redeem or repurchase any such interests or make any other distribution on account of any such interests (all of the foregoing being "Restricted Payments") except that the Company may make a Restricted Payment in any amount so long as (i) no Default or Event of Default shall then exist or would exist after giving effect to any such Restricted Payment and (ii) any such Restricted Payment will not violate any applicable law or regulation.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of, or interest or Yield-Maintenance Amount on, any Note, for more than five Business Days after the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company or any Subsidiary defaults in any payment of principal of, or premium or interest on, any obligation for money borrowed (or of any obligation under conditional sale or other title retention agreement or of any obligation issued or assumed as full or

partial payment for property whether or not secured by a purchase money mortgage or of any obligation under notes payable or drafts accepted representing extensions of credit) other than the Notes beyond any period of grace provided with respect thereto, or the Company or any Subsidiary fails to perform or observe any other agreement, term or condition contained in any agreement (or any other event thereunder or under any such agreement occurs and is continuing) and the effect of such default, failure or other event is to cause, or permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due (or to be repurchased by the Company or any Subsidiary) prior to any stated maturity; provided that the aggregate amount of all obligations as to which such a payment default shall occur or such a failure or other event causing or permitting acceleration (or resale to a Company or any Subsidiary) shall occur and be continuing exceeds \$10,000,000; or

(iii) any representation or warranty made by the Company herein or by the Company or any of its officers in any writing furnished in connection with or pursuant to this Agreement shall be false or misleading in any material respect on the date as of which made; or

(iv) the Company fails to perform or observe any agreement contained in paragraphs 5C or 6 hereof; or

(v) the Company or any Subsidiary fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after any Principal Officer obtains actual knowledge thereof; or

(vi) the Company or any Significant Subsidiary makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(vii) any decree or order for relief in respect of the Company or any Significant Subsidiary is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, liquidation or similar law, whether now or hereafter in effect (herein called the "Bankruptcy Law"), of any jurisdiction; or

(viii) the Company or any Significant Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or any such Significant Subsidiary, or of any substantial part of the assets of the Company or any such Significant Subsidiary, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than proceedings for the voluntary liquidation and dissolution of a Significant Subsidiary) relating to the Company or any Significant Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(ix) any petition or application of the type described in clause (viii) of this paragraph 7A is filed, or any such proceedings are commenced, against the Company or any Significant Subsidiary and the Company or such Significant Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(x) any order, judgment or decree is entered in any proceedings against the Company or any Significant Subsidiary decreeing the dissolution of such Company or such Significant Subsidiary and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(xi) any order, judgment or decree is entered in any proceedings against the Company or any Significant Subsidiary decreeing a split-up of the Company or such Significant Subsidiary which requires the divestiture of (A) assets representing a substantial part, or the stock of, or other ownership interest in, a Significant Subsidiary whose assets represent a substantial part of Consolidated Total Assets or (B) assets or the stock of or other ownership interest in a Significant Subsidiary that has contributed a substantial part of Consolidated Cumulative Net Income for any of the three fiscal years then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(xii) (a) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (b) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBCG or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of such proceedings, (c) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$15,000,000, (d) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (e) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (f) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (a) through (f) above, either individually or together with any other such event or events, could reasonably be expected to have a material adverse effect on the business or condition (financial or otherwise) of the Company; or

(xiii) any judgment or decree in the amount of \$10,000,000 or more shall be entered against the Company or any of its Subsidiaries that is not paid or fully covered (beyond any applicable deductibles) by insurance and such judgment or decree shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof;

then (a) if such event is an Event of Default specified in clause (i) of this paragraph 7A, the holder of any Note (other than a Company or any of its Subsidiaries or Affiliates) may at its option, by notice in writing to the Company, declare such Note to be, and such Note shall thereupon be and become,

immediately due and payable at par together with interest accrued thereon without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (vii), (viii) or (ix) of this paragraph 7A with respect to the Company, all of the Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon and the Yield-Maintenance Amount with respect thereto, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) with respect to any event constituting an Event of Default, the Required Holder(s) of any Series of Notes may at its or their option, by notice in writing to the Company, declare all of the Notes of such Series to be, and all of the Notes of such Series shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note of such Series, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes of a Series shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) of such Series may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes of such Series, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes of such Series which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the rate specified in the Notes of such Series, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes of such Series or this Agreement (as this Agreement pertains to the Notes of such Series). No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default or Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A. ORGANIZATION. The Company and each Subsidiary with a tangible net worth in excess of \$500,000 is duly organized, validly existing and in good standing under the laws of the state of its organization. The Company and each Significant Subsidiary has the full power and authority to own its properties and to carry on its business as now being conducted, and is duly qualified in every state where the nature of its business requires that it do so, and is in good standing under the laws of every jurisdiction outside the state of its incorporation in which it owns or leases property or conducts business and in which the failure to so qualify would have a material adverse effect upon its business or property taken as a whole. The Company and each Significant Subsidiary has complied in all material respects with (or is exempt from the application of) all material federal, state and local laws, regulations and orders that are, or in the absence of any exemption could be, applicable to the operations of its business, including public utility, bank holding company, state agricultural and Environmental and Safety Laws. The Company has full power, authority and right to execute and deliver, and to perform and observe, the provisions of this Agreement and the Notes and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Notes to be issued hereunder by the Company has been authorized by all necessary corporate and other action, and, when duly executed and delivered, will be the legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms.

8B. FINANCIAL STATEMENTS. The Company has furnished each Purchaser of any Accepted Notes with the following financial statements, identified by a principal financial officer of the Company: (i) consolidated balance sheets of the Company and its Subsidiaries as of the last day in each of the five fiscal years of the Company most recently completed prior to the date as of which this representation is made or repeated (other than fiscal years completed within 120 days prior to such date for which audited financial statements have not been released) and consolidated statements of income, shareholders' equity and cash flows of the Company and its Subsidiaries for each such year, certified by Deloitte & Touche (or such other accounting firm as may be reasonably acceptable to Prudential); and (ii) consolidated balance sheets of the Company and its Subsidiaries as at the end of the quarterly period (if any) most recently completed prior to such date and after the end of such fiscal year (other than quarterly periods completed within 60 days prior to such date for which financial statements have not been released) and the comparable quarterly period in the preceding fiscal year and consolidated statements of income, stockholders' equity and cash flows of the Company and its Subsidiaries for the periods from the beginning of the fiscal years in which such quarterly periods are included to the end of such quarterly periods, in each case prepared by the Company. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company and its Subsidiaries required to be shown in accordance with such principles. The balance sheets fairly present the condition of the Company and its Subsidiaries as at the dates thereof, and the statements of income, shareholders' equity and cash flows fairly present the results of the operations and cash flows of the Company and its Subsidiaries for the periods indicated. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole since the end of the most recent fiscal year for which such audited financial statements have been furnished.

8C. ACTIONS PENDING. There is no action, suit, investigation or

proceeding pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary or any properties or rights of the Company or any Subsidiary, by or before any court, arbitrator or administrative or governmental body which could reasonably be expected to result in any material adverse change in the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8D. **OUTSTANDING DEBT.** Neither the Company nor any Subsidiary has any Debt outstanding except as permitted by paragraph 6A(2) and 6A(3). There exists no default under the provisions of any instrument evidencing any such Debt or of any agreement relating thereto.

8E. **TITLE TO PROPERTIES.** The Company and each Significant Subsidiary has such title to its properties and assets as is appropriate and sufficient for the conduct of the business which such Company or Significant Subsidiary presently undertakes or contemplates undertaking. There are no Liens on such properties and assets that (i) materially restrict such Company's or Significant Subsidiary's intended use and enjoyment thereof in the ordinary course of business or (ii) are not permitted by paragraph 6B(1). There is no material default, nor any event that, with notice or lapse of time or both, would constitute such a material default under any material lease to which either the Company or any such Significant Subsidiary is a lessee, lessor, sublessee or sublessor.

8F. **TAXES.** The Company and each Subsidiary with a tangible net worth in excess of \$500,000 has filed all Federal, state and other income tax and informational returns which are required to be filed by it. The Company and each such Subsidiary has paid all taxes as shown on its returns and on all assessments received to the extent that such taxes have become due, except such assessments as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP.

8G. **CONFLICTING AGREEMENTS AND OTHER MATTERS.** Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions of this Agreement or the Notes will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary pursuant to, their respective articles of incorporation or bylaws (or other comparable governing documents, as applicable), any award of any arbitrator or any agreement, instrument, order, judgment, decree, and, after due investigation and to the Company's best knowledge, any statute, law, rule or regulation to which the Company or any Subsidiary is subject. Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing any of their respective Debt, any agreement relating thereto or any other contract or agreement which restricts or otherwise limits the incurring of Debt pursuant hereto, except as set forth on Schedule 8G hereto.

8H. **OFFERING OF THE NOTES.** Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person or Persons other than Prudential and the Purchasers, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of Section 5 of the Securities Act or to the provisions of any securities or blue sky law of any applicable jurisdiction.

8I. **REGULATION U, ETC.** The amount of all securities that the Company and its Subsidiaries together own that constitute "margin stock" (as defined in Regulation G (12 CFR Part 221) of the Board of Governors of the Federal Reserve System (herein called "margin stock")) does not exceed 25% of Consolidated Total Assets. None of the proceeds of the Notes will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8J. **ERISA.** No accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan (other than a Multiemployer Plan). No liability to the PBGC has been or is expected by the Company or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Company, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. Neither the Company, any of its Subsidiaries or any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the Company and its Subsidiaries taken as a whole. The execution and delivery of this Agreement and the issuance and sale of the Notes will be exempt from, or will not involve any transaction which is subject to the prohibitions of, section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be imposed pursuant to section 4975 of the Code. The representation by the Company in the next preceding sentence is made in reliance upon and subject to the accuracy of each Purchaser's representation in paragraph 9B.

8K. **GOVERNMENTAL CONSENT.** Neither the nature of the Company or any of its Subsidiaries, nor any of their respective businesses or properties, nor any relationship between the Company or a Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by, notice to or filing with any court, administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state blue sky authorities) in connection with (i) the execution and delivery of this Agreement, (ii) the offering, issuance, sale or delivery of the Notes or (iii) fulfillment of or compliance with the terms and provisions of this Agreement and the Notes.

8L. **UTILITY COMPANY STATUS.** The Company is not a public utility within the meaning of the Federal Power Act, as amended. The Company is a "holding company" as such term is defined in the Public Utility Holding Company Act of 1935, as amended, but is exempt from all provisions of such Act, except section 9(a)(2) thereof (relating to the acquisition of securities of a "public-utility company"), because (i) the Company is incorporated in Hawaii, and substantially all of its utility operations are conducted in Hawaii and (ii) of the filing annually with the Securities and Exchange Commission of an

exemption statement. On each date as of which this representation is made or confirmed, the Company has on file with the Securities and Exchange Commission such an exemption statement, which is in full force and effect.

8M. INVESTMENT COMPANY STATUS. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

8N. BANK HOLDING COMPANY STATUS. Neither the Company nor any Subsidiary is a "bank holding company" within the meaning of the Federal Deposit Insurance Act (12 U.S.C. Section 1811, et. seq.), as amended.

8O. REAL PROPERTY MATTERS. The Company and each Significant Subsidiary has, for the real property which it owns or uses, such authorizations, consents, approvals, licenses and permissions (collectively, "Consents") that the Company or such Significant Subsidiary believes or has been advised by counsel to be now necessary for it to own, hold, develop, use or operate such real property in its current or intended manner, all in material compliance with applicable laws and regulations. Neither the Company nor any Significant Subsidiary has received any notice that any such Consent is necessary which has not been obtained, other than applications for the same that have been timely filed and are being diligently pursued with the appropriate governmental authorities and agencies.

8P. POSSESSION OF FRANCHISES, LICENSES, ETC. The Company and its Subsidiaries possess all material franchises, certificates, licenses, development and other permits and other authorizations from governmental political subdivisions or regulatory authorities and all patents, trademarks, service marks, trade names, copyrights, licenses, easements, rights of way and other rights (collectively, "Material Rights"), free from burdensome restriction, that are necessary in the judgment of the Company in any material respect for the ownership, maintenance and operation of their business, properties and assets, and neither the Company nor any of its Subsidiaries is in violation of any Material Rights in any material respect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such Material Rights, or materially and adversely affect the rights of the Company or its Subsidiaries thereunder.

8Q. ENVIRONMENTAL AND SAFETY MATTERS. The Company and its Subsidiaries and all of their respective properties and facilities have complied at all times and in all respects with all Environmental and Safety Laws except where failure to comply would not result in a material adverse effect on the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8R. HOSTILE TENDER OFFERS. None of the proceeds of the sale of any Notes will be used to finance a Hostile Tender Offer.

8S. EMPLOYEE RELATIONS. Neither the Company nor any Subsidiary is the subject of (i) any material strike, work slowdown or stoppage, union organizing drive or other similar activity or (ii) any material action, suit, investigation or other proceeding involving alleged employment discrimination, unfair termination, employee safety or similar matters or, to the best knowledge of the Company, is any such event imminent or likely to occur.

8T. REGULATIONS AND LEGISLATION. To the best knowledge of the Company, no law, regulation, interpretation or legislation has been enacted or issued or is likely to be enacted or issued, that would reasonably be expected to have a material adverse effect on the operations or financial condition of the Company and its Subsidiaries taken as a whole.

8U. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to any Purchaser by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company or any Subsidiary which materially adversely affects, or in the future may (so far as the Company can now foresee) materially adversely affect, the consolidated business, property, assets, prospects or financial condition of the Company and the Subsidiaries and which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to each Purchaser by or on behalf of the Company prior to the date this representation is made or confirmed in connection with the transactions contemplated hereby.

9. REPRESENTATIONS OF THE PURCHASERS. Each Purchaser represents as follows:

9A. NATURE OF PURCHASE. Such Purchaser is acquiring the Notes purchased by it hereunder for the purpose of investment and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of such Purchaser's property shall at all times be and remain within its control. Such Purchaser understands that the Notes have not been registered under the Securities Act and may be exchanged, offered, transferred or resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, and that the Company is not required to register the Notes.

9B. SOURCE OF FUNDS. At least one of the following statements is true regarding the source of funds being used by such Purchaser to pay the purchase price of the Notes being purchased by such Purchaser hereunder: (i) the source is the "insurance company general account" of such Purchaser (as such term is defined under Section V of the United States Department of Labor's Prohibited Transaction Class Exemption ("PTCE") 95-60), and as of the date of the purchase of the Notes such Purchaser satisfies all of the applicable requirements for relief under Sections I and IV of PTCE 95-60 or (ii) the source is a separate account maintained by such Purchaser in which no employee benefit plan, other than employee benefit plans identified on a list which has been furnished by such Purchaser to the Company, participates to the extent of 10% or more or (iii) the source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA. For the purpose of this paragraph 9B, the terms "SEPARATE ACCOUNT" and "EMPLOYEE BENEFIT PLAN" shall have the respective meanings specified in section 3 of ERISA.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City, San Francisco, California or

Honolulu, Hawaii are required or authorized to be closed.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the principal of such Note that (i) is to be prepaid pursuant to paragraph 4B or (ii) is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"DESIGNATED SPREAD" shall mean 0 in the case of each Note of any Series unless the Confirmation of Acceptance with respect to the Notes of such Series specifies a different Designated Spread in which case it shall mean, with respect to each Note of such Series, the Designated Spread so specified.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (converted to reflect the periodic basis on which interest on such Note is payable, if payable other than on a semiannual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Principal of any Note, the Designated Spread over the yield to maturity implied by (i) the yields reported, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 678" on the Bridge\Telerate Service (or such other display as may replace Page 678 on the Bridge\Telerate Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. The Reinvestment Yield shall be rounded to the same number of decimal places as appears in the coupon of the applicable Note.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal (i) is to be prepaid pursuant to paragraph 4B or (ii) is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ACCEPTANCE" shall have the meaning specified in paragraph 2B(5).

"ACCEPTANCE DAY" shall have the meaning specified in paragraph 2B(5).

"ACCEPTANCE WINDOW" shall have the meaning specified in paragraph 2B(5).

"ACCEPTED NOTE" shall have the meaning specified in paragraph 2B(5).

"ACCUMULATED FUNDING DEFICIENCY" shall mean a funding deficiency described in section 302 of ERISA and section 412 of the Code.

"AFFILIATE" shall mean, without duplication, any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company, except a Subsidiary. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"AGREEMENT" shall have the meaning specified in paragraph 11C.

"AUTHORIZED OFFICER" shall mean (i) in the case of the Company, any officer of the Company designated as an "Authorized Officer" in the Information Schedule or any officer of either Company designated as an "Authorized Officer" for the purpose of this Agreement in a certificate executed by one of the Company's Authorized Officers and (ii) in the case of Prudential, any officer of Prudential designated as its "Authorized Officer" in the Information Schedule or any officer of Prudential designated as its "Authorized Officer" for the purpose of this Agreement in a certificate executed by one of its Authorized Officers. Any action taken under this Agreement on behalf of the Company by any individual who on or after the date of this Agreement shall have been an Authorized Officer of the Company and whom Prudential in good faith believes to be an Authorized Officer of the Company at the time of such action shall be binding on the Company even though such individual shall have ceased to be an Authorized Officer of the Company, and any action taken under this Agreement on behalf of Prudential by any individual who on or after the date of this Agreement shall have been an Authorized Officer of Prudential, and whom the Company in good faith believe to be an Authorized Officer of Prudential at the time of such action shall be binding on Prudential even though such individual shall have ceased to be an Authorized Officer of Prudential.

"AVAILABLE FACILITY AMOUNT" shall have the meaning specified in paragraph 2B(1).

"BANKRUPTCY LAW" shall have the meaning specified in clause (vii) of

paragraph 7A.

"BUSINESS DAY" shall have the meaning specified in paragraph 10A.

"CANCELLATION DATE" shall have the meaning specified in paragraph 2B(8)(iv).

"CANCELLATION FEE" shall have the meaning specified in paragraph 2B(8)(iv).

"CAPITALIZED LEASE OBLIGATION" shall mean, with respect to any Person, any rental obligation of such Person which, under GAAP, is or will be required to be capitalized on the books of such Person, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et. seq.), as amended, and the regulations promulgated thereunder.

"CLOSING DAY" shall mean, with respect to any Accepted Note, the Business Day specified for the closing of the purchase and sale of such Accepted Note in the Request for Purchase of such Accepted Note, provided that (i) if the

----- ----
Company and the Purchaser which is obligated to purchase such Accepted Note agree on an earlier Business Day for such closing, the "CLOSING DAY" for such Accepted Note shall be such earlier Business Day, and (ii) if the closing of the purchase and sale of such Accepted Note is rescheduled pursuant to paragraph 2B(7), the Closing Day for such Accepted Note, for all purposes of this Agreement except references to "original Closing Day" in paragraph 2B(8)(iii), shall mean the Rescheduled Closing Day with respect to such Accepted Note.

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"CONFIRMATION OF ACCEPTANCE" shall have the meaning specified in paragraph 2B(5).

"CONSOLIDATED CUMULATIVE NET INCOME" shall mean the aggregate Consolidated Net Income for the fiscal period(s) in question.

"CONSOLIDATED INTEREST EXPENSE" shall mean the sum of all amounts that would, in accordance with GAAP, be deducted in computing Consolidated Net Income for the fiscal periods in question on account of interest, including without limitation, imputed interest in respect of Capitalized Lease Obligations, fees in respect of letters of credit and bankers' acceptance financing and amortization of debt discount and expense.

"CONSOLIDATED NET INCOME" shall mean the consolidated gross revenues of the Company and Subsidiaries for the period in question, less all operating and non-operating expenses, including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues any (i) gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion, exchange or other disposition of capital assets (i.e., assets other than current assets) other than real property sold for cash, cash equivalents or other property or tangible assets by the Property Subs in the ordinary course of their Property Development Activities, (ii) gains resulting from the write-up of assets, (iii) equity in the unremitted earnings of any other Person (other than of Subsidiaries) or (iv) net income, gain or loss during such period from any change in accounting, from any discontinued operations or the disposition thereof, from any extraordinary events or from any prior period adjustments, all determined in accordance with GAAP.

"CONSOLIDATED NET INCOME BEFORE TAXES" shall mean Consolidated Net Income for the period in question plus the sum of all deferred and current Federal, state, local and foreign taxes that are deducted in accordance with GAAP in computing Consolidated Net Income for such period.

"CONSOLIDATED TANGIBLE NET WORTH" shall mean, at any time of determination thereof, the consolidated net worth of the Company and Subsidiaries, determined in accordance with GAAP, less all Intangibles.

"CONSOLIDATED TOTAL ASSETS" shall mean, at any time of determination thereof, the consolidated total assets of the Company and Subsidiaries determined in accordance with GAAP.

"DEBT" shall mean, as to any Person at the time of determination thereof without duplication, (i) any indebtedness of such Person (A) for borrowed money, including commercial paper and revolving credit lines, (B) evidenced by bonds, debentures or notes or otherwise representing extensions of credit, whether or not representing obligations for borrowed money or (C) for the payment of the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, regardless of when such liability or other obligation is due and payable, (ii) Capitalized Lease Obligations of such Person, (iii) Guarantees, assumptions and endorsements by such Person (other than endorsements of negotiable instruments for collection in the ordinary course of business) of Debt of another Person, and (iv) Debt of another Person secured by Liens on the property or other assets of such Person. "Debt" shall not include a reimbursement obligation under either a standby letter of credit or a performance bond to the extent such reimbursement obligation is contingent or (ii) in the case of the Company, a Guarantee of up to \$15,000,000 of revolving debt of Hawaii Sugar & Transportation Cooperative.

"DEBT TO EBITDA RATIO" shall mean, as at any time of determination thereof, the ratio (expressed as a percentage) of (i) all Debt of the Company and Subsidiaries on a consolidated basis to (ii) EBITDA for the four consecutive fiscal quarter period then most recently ended.

"DELAYED DELIVERY FEE" shall have the meaning specified in paragraph 2B(8)(iii).

"EBITDA" shall mean, for any period, Consolidated Net Income Before Taxes for such period plus, to the extent deducted in the calculation thereof, Consolidated Interest Expense, depreciation and amortization.

"ENVIRONMENTAL AND SAFETY LAWS" shall mean all Federal, state and local laws, regulations and ordinances, relating to the discharge, handling, disposition or treatment of Hazardous Materials and other substances or the protection of the environment or of employee health and safety, including, without limitation, CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et. seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et. seq.), the Clean Air Act (42 U.S.C. Section 7401 et. seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et. seq.), the Occupational Safety and Health Act (29 U.S.C. Section 651 et. seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et.

seq.), each as the same may be amended and supplemented.

"ENVIRONMENTAL LIABILITIES AND COSTS" shall mean, as to any Person, all liabilities, obligations, responsibilities, remedial actions, losses, damages, punitive damages, consequential damages, treble damages, contribution, cost recovery, costs and expenses (including all fees, disbursements and expenses of counsel, expert and consulting fees, and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, permit, order or agreement with any Federal, state or local governmental authority or other Person, arising from environmental, health or safety conditions, or the release or threatened release of a contaminant, pollutant or Hazardous Material into the environment, resulting from the operations of such Person or its subsidiaries, or breach of any Environmental and Safety Law or for which such Person or its subsidiaries is otherwise liable or responsible.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA AFFILIATE" shall mean any corporation which is a member of the same controlled group of corporations as the Company within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Company within the meaning of section 414(c) of the Code.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "DEFAULT" shall mean any of such events, whether or not any such requirement has been satisfied.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FACILITY" shall have the meaning specified in paragraph 2B(1).

"FACILITY FEE" shall have the meaning specified in paragraph 2B(8)(i).

"FASB" shall mean the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, or any successor body.

"GAAP" shall have the meaning provided in paragraph 10C.

"GUARANTEE" shall mean, without duplication, any obligation, contingent or otherwise, of any Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation of any other Person (the primary obligor) in any manner, directly or indirectly, and including any obligation:

(i) to make any loan, advance or capital contribution, or for the purchase of any property from, any Person, in each case for the purpose of enabling such Person to maintain working capital, net worth or any other balance sheet condition or to pay debts, dividends or expenses except for advances, deposits and initial payments made in the usual and ordinary course of business for the purchase or acquisition of property or services; or

(ii) to purchase materials, supplies or other property or services if such obligation requires that payment for such materials, supplies or other property or services be made regardless of whether or not delivery of such materials, supplies or other property or services is ever made or tendered; or

(iii) to rent or lease (as lessee) any real or personal property (except for leases in effect on August 2, 1996) if such obligation is absolute and unconditional under conditions not customarily found in commercial leases then in general use; or

(iv) of any partnership or joint venture in which such Person is a general partner or joint venturer if such obligation is not expressly non-recourse to such Person.

"HAZARDOUS MATERIALS" shall mean (a) any material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances" or any other formulations intended to define, list or classify substances by reason of their deleterious properties, (b) any oil, petroleum or petroleum derived substance, (c) any flammable substances or explosives, (d) any radioactive materials, (e) asbestos in any form, (f) electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million, (g) pesticides or (h) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental agency or authority or which may or could pose a hazard to the health and safety of persons in the vicinity thereof.

"HEDGE TREASURY NOTE(S)" shall mean, with respect to any Accepted Note, the United States Treasury Note or Notes whose duration (as determined by Prudential) most closely matches the duration of such Accepted Note.

"HOSTILE TENDER OFFER" shall mean, with respect to the use of proceeds of any Note, any offer to purchase, or any purchase of, shares of capital stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases for portfolio investment purposes of such shares, equity interests, securities or rights which, together with any shares, equity interests, securities or rights then owned, represent less than 5% of the equity interests or beneficial ownership of such corporation or other entity, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity prior to the date on which the Company makes the Request for Purchase of such Note.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INSTITUTIONAL INVESTOR" shall mean an insurance company, bank, pension fund, investment company, "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation), "accredited investor" (as such term is defined under Regulation D promulgated under the Securities Act, or any successor law, rule or regulation) or other Person with assets in excess of \$50,000,000 that invests in securities for its own account or as a dealer.

"INTANGIBLES" shall mean any Intellectual Properties, goodwill (including any amounts, however designated, representing the cost of acquisition of business and investments in excess of underlying tangible assets), unamortized

debt discount and expense, deferred research and development costs, any write-up of asset value after December 31, 1989 and other assets treated as intangible assets under GAAP.

"INTELLECTUAL PROPERTIES" shall mean inventions, patents, copyrights, trade secrets, trade names and trademarks, technologies, methods, design drawings, software (including documentation and source code listings) processes, applications for the same and other proprietary properties or information.

"INTEREST COVERAGE RATIO" shall mean, at any time of determination thereof, (a) the sum of (i) Consolidated Net Income Before Taxes for the period of four consecutive fiscal quarters then most recently ended and (ii) Consolidated Interest Expense for such four fiscal quarter period, divided by (b) Consolidated Interest Expense for such four fiscal quarter period.

"ISSUANCE PERIOD" shall have the meaning specified in paragraph 2B(2).

"LIEN" shall mean any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any purchase money mortgage, conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement (exclusive of filings for precautionary purposes only) under the Uniform Commercial Code of any jurisdiction).

"MARGIN STOCK" shall have the meaning specified in paragraph 8I.

"MATERIAL RIGHTS" shall have the meaning specified in paragraph 8P.

"MATSON" shall mean Matson Navigation Company, Inc., a wholly owned subsidiary of the Company.

"MATSON SUBSIDIARY" shall mean any Subsidiary a majority of the Voting Stock of which is owned by Matson, either directly or through Matson Subsidiaries.

"MULTIEMPLOYER PLAN" shall mean any Plan which is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NOTES" shall have the meaning specified in paragraph 1.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by an Authorized Officer of the Company.

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or any successor or replacement entity thereto under ERISA.

"PERMITTED ASSETS" shall mean (i) where any Property Sub or any assets of a Property Sub or of the Company (other than capital stock of Matson) have been sold or otherwise transferred, assets to be used by the Company or any Property Sub in conducting Property Development Activities, the Property Management Business or the food products business and (ii) in all other instances, assets to be used in conducting Property Development Activities, the Property Management Business, the food products business or the ocean transportation business.

"PERMITTED DEBT" shall mean (i) any unsecured Debt of the Company or a Subsidiary (exclusive of Debt owed to the Company or a Subsidiary) selected by the Company, so long as the aggregate amount of all proceeds applications from sales or other dispositions which are made after December 31, 2000 pursuant to the proviso appearing in clause (iv) of paragraph 6B(3) do not exceed \$100,000,000 and (ii) after the \$100,000,000 basket in clause (i) has been fully utilized, all unsecured Debt of the Company and Subsidiaries (exclusive of any Debt owed to the Company or a Subsidiary thereof) on a pro rata basis.

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department or agency thereof.

"PLAN" shall mean any "employee pension benefit plan" (as such term is defined in section 3 of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by either Company or any ERISA Affiliate.

"PRINCIPAL OFFICER" shall mean the Treasurer, Chief Financial Officer and General Counsel of the Company and any other officer of the Company whose responsibilities include monitoring the Company's compliance with the provisions of this Agreement.

"PRIORITY DEBT" shall mean, at any time of determination, the sum of (i) Debt secured by Liens incurred pursuant to paragraph 6B(1)(vi), (ii) Debt of the Company or any non-Matson Subsidiary to Matson or a Matson Subsidiary (other than for cash management purposes in accordance with the Company's standard cash management policies) and (iii) Debt of Subsidiaries, other than (a) Guarantees of Debt of the Company so long as each such Subsidiary has guaranteed the Notes and the Required Holders have confirmed in writing that they are satisfied that such Guarantee does not subject the holders of the Notes to potentially adverse fraudulent conveyance treatment vis-a-vis any other recipient of a Guarantee from such Subsidiary, (b) Guarantees by Matson and Matson Subsidiaries of Debt of Matson, Matson Subsidiaries and third parties and (c) Debt of a non-Matson Subsidiary to Matson or a Matson Subsidiary described in the parenthetical in clause (ii) of this definition and (d) Debt of Matson and Matson Subsidiaries (1) of the type specified in paragraph 6B(1)(iii) or (2) that is unsecured.

"PRIORITY DEBT LIMIT" shall mean, at any time of determination, the sum of (i) \$20,000,000 and (ii) an amount equal to 10% of Consolidated Tangible Net Worth at such time.

"PROHIBITED TRANSACTION" shall mean any transaction described in section 406 of ERISA which is not exempt by reason of section 408 of ERISA or the transitional rules set forth in section 414(c) of ERISA and any transaction described in section 4975(c) of the Code which is not exempt by reason of section 4975(c) (2) or section 4975(d) of the Code, or the transitional rules of section 2003(c) of ERISA.

"PROPERTY" shall mean all real property owned or leased by the Company or any of its Subsidiaries, and all personal property including without limitation ocean transportation vessels and hauling trucks, located thereon or used or consumed in the operation of the business conducted thereat.

"PROPERTY DEVELOPMENT ACTIVITIES" shall mean land acquisition and development activities of the Property Subs, the principal objective of which is to acquire and develop real property for sale or other disposition.

"PROPERTY MANAGEMENT BUSINESS" shall mean the managing, leasing, selling

and purchasing of real property.

"PROPERTY SUBS" shall mean A&B Properties, Inc., Kukui'ula Development Company, Inc., South Shore Resources, Inc., South Shore Community Services, Inc., and East Maui Irrigation Company Limited, all Hawaii corporations, and A&B Development Company, a California corporation, all of which are wholly owned Subsidiaries of the Company, and other non-Matson Subsidiaries that are formed or acquired principally to engage in real property development activities.

"PRUDENTIAL" shall mean The Prudential Insurance Company of America.

"PRUDENTIAL AFFILIATE" shall mean (i) any corporation or other entity controlling, controlled by, or under common control with, Prudential and (ii) any managed account or investment fund which is managed by Prudential or a Prudential Affiliate described in clause (i) of this definition. For purposes of this definition the terms "control", "controlling" and "controlled" shall mean the ownership, directly or through subsidiaries, of a majority of a corporation's or other Person's Voting Stock or equivalent voting securities or interests.

"PURCHASERS" shall mean, with respect to any Accepted Notes, Prudential and/or the Prudential Affiliate(s) which are purchasing such Accepted Notes.

"REQUEST FOR PURCHASE" shall have the meaning specified in paragraph 2B(3).

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 66 2/3% of the aggregate principal amount of the Notes or of a Series of Notes, as the context may require, from time to time outstanding and, if no Notes are outstanding, shall mean Prudential.

"RESCHEDULED CLOSING DAY" shall have the meaning specified in paragraph 2B(7).

"RESTRICTED PAYMENTS" shall have the meaning specified in paragraph 6D.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SERIES" shall have the meaning specified in paragraph 1.

"SIGNIFICANT HOLDER" shall mean (i) Prudential or any Prudential Affiliate, so long as Prudential or any Prudential Affiliate shall hold any Note or the Issuance Period has not terminated or (ii) any other holder of at least 10% of the aggregate principal amount of the Notes of any Series from time to time outstanding.

"SIGNIFICANT SUBSIDIARY" shall mean any direct or indirect Subsidiary of the Company, the net worth of which is, on the date of determination, 5% or more of Consolidated Tangible Net Worth.

"SUBSIDIARY" shall mean, as to the Company, any company, whether operating as a corporation, joint venture, partnership, limited liability company or other entity, which is consolidated with the Company in accordance with GAAP.

"THIRD PARTY" shall mean any Person other than Company and its Subsidiaries.

"TRANSFeree" shall mean any Institutional Investor that is the direct or indirect transferee of all or any part of any Note purchased under this Agreement.

"VOTING STOCK" shall mean any shares of stock (or comparable equity securities) whose holders are entitled under ordinary circumstances to vote for the election of directors (or comparable persons), irrespective of whether at the time stock (or comparable equity securities) of any other class or classes shall have or might have voting power by reason of the happening of any contingency.

10C. ACCOUNTING PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "generally accepted accounting principles" and "GAAP" shall be deemed to refer to generally accepted accounting principles in effect in the United States at the time of application thereof. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles, applied on a basis consistent with the most recent audited consolidated financial statements of the Company and its Subsidiaries delivered pursuant to clause (ii) of paragraph 5A or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B.

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. The Company agrees that, so long as any Purchaser shall hold any Note, it will make payments of principal of, interest on, and any Yield-Maintenance Amount payable with respect to, such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit on the date due to the account or accounts of such Purchaser specified in the purchaser schedule attached to the applicable Confirmation of Acceptance with respect to such Note or such other account or accounts in the United States as such Purchaser may from time to time designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Note, it will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as the Purchasers have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save Prudential, each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including (i) all document production and duplication charges and the fees and expenses of any special counsel engaged by the Purchasers or any Transferee in connection with this Agreement, the transactions contemplated hereby and any subsequent proposed modification of, or proposed consent under, this Agreement, whether or not such proposed modification shall be effected or proposed consent granted, and (ii) the reasonable costs and expenses, including attorneys' fees, incurred by any Purchaser or any Transferee in enforcing any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the transactions contemplated hereby or by reason of any Purchaser's or any Transferee's having acquired any Note, including without limitation costs and expenses incurred in any bankruptcy case. The obligations of the Company under

this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by any Purchaser or any Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) of the Notes of each Series except that, (i) with the written consent of the holders of all Notes of a particular Series, and if an Event of Default shall have occurred and be continuing, of the holders of all Notes of all Series, at the time outstanding (and not without such written consents), the Notes of such Series may be amended or the provisions thereof waived to change the maturity thereof, to change or affect the principal thereof, or to change or affect the rate or time of payment of interest on or any Yield-Maintenance Amount payable with respect to the Notes of such Series, (ii) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to or waiver of the provisions of this Agreement shall change or affect the provisions of paragraph 7A or this paragraph 11C insofar as such provisions relate to proportions of the principal amount of the Notes of any Series, or the rights of any individual holder of Notes, required with respect to any declaration of Notes to be due and payable or with respect to any consent, amendment, waiver or declaration, (iii) with the written consent of Prudential (and not without the written consent of Prudential) the provisions of paragraph 2B may be amended or waived (except insofar as any such amendment or waiver would affect any rights or obligations with respect to the purchase and sale of Notes which shall have become Accepted Notes prior to such amendment or waiver), and (iv) with the written consent of all of the Purchasers which shall have become obligated to purchase Accepted Notes of any Series (and not without the written consent of all such Purchasers), any of the provisions of paragraphs 2B and 3 may be amended or waived insofar as such amendment or waiver would affect only rights or obligations with respect to the purchase and sale of the Accepted Notes of such Series or the terms and provisions of such Accepted Notes. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "THIS AGREEMENT" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; TRANSFER RESTRICTION. The Notes are issuable as registered notes without coupons in denominations of at least \$2,500,000, except as may be necessary to reflect any principal amount not evenly divisible by \$2,500,000. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Each prepayment of principal payable on each prepayment date upon each new Note issued upon any such transfer or exchange shall be in the same proportion to the unpaid principal amount of such new Note as the prepayment of principal payable on such date on the Note surrendered for registration of transfer or exchange bore to the unpaid principal amount of such Note. No reference need be made in any such new Note to any prepayment or prepayments of principal previously due and paid upon the Note surrendered for registration of transfer or exchange. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's unsecured indemnity agreement, or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note. Notwithstanding anything to the contrary herein, each Purchaser agrees, and each subsequent holder of a Note or purchaser of a participation in a Note by its acceptance of an interest in a Note agrees, that no Note shall be transferred to any Person which is not an Institutional Investor without the prior consent of the Company, such consent not to be unreasonably withheld.

11E. PERSONS DEEMED OWNERS; PARTICIPATIONS. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of and premium, if any, and interest on such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the holder of any Note may from time to time grant participations in all or any part of such Note to any Institutional Investor on such terms and conditions as may be determined by such holder in its sole and absolute discretion.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter hereof.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. INDEPENDENCE OF COVENANTS. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not (i) avoid the occurrence of a Default or Event of Default if such

action is taken or such condition exists or (ii) in any way prejudice an attempt by the holder of any Note to prohibit, through equitable action or otherwise the taking of any action by the Company or any Subsidiary which would result in a Default or Event of Default.

11I. NOTICES. All written communications provided for hereunder (other than communications provided for under paragraph 2B) shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to any Purchaser, addressed as specified for such communications in the purchaser schedule attached to the applicable Confirmation of Acceptance or at such other address as any such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to it at such address as it shall have specified in writing to the Company or, if any such holder shall not have so specified an address, then addressed to such holder in care of the last holder of such Note which shall have so specified an address to the Company and (iii) if to the Company, addressed to it at 822 Bishop Street, Honolulu, Hawaii 96813, Attention: Chief Financial Officer (with a copy to General Counsel) or at such other address as the Company shall have specified to each holder of a Note in writing, provided, however, that any

such communication to the Company may also, at the option of the Person sending such communication, be delivered by any other means either to the Company at its address specified above or to any Authorized Officer of the Company. Any communication pursuant to paragraph 2B shall be made by the method specified for such communication in paragraph 2B, and shall be effective to create any rights or obligations under this Agreement only if, in the case of a telephone communication, an Authorized Officer of the party conveying the information and of the party receiving the information are parties to the telephone call, and in the case of a telefacsimile communication, the communication is signed by an Authorized Officer of the party conveying the information, addressed to the attention of an Authorized Officer of the party receiving the information, and in fact received at the telefacsimile terminal the number of which is listed for the party receiving the communication in the Information Schedule or at such other telefacsimile terminal as the party receiving the information shall have specified in writing to the party sending such information.

Notices sent as aforesaid shall be deemed to have been given as of the receipt date appearing on the receipt signed upon delivery of such notice.

11J. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11K. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is, by the terms of this Agreement, required to be satisfactory to Prudential, any Purchaser or the Required Holder(s), the determination of such satisfaction shall be made by Prudential, such Purchaser or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person(s) making such determination.

11L. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of California.

11M. CHANGE IN ACCOUNTING PRINCIPLES. Notwithstanding any changes in accounting principles from those used in the preparation of the financial statements referred to in paragraph 5B(i) and (ii) hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by FASB, the method of calculating or determining financial covenants, standards or terms found in paragraphs 6 and 10 hereof shall, at the request of the Required Holders of the Notes, remain the same as if such changes had not been promulgated.

11N. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal or of interest, or Yield-Maintenance Amount payable with respect to, any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day.

11O. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11P. SEVERALTY OF OBLIGATIONS. The sales of Notes to the Purchasers are to be several sales, and the obligations of Prudential and the Purchasers under this Agreement are several obligations. No failure by Prudential or any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and neither Prudential nor any Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other such Person hereunder.

11Q. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

11R. BINDING AGREEMENT. When this Agreement is executed and delivered by the Company and Prudential, it shall become a binding agreement between the Company and Prudential. This Agreement shall also inure to the benefit of each Purchaser which shall have executed and delivered a Confirmation of Acceptance, and each such Purchaser shall be bound by this Agreement to the extent provided in such Confirmation of Acceptance.

ALEXANDER & BALDWIN, INC.,
a Hawaii corporation

By: /s/ Thomas A. Wellman

Its: Controller

By: /s/ James S. Andrasick

Its: Sr. Vice President, Chief
Financial Officer & Treasurer

The foregoing Agreement is hereby accepted as of the date first above written.

THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA

By /s/ Mitchell W. Reed

Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
C/O PRUDENTIAL CAPITAL GROUP
Four Embarcadero Center
Suite 2700
San Francisco, California 94111

April 25, 2001

ALEXANDER & BALDWIN, INC.
822 Bishop Street
Honolulu, Hawaii 96801

Re: Amendment to 1996 Agreement and 1993 Agreement

Gentlemen:

Reference is made to (i) the Note Agreement (as amended from time to time, the "1993 Agreement") dated as of June 4, 1993, between ALEXANDER & BALDWIN, INC. (the "Company") and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA ("Prudential"), (ii) the Private Shelf Agreement (as amended from time to time, the "1996 Agreement" and, together with the 1993 Agreement, the "Existing Agreements") dated as of August 2, 1996 by and between the Company, on the one hand, and Prudential and each Prudential affiliate which may have become bound by certain provisions of the 1996 Agreement, on the other hand and (iii) the Private Shelf Agreement (the "2001 Agreement") dated the date hereof by and between the Company, on the one hand, and Prudential and each Prudential affiliate which may become bound by certain provisions of the 2001 Agreement, on the other hand.

Pursuant to the request of the Company, Prudential hereby agrees with the Company that the Company shall be deemed to be in compliance with or in default under (as the case may be) paragraphs 5 and 6 of the Existing Agreements by being in compliance with or in default under (as the case may be) paragraphs 5 and 6 of the 2001 Agreement as the same may be amended or otherwise modified from time to time with the written consent of Prudential. No termination of the 2001 Agreement in whole or in part shall affect the continued application hereunder of paragraphs 5 and 6 thereof and, upon the written request of either Prudential or the Company, paragraphs 5 and 6 of the Existing Agreements shall be amended to restate such paragraphs in substantially the same form as then existing in paragraphs 5 and 6 of the 2001 Agreement.

If you are in agreement with the foregoing, please execute the enclosed counterpart of this letter and return it to the undersigned to the attention of James F. Evert at the above address, whereupon it shall become a binding agreement between the Company and Prudential, amending the Existing Agreements as and to the extent provided above.

Sincerely,

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA

By: /s/ Mitchell W. Reed

Its: Vice President

Accepted and agreed to as of
the date first appearing above:

ALEXANDER & BALDWIN, INC.

By: /s/ J. S. Andrasick

Its: Sr. VP, CFO & Treasurer

MATSON NAVIGATION COMPANY, INC.

\$50,000,000

PRIVATE SHELF AGREEMENT

June 29, 2001

TABLE OF CONTENTS

SECTION	PAGE NO.
1. AUTHORIZATION OF ISSUE OF NOTES.....	1
2A. Intentionally Omitted.....	2
2B. Purchase and Sale of Notes.....	2
2B(1). Facility	2
2B(2). Issuance Period.....	2
2B(3). Request for Purchase.....	2
2B(4). Rate Quotes.....	3
2B(5). Acceptance.....	3
2B(6). Market Disruption.....	4
2B(7). Facility Closings.....	4
2B(8). Fees.....	5
2B(8)(i). Structuring Fee.....	5
2B(8)(ii) Issuance Fee.....	5
2B(8)(iii) Delayed Delivery Fee.....	5
2B(8)(iv) Cancellation Fee.....	5
3. CONDITIONS OF CLOSING.....	6
3A. Certain Documents.....	6
3B. Representations and Warranties; No Default.....	7
3C. Purchase Permitted by Applicable Laws.....	7
3D. Payment of Fees.....	7
4. PREPAYMENTS.....	8
4A. Required Prepayments of Notes.....	8
4B. Optional Prepayment with Yield-Maintenance Amount.....	8
4C. Notice of Optional Prepayment.....	8
4D. Application of Prepayments.....	8
4E. Retirement of Notes.....	8
5. AFFIRMATIVE COVENANTS.....	9
5A. Financial Statements.....	9
5B. Inspection of Property.....	10
5C. Covenant to Secure Note Equally.....	10
5D. Information Required by Rule 144A.....	10
5E. Maintenance of Properties; Insurance.....	11
6. NEGATIVE COVENANTS.....	11
6A. Financial Covenants.....	11
6A(1). Working Capital Requirement.....	11
6A(2). Net Worth Requirement.....	11
6A(3). Fixed Charge Coverage Requirement.....	11
6B. Dividend and Investment Limitation.....	11
6C. Lien, Debt and Other Restrictions.....	11
6C(1). Liens.....	11
6C(2). Funded Debt.....	13
6C(3). Merger.....	13
6C(4). Sale of Assets.....	13
6C(5). Sale of Stock and Debt of Subsidiaries.....	14
6C(6). Sale and Lease-Back.....	14
6C(7). Transactions with Affiliates and Subsidiaries.....	14
6C(8). Loans, Advances and Investments.....	14
7. EVENTS OF DEFAULT 15	
7A. Acceleration.....	15
7B. Rescission of Acceleration.....	18
7C. Notice of Acceleration or Rescission.....	18
7D. Other Remedies.....	18
8. REPRESENTATIONS, COVENANTS AND WARRANTIES.....	18
8A. Organization.....	19
8B. Financial Statements.....	19
8C. Actions Pending.....	19
8D. Outstanding Debt.....	20
8E. Title to Properties.....	20
8F. Taxes.....	20
8G. Conflicting Agreements and Other Matters.....	20
8H. Offering of the Notes.....	20

8I.	Regulation U, etc.....	21
8J.	ERISA.....	21
8K.	Governmental Consent.....	21
8L.	Holding Company and Investment Company Status.....	21
8M.	Possession of Franchises, Licenses, etc.....	22
8N.	Environmental and Safety Matters.....	22
8O.	Hostile Tender Offers.....	22
8P.	Employee Relations.....	22
8Q.	Regulations and Legislation.....	22
8R.	Disclosure.....	23
9.	REPRESENTATIONS OF EACH PURCHASER.....	23
9A.	Nature of Purchase.....	23
9B.	Source of Funds.....	23
10.	DEFINITIONS; ACCOUNTING MATTERS.....	23
10A.	Yield Maintenance Terms.....	23
10B.	Other Terms.....	25
10C.	Accounting Principles, Terms and Determinations.....	32
11.	MISCELLANEOUS.....	33
11A.	Note Payments.....	33
11B.	Expenses.....	33
11C.	Consent to Amendments.....	33
11D.	Form; Registration, Transfer and Exchange of Notes.....	34
11E.	Persons Deemed Owners, Participations.....	35
11F.	Survival of Representations and Warranties; Entire Agreement.....	35
11G.	Successors and Assigns.....	35
11H.	Independence of Covenants.....	35
11I.	Notices.....	36
11J.	Descriptive Headings.....	36
11K.	Satisfaction Requirement.....	36
11L.	Governing Law.....	36
11M.	Payments Due on Non-Business Days.....	37
11N.	Severability.....	37
11O.	Severalty of Obligations.....	37
11P.	Counterparts.....	37
11Q.	Binding Agreement.....	38

SCHEDULES AND EXHIBITS

Information Schedule	
Exhibit A	-- Form of Note
Exhibit B	-- Form of Request for Purchase
Exhibit C	-- Form of Confirmation of Acceptance
Exhibit D	-- Form of Opinion of Company's General Counsel
Schedule 8G	-- Agreements Restricting Incurrence of Debt

MATSON NAVIGATION COMPANY, INC.
333 Market Street
San Francisco, California 94120

As of June 29, 2001

The Prudential Insurance Company
of America ("PRUDENTIAL")
Each Prudential Affiliate (as hereinafter
defined) which becomes bound by certain
provisions of this Agreement as hereinafter
provided (together with Prudential,
the "PURCHASERS")
c/o Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, CA 94111

Ladies and Gentlemen:

The undersigned, Matson Navigation Company, Inc. (the "Company") hereby
agrees with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES. The Company has authorized the
issue of its senior promissory notes in the aggregate principal amount of
\$50,000,000, to be dated the date of issue thereof, to mature, in the case of
each Note so issued, no more than twelve years from the date of original
issuance, to have an average life, in the case of each Note so issued, of no
more than ten years, to bear interest on the unpaid balance thereof from the
date thereof at the rate per annum, and to have such other particular terms, as
shall be set forth, in the case of each Note so issued, in the Confirmation of
Acceptance with respect to such Note delivered pursuant to paragraph 2B(5), and
to be substantially in the form of Exhibit A attached hereto. The terms "NOTE"

and "NOTES" as used herein shall include each Note delivered pursuant to any
provision of this Agreement and each Note delivered in substitution or exchange
for any such Note pursuant to any such provision. Notes which have (i) the
same final maturity, (ii) the same principal prepayment dates, (iii) the same
principal prepayment amounts (as a percentage of the original principal amount
of each Note), (iv) the same interest rate, (v) the same interest payment
periods and (vi) the same date of issuance (which, in the case of a Note issued
in exchange for another Note, shall be deemed for these purposes the date on
which such Note's ultimate predecessor Note was issued), are herein called a
"SERIES" of Notes.

2A. INTENTIONALLY OMITTED.

2B. PURCHASE AND SALE OF NOTES.

2B(1). FACILITY. Prudential is willing to consider, in its sole
discretion and within limits which may be authorized for purchase by Prudential
and Prudential Affiliates from time to time, the purchase of Notes pursuant to
this Agreement. The willingness of Prudential to consider such purchase of
Notes is herein called the "FACILITY". At any time, the aggregate principal
amount of Notes stated in paragraph 1, minus the aggregate principal amount of

Notes purchased and sold pursuant to this Agreement prior to such time, and
minus the aggregate principal amount of Accepted Notes (as hereinafter defined)

which have not yet been purchased and sold hereunder prior to such time, is
herein called the "AVAILABLE FACILITY AMOUNT" at such time. NOTWITHSTANDING
THE WILLINGNESS OF PRUDENTIAL TO CONSIDER PURCHASES OF NOTES, THIS AGREEMENT IS
ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY
PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE
NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC
PURCHASES OF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A
COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE.

2B(2). ISSUANCE PERIOD. Notes may be issued and sold pursuant to this
Agreement until the earlier of (i) the third anniversary of the date of this
Agreement (or if such anniversary is not a Business Day, the Business Day next
preceding such anniversary) and (ii) the thirtieth day after Prudential shall
have given to the Company, or the Company shall have given to Prudential, a
written notice stating that it elects to terminate the issuance and sale of
Notes pursuant to this Agreement (or if such thirtieth day is not a Business
Day, the Business Day next preceding such thirtieth day). The period during
which Notes may be issued and sold pursuant to this Agreement is herein called
the "ISSUANCE PERIOD".

2B(3). REQUEST FOR PURCHASE. The Company may from time to time during
the Issuance Period make requests for purchases of Notes (each such request
being herein called a "REQUEST FOR PURCHASE"). Each Request for Purchase shall
be made to Prudential by telefacsimile or overnight delivery service, and shall
(i) specify the aggregate principal amount of Notes covered thereby, which
shall not be less than \$5,000,000 and not be greater than the Available
Facility Amount at the time such Request for Purchase is made, (ii) specify the
principal amounts, final maturities, principal prepayment dates and amounts and
interest payment periods (monthly, quarterly or semiannual in arrears) of the
Notes covered thereby, (iii) specify the use of proceeds of such Notes,
(iv) specify the proposed day for the closing of the purchase and sale of such
Notes, which shall be a Business Day during the Issuance Period not less than 5
Business Days and not more than 30 Business Days after the making of such
Request for Purchase, (v) specify the number of the account and the name and
address of the depository institution to which the purchase price of such Notes
is to be transferred on the Closing Day for such purchase and sale,
(vi) certify that the representations and warranties contained in paragraph 8
are true on and as of the date of such Request for Purchase and that there
exists on the date of such Request for Purchase no Event of Default or Default,
(vii) specify the Designated Spread for such Notes and (viii) be substantially
in the form of Exhibit B attached hereto. Each Request for Purchase shall be
in writing and shall be deemed made when received by Prudential.

2B(4). RATE QUOTES. Not later than five Business Days after the
Company shall have given Prudential a Request for Purchase pursuant to
paragraph 2B(3), Prudential may, but shall be under no obligation to, provide
to the Company by telephone between 9:30 A.M. and 2:00 P.M. New York City local
time (or such later time as Prudential may elect) interest rate quotes for the
several principal amounts, maturities, principal prepayment schedules, and
interest payment periods of Notes specified in such Request for Purchase. Each
quote shall represent the interest rate per annum payable on the outstanding
principal balance of such Notes at which Prudential or a Prudential Affiliate

would be willing to purchase such Notes at 100% of the principal amount thereof.

2B(5). ACCEPTANCE. Within five minutes after Prudential shall have provided any interest rate quotes pursuant to paragraph 2B(4), or such shorter period as Prudential may specify to the Company (such period herein called the "ACCEPTANCE WINDOW"), the Company may, subject to paragraph 2B(6), elect to accept such interest rate quotes as to not less than \$5,000,000 aggregate principal amount of the Notes specified in the related Request for Purchase. Such election shall be made by an Authorized Officer of the Company notifying Prudential by telephone or telefacsimile within the Acceptance Window that the Company elects to accept such interest rate quotes, specifying the Notes (each such Note being herein called an "ACCEPTED NOTE") as to which such acceptance (herein called an "ACCEPTANCE") relates. The day the Company notifies an Acceptance with respect to any Accepted Notes is herein called the "ACCEPTANCE DAY" for such Accepted Notes. Any interest rate quotes as to which Prudential does not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Notes hereunder shall be made based on such expired interest rate quotes. Subject to paragraph 2B(6) and the other terms and conditions hereof, the Company agrees to sell to Prudential or a Prudential Affiliate, and Prudential agrees to purchase, or to cause the purchase by a Prudential Affiliate of, the Accepted Notes at 100% of the principal amount of such Notes. As soon as practicable following the Acceptance Day, the Company, Prudential and each Prudential Affiliate which is to purchase any such Accepted Notes will execute a confirmation of such Acceptance substantially in the form of Exhibit C attached hereto (herein called a "CONFIRMATION OF ACCEPTANCE"). If the Company should fail to execute and return to Prudential within three Business Days following receipt thereof a Confirmation of Acceptance with respect to any Accepted Notes, Prudential may at its election at any time prior to its receipt thereof cancel the closing with respect to such Accepted Notes by so notifying the Company in writing.

2B(6). MARKET DISRUPTION. Notwithstanding the provisions of paragraph 2B(5), if Prudential shall have provided interest rate quotes pursuant to paragraph 2B(4) and thereafter prior to the time an Acceptance with respect to such quotes shall have been notified to Prudential in accordance with paragraph 2B(5) the domestic market for U.S. Treasury securities or derivatives shall have closed or there shall have occurred a general suspension, material limitation, or significant disruption of trading in securities generally on the New York Stock Exchange or in the domestic market for U.S. Treasury securities or derivatives, then such interest rate quotes shall expire, and no purchase or sale of Notes hereunder shall be made based on such expired interest rate quotes. If the Company thereafter notifies Prudential of the Acceptance of any such interest rate quotes, such Acceptance shall be ineffective for all purposes of this Agreement, and Prudential shall promptly notify the Company that the provisions of this paragraph 2B(6) are applicable with respect to such Acceptance.

2B(7). FACILITY CLOSINGS. Not later than 1:30 P.M. (New York City local time) on the Closing Day for any Accepted Notes, the Company will deliver to each Purchaser listed in the Confirmation of Acceptance relating thereto at the offices of Prudential Capital Group the Accepted Notes to be purchased by such Purchaser in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Notes to be purchased on the Closing Day, dated the Closing Day and registered in such Purchaser's name (or in the name of its nominee), against payment of the purchase price thereof by transfer of immediately available funds for credit to the account specified by the Company in the Request for Purchase of such Notes. If the Company fails to tender to any Purchaser the Accepted Notes to be purchased by such Purchaser on the scheduled Closing Day for such Accepted Notes as provided above in this paragraph 2B(7), or any of the conditions specified in paragraph 3 shall not have been fulfilled by the time required on such scheduled Closing Day, the Company shall, prior to 2:30 P.M., New York City local time, on such scheduled Closing Day notify Prudential (which notification shall be deemed received by each Purchaser) in writing whether (i) such closing is to be rescheduled (such rescheduled date to be a Business Day during the Issuance Period not less than one Business Day and not more than 10 Business Days after such scheduled Closing Day (the "RESCHEDULED CLOSING DAY") and certify to Prudential (which certification shall be for the benefit of each Purchaser) that the Company reasonably believes that it will be able to comply with the conditions set forth in paragraph 3 on such Rescheduled Closing Day and that the Company will pay the Delayed Delivery Fee in accordance with paragraph 2B(8)(iii) or (ii) such closing is to be canceled. In the event that the Company shall fail to give such notice referred to in the preceding sentence, Prudential (on behalf of each Purchaser) may at its election, at any time after 2:30 P.M., New York City local time, on such scheduled Closing Day, notify the Company in writing that such closing is to be canceled. Notwithstanding anything to the contrary appearing in this Agreement, the Company may not elect to reschedule a closing with respect to any given Accepted Notes on more than one occasion, unless Prudential shall have otherwise consented in writing.

2B(8). FEES.

2B(8)(i). STRUCTURING FEE. In consideration for the time, effort and expense involved in the preparation, negotiation and execution of this Agreement, at the time of the execution and delivery of this Agreement by the Company and Prudential, the Company shall pay to Prudential in immediately available funds a fee (herein called the "Structuring Fee") in the amount of \$50,000.

2B(8)(ii). ISSUANCE FEE. The Company agrees to pay to each Purchaser in immediately available funds a fee (herein called the "ISSUANCE FEE") on each Closing Day in an amount equal to 0.10% of the aggregate principal amount of Notes sold to such Purchaser on such Closing Day; provided that (a) no Issuance Fee shall be due on any Closing Day occurring in 2001 and (b) if at least \$20,000,000 in principal amount of Notes have been issued on or before September 30, 2001, no Issuance Fee will be due on any Closing Day occurring prior to March 31, 2002.

2B(8)(iii). DELAYED DELIVERY FEE. If the closing of the purchase and sale of any Accepted Note is delayed for any reason beyond the original Closing Day for such Accepted Note, the Company agrees to pay to Prudential (a) on the Cancellation Date or actual closing date of such purchase and sale and (b) if earlier, the next Business Day following 90 days after the Acceptance Day for such Accepted Note and on each Business Day following 90 days after the prior payment hereunder, a fee (herein called the "DELAYED DELIVERY FEE") calculated as follows:

$$(BEY - MMY) \times DTS/360 \times PA$$

where "BEY" means Bond Equivalent Yield, i.e., the bond equivalent yield per annum of such Accepted Note, "MMY" means Money Market Yield, i.e., the yield per annum on a commercial paper investment of the highest quality selected by Prudential on the date Prudential receives notice of the delay in the closing for such Accepted Note having a maturity date or dates the same as, or closest to, the Rescheduled Closing Day or Rescheduled Closing Days (a new alternative investment being selected by Prudential each time such closing is delayed);

"DTS" means Days to Settlement, i.e., the number of actual days elapsed from and including the original Closing Day with respect to such Accepted Note (in the case of the first such payment with respect to such Accepted Note) or from and including the date of the next preceding payment (in the case of any subsequent delayed delivery fee payment with respect to such Accepted Note) to but excluding the date of such payment; and "PA" means Principal Amount, i.e., the principal amount of the Accepted Note for which such calculation is being made. In no case shall the Delayed Delivery Fee be less than zero. Nothing contained herein shall obligate any Purchaser to purchase any Accepted Note on any day other than the Closing Day for such Accepted Note, as the same may be rescheduled from time to time in compliance with paragraph 2B(7).

2B(8)(iv). CANCELLATION FEE. If the Company at any time notifies Prudential in writing that the Company is canceling the closing of the purchase and sale of any Accepted Note, or if Prudential notifies the Company in writing under the circumstances set forth in the last sentence of paragraph 2B(5) or the penultimate sentence of paragraph 2B(7) that the closing of the purchase and sale of such Accepted Note is to be canceled, or if the closing of the purchase and sale of such Accepted Note is not consummated on or prior to the last day of the Issuance Period (the date of any such notification, or the last day of the Issuance Period, as the case may be, being herein called the "CANCELLATION DATE"), the Company agrees to pay to Prudential in immediately available funds an amount (the "CANCELLATION FEE") calculated as follows:

PI X PA

where "PI" means Price Increase, i.e., the quotient (expressed in decimals) obtained by dividing (a) the excess of the ask price (as determined by Prudential) of the Hedge Treasury Note(s) on the Cancellation Date over the bid price (as determined by Prudential) of the Hedge Treasury Notes(s) on the Acceptance Day for such Accepted Note by (b) such bid price; and "PA" has the meaning ascribed to it in paragraph 2B(8)(iii). The foregoing bid and ask prices shall be as reported by Bridge\Telerate (or, if such data for any reason ceases to be available through Bridge\Telerate, any publicly available source of similar market data). Each price shall be based on a U.S. Treasury security having a par value of \$100.00 and shall be rounded to the second decimal place. In no case shall the Cancellation Fee be less than zero.

3. CONDITIONS OF CLOSING. On or before the date on which this Agreement is executed and delivered the Company shall (a) pay to Prudential the Structuring Fee referenced in paragraph 2B(8)(i) and (b) deliver to Prudential an amendment to the Note Agreement dated as of July 17, 1992, and the Guaranty dated as of March 19, 1999, in each case in form and content satisfactory to Prudential. The obligation of any Purchaser to purchase and pay for any Notes is subject to the satisfaction, on or before the Closing Day for such Notes, of the following conditions:

3A. CERTAIN DOCUMENTS. Such Purchaser shall have received the following, each dated the date of the applicable Closing Day:

(i) The Note(s) to be purchased by such Purchaser.

(ii) Certified copies of the resolutions of the Board of Directors of the Company authorizing the execution and delivery of this Agreement and the issuance of the Notes, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

(iii) A certificate of the Secretary or an Assistant Secretary and one other officer of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) Certified copies of the Certificate of Incorporation and By-laws of the Company.

(v) A favorable opinion of the Company's general counsel (or such other counsel designated by the Company and acceptable to the Purchaser(s)) satisfactory to such Purchaser and substantially in the form of Exhibit D attached hereto and as to such other matters as such Purchaser may reasonably request. The Company hereby directs each such counsel to deliver such opinion, agrees that the issuance and sale of any Notes will constitute a reconfirmation of such direction, and understands and agrees that each Purchaser receiving such an opinion will and is hereby authorized to rely on such opinion.

(vi) A good standing certificate for the Company from the secretaries of state of Hawaii and California, in each case dated as of a recent date and such other evidence of the status of each Company as such Purchaser may reasonably request.

(vii) Additional documents or certificates with respect to legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by such Purchaser.

3B. REPRESENTATIONS AND WARRANTIES; NO DEFAULT. The representations and warranties contained in paragraph 8 shall be true on and as of such Closing Day, except to the extent of changes caused by the transactions herein contemplated; there shall exist on such Closing Day no Event of Default or Default; and the Company shall have delivered to such Purchaser an Officer's Certificate, dated such Closing Day, to both such effects.

3C. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by such Purchaser on the terms and conditions herein provided (including the use of the proceeds of such Notes by each Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject such Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as it may request to establish compliance with this condition. This paragraph 3D is a closing condition and shall not be construed as a tax indemnity.

3D. PAYMENT OF FEES. The Company shall have paid to Prudential or any other Purchaser any fees due it pursuant to or in connection with this Agreement, including the Structuring Fee due pursuant to paragraph 2B(8)(i), any Issuance Fee due pursuant to paragraph 2B(8)(ii) and any Delayed Delivery Fee due pursuant to paragraph 2B(8)(iii).

4. PREPAYMENTS. The Notes shall be subject to required prepayment as and to the extent provided in paragraph 4A. The Notes shall also be subject to prepayment under the circumstances set forth in paragraph 4B. Any prepayment made by the Company pursuant to any other provision of this paragraph 4 shall not reduce or otherwise affect its obligation to make any required prepayment as specified in paragraph 4A.

4A. REQUIRED PREPAYMENTS OF NOTES. Each Series of Notes shall be subject to the required prepayments, if any, set forth in the Notes of such Series.

4B. OPTIONAL PREPAYMENT WITH YIELD-MAINTENANCE AMOUNT. The Notes of each Series shall be subject to prepayment, in whole at any time or from time to time in part (in integral multiples of \$100,000 and in a minimum amount of \$1,000,000), at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each such Note. Any partial prepayment of a Series of the Notes pursuant to this paragraph 4B shall be applied in satisfaction of required payments of principal in inverse order of their scheduled due dates.

4C. NOTICE OF OPTIONAL PREPAYMENT. The Company shall give the holder of each Note of a Series to be prepaid pursuant to paragraph 4B irrevocable written notice of such prepayment not less than five Business Days prior to the prepayment date, specifying such prepayment date, the aggregate principal amount of the Notes of such Series to be prepaid on such date, the principal amount of the Notes of such Series held by such holder to be prepaid on that date and that such prepayment is to be made pursuant to paragraph 4B. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, herein provided, shall become due and payable on such prepayment date. The Company shall, on or before the day on which it gives written notice of any prepayment pursuant to paragraph 4B, give telephonic notice of the principal amount of the Notes to be prepaid and the prepayment date to each Significant Holder which shall have designated a recipient for such notices in the purchaser schedule attached to the applicable Confirmation of Acceptance or by notice in writing to the Company.

4D. APPLICATION OF PREPAYMENTS. In the case of each prepayment of less than the entire unpaid principal amount of all outstanding Notes of any Series pursuant to paragraph 4A or 4B, the amount to be prepaid shall be applied pro rata to all outstanding Notes of such Series (including, for the purpose of this paragraph 4D only, all Notes prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates other than by prepayment pursuant to paragraph 4A or 4B) according to the respective unpaid principal amounts thereof.

4E. RETIREMENT OF NOTES. The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraphs 4A or 4B, or upon acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquired, directly or indirectly, Notes of any Series held by any holder unless the Company or such Subsidiary or Affiliate shall have offered to prepay or otherwise retire or purchase or otherwise acquire, as the case may be, the same proportion of the aggregate principal amount of Notes of such Series held by each other holder of Notes of such Series at the time outstanding upon the same terms and conditions. Any Notes so prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates shall not be deemed to be outstanding for any purpose under this Agreement, except as provided in paragraph 4D.

5. AFFIRMATIVE COVENANTS. During the Issuance Period and so long thereafter as any Note is outstanding and unpaid, the Company covenants as follows:

5A. FINANCIAL STATEMENTS. The Company covenants that it will deliver to each holder of the Notes in duplicate:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, consolidated statements of income and cash flows of the Company and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail and certified by an authorized financial officer of the Company, subject only to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, consolidated statements of income and cash flows of the Company and its Subsidiaries for such year and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding figures from the preceding annual audit, all in reasonable detail and reasonably satisfactory in scope to the Required Holder(s) and certified by independent public accountants of recognized national standing whose opinion shall be unqualified and otherwise satisfactory in scope and substance to the Required Holder(s);

(iii) promptly upon transmission thereof, copies of all such financial, proxy and information statements, notices and other reports as are sent to the Company's public stockholders and copies of all registration statements (without exhibits) and all reports which are filed with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission);

(iv) promptly upon receipt thereof, a copy of each other report submitted to the Company or any of its Subsidiaries by independent accountants in connection with any material annual, interim or special audit made by them of the books of such Company or such Subsidiary; and

(v) with reasonable promptness, such other financial data as any holder of Notes may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each holder of Notes an Officers' Certificate (a) demonstrating (with computations in reasonable detail) compliance with the covenants in paragraphs [6A(1), 6A(3), 6B, 6C(2), 6C(4)] and (b) stating that there exists no Default or Event of Default, or if any such Default or Event of Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

The Company also covenants that forthwith upon the chief executive officer, chief financial officer, treasurer or controller obtaining actual knowledge of an Event of Default or Default, it will deliver to each holder of

Notes an Officers' Certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

5B. INSPECTION OF PROPERTY. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit and inspect any of the properties of the Company and its Subsidiaries, to examine their books and financial records and to make copies thereof or extracts therefrom and to discuss their affairs, finances and accounts with the principal officers and the Company's independent certified public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request; provided that a principal financial officer of the Company shall have prior notice of, and may elect to be present during, discussions with the Company's independent public accountants.

5C. COVENANT TO SECURE NOTE EQUALLY. The Company covenants that, if it or any of its Subsidiaries shall create, assume or otherwise incur any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to paragraph 11C), it will make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any obligation thereby secured so long as any such other obligation shall be so secured.

5D. INFORMATION REQUIRED BY RULE 144A. The Company covenants that it will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to and in compliance with the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5D, the term "QUALIFIED INSTITUTIONAL BUYER" shall have the meaning specified in Rule 144A under the Securities Act.

5E. MAINTENANCE OF PROPERTIES; INSURANCE. The Company covenants that it and each Subsidiary will (i) maintain or cause to be maintained in good repair, working order and condition all properties used or useful at that time in its business and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof and (ii) maintain insurance with reputable and financially sound insurers in such amounts and against such liabilities and hazards as is customarily maintained by other companies operating similar businesses.

6. NEGATIVE COVENANTS. During the Issuance Period and so long thereafter as any Note or amount due hereunder is outstanding and unpaid, the Company covenants as follows:

6A. FINANCIAL COVENANTS. The Company will not permit:

6A(1). WORKING CAPITAL REQUIREMENT. Consolidated Working Capital at any time to be less than \$1;

6A(2). NET WORTH REQUIREMENT. Consolidated Net Worth at any time to be less than \$250,000,000; or

6A(3). FIXED CHARGE COVERAGE REQUIREMENT. The Fixed Charge Coverage Ratio at any time to be less than 4.50 to 1.00.

6B. DIVIDEND AND INVESTMENT LIMITATION. The Company covenants that it will not pay or declare any dividend on any class of stock or make any other distribution on account of any class of its stock, or redeem, purchase or otherwise acquire, directly or indirectly, any shares of its stock or make any Restricted Investment (all of the foregoing being herein called "Restricted Payments") unless after giving effect to any proposed Restricted Payment (i) consolidated Funded Debt of the Company and Subsidiaries does not exceed 50% of Consolidated Total Capital or (ii) the total of all Restricted Payments made during the then current fiscal year of the Company does not exceed \$10,000,000 plus, if positive, 40% of Consolidated Net Earnings for the then current fiscal year. For purposes of clause (i) of the next preceding sentence, the amount of any Restricted Investments shall be excluded when calculating Consolidated Total Capital.

6C. LIEN, DEBT AND OTHER RESTRICTIONS. The Company covenants that it will not and will not permit any Subsidiary to:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C), except

(i) Liens for taxes not yet due or which are being actively contested in good faith by appropriate proceedings,

(ii) Liens (other than Liens pursuant to ERISA) incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business,

(iii) Liens on property or assets of a Subsidiary securing obligations of such Subsidiary to the Company or another Subsidiary,

(iv) Liens on container(s) and equipment acquired subsequent to December 31, 2000 (including Liens in connection with financing or capitalized leases), securing Funded Debt of the Company or any Subsidiary permitted by paragraph 6C(2); provided that any such Lien may arise at any time after the date on which the encumbered container(s) or equipment were acquired if such Lien relates to a cross border lease of such container(s) or equipment where (A) the lease or financing agreement provides that in the event of the bankruptcy or insolvency of the lessor, lessee, trustee or other lease transaction party, a default or casualty, or any other type of lease termination event (whether scheduled or otherwise), title to the leased containers or equipment reverts to the Company or such Subsidiary, (B) the aggregate amount of lease payments and consideration paid to obtain reconveyance of title to the leased containers or equipment does not exceed the original cost thereof, (C) no security interest, financing statement or similar filings are made in the United States of America in respect of the leased containers or equipment for the benefit of any Person other than the Company or such Subsidiary and (D) prior to such Lien becoming effective, the Company or such Subsidiary receives a legal opinion of counsel to the lessor and trustee, if any, to the effect that the agreements referred to in subclause (A) of this clause (iv) are valid and legally binding agreements, enforceable against the lessor or trustee, if any, in accordance with their respective terms,

(v) Liens on Capital Assets acquired subsequent to December 31, 2000 (excluding any asset consisting of, or acquired with, insurance proceeds received in connection with any asset owned on December 31, 2000) securing Funded Debt of the Company and Subsidiaries permitted by clause (iii) of paragraph 6C(2),

(vi) Liens encumbering the Company's Capital Construction Fund to the extent incurred in connection with Company's financing of obligations constituting "qualified withdrawals" under regulations adopted by the Maritime Administration under the Merchant Marine Act, 1936, as amended, and

(vii) any Lien existing on any property of any Person at the time it becomes a Subsidiary, or existing prior to the time of acquisition upon any property acquired by the Company or any Subsidiary through purchase, merger or consolidation or otherwise, whether or not assumed by the Company or such Subsidiary; provided that (a) any such Lien shall not encumber any other property of the Company or such Subsidiary, and (b) the aggregate amount of Funded Debt secured by all such Liens is at all times permitted by paragraph 6C(2);

6C(2). FUNDED DEBT. Create, incur, assume or suffer to exist any Funded Debt, except

(i) Funded Debt of any Subsidiary to the Company or another Subsidiary,

(ii) Funded Debt of Subsidiaries in an aggregate principal amount at no time in excess of \$25,000,000 (exclusive of Funded Debt permitted by clause (i) or (iii) hereof),

(iii) Funded Debt of Subsidiaries described in clause (v) of paragraph 6C(1) and Funded Debt of the Company; provided that the aggregate principal amount thereof shall at no time exceed an amount equal to 200% of Consolidated Net Worth at such time;

6C(3). MERGER. Enter into any transaction of merger, consolidation or other combination with any other Person; provided that

(i) any Subsidiary may merge with the Company; provided that the Company shall be the continuing or surviving corporation and no Default or Event of Default will result therefrom,

(ii) any Subsidiary may merge with another Subsidiary, and

(iii) the Company may merge, consolidate or combine with any other corporation; provided that (a) immediately after such merger, consolidation or combination, no Default or Event of Default shall exist and (b) if the Company is not the continuing or surviving corporation, the successor corporation shall be a solvent corporation organized under the laws of any state of the United States of America and shall expressly assume in writing all of the obligations of the Company under this Agreement, including all covenants herein contained, and such successor or acquiring corporation shall be substituted for the Company with the same effect as if it had been named herein as a party hereto;

6C(4). SALE OF ASSETS. Sell, lease or transfer or otherwise dispose of any Capital Asset to any Person, except that during any rolling twelve-month period, the Company may sell or otherwise dispose of Capital Assets which constituted up to 10% of the total value of the assets of the Company as of December 31, 2000, so long as (A) such Capital Assets sold contributed less than 25% of the Consolidated Net Earnings in each of the three fiscal years immediately preceding any such sale and (B) such Capital Assets, when considered together with all other Capital Assets sold or otherwise disposed of subsequent to December 31, 2000, do not constitute in excess of 30% of the total value of the assets of the Company as of December 31, 2000;

6C(5). SALE OF STOCK AND DEBT OF SUBSIDIARIES. Sell or otherwise dispose of, or part with control of, any shares of stock or Debt of any Subsidiary, except to the Company or another Subsidiary, and except that all shares of stock and Debt of any Subsidiary at the time owned by or owed to the Company and all Subsidiaries may be sold as an entirety for a cash consideration which represents their fair value (as determined in good faith by the Board of Directors of the Company), at the time of sale of the shares of stock and Debt so sold, and provided that at the time of such sale, such Subsidiary shall not own, directly or indirectly, any shares of stock or Debt of any other Subsidiary (unless all of the shares of stock and Debt of such other Subsidiary owned, directly or indirectly, by the Company and all Subsidiaries are simultaneously being sold as permitted by this paragraph 6C(5));

6C(6). SALE AND LEASE-BACK. Enter into any arrangement with any lender or investor or to which such lender or investor is a party providing for the leasing by the Company or any Subsidiary of real or personal property owned by the Company or any Subsidiary as of December 31, 2000 (including any such property acquired with insurance proceeds received in connection with any real or personal property owned by the Company or any Subsidiary on such date), which has been or is to be sold or transferred by the Company or any Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Company or any Subsidiary;

6C(7). TRANSACTIONS WITH AFFILIATES AND STOCKHOLDERS. Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, in the ordinary course of business or otherwise (i) any Affiliate, (ii) any Person owning, beneficially or of record, directly or indirectly, either individually or together with all other Persons to whom such Person is related by blood, adoption or marriage, stock of the Company or stock of any Person owning stock of the Company (of any class having ordinary voting power for the election of directors) aggregating 5% or more of such voting power or (iii) any Person related by blood, adoption or marriage to any Person described or coming within the provisions of clause (i) or (ii) of this paragraph 6C(7); provided that the Company and Subsidiaries may enter into such transactions on terms no less favorable to the Company or Subsidiary than if no such relationship existed, including (subject in each case to the limitations of paragraph 6B)) Restricted Payments and transactions of the Company involving the sale or purchase of shares of the Company's stock; or

6C(8). LOANS, ADVANCES AND INVESTMENTS. Make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person, except that the Company or any Subsidiary may

(i) make or permit to remain outstanding loans or advances to any Subsidiary;

(ii) own, purchase or acquire stock, obligations or securities of a Subsidiary or of a Person which immediately after such purchase or acquisition will be a Subsidiary;

(iii) acquire and own stock, obligations or securities received in settlement of debt (created in the ordinary course of business) owing to the Company or any Subsidiary,

(iv) make investments in accordance with the resolutions of the Board of Directors of the Company; provided that such resolutions authorize only investments rated investment grade by Standard & Poor's Corporation, Moody's Investors Services, or any other nationally recognized credit rating agency,

(v) make Restricted Investments to the extent permitted by paragraph 6B; and

(vi) make other investments, loans and advances (other than Restricted Investments which may be made only to the extent permitted by paragraph 6B) which in aggregate (at original cost) do not exceed \$25,000,000.

Notwithstanding the foregoing, amounts in the Capital Construction Fund may be invested only as provided in clause (iv) above.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of, or interest or Yield-Maintenance Amount on, any Note for more than two Business Days after the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company or any Subsidiary defaults in any payment of principal of, or premium or interest on, any obligation for money borrowed (or of any obligation under conditional sale or other title retention agreement or of any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or of any obligation under notes payable or drafts accepted representing extensions of credit) other than the Notes beyond any period of grace provided with respect thereto, or the Company or any Subsidiary fails to perform or observe any other agreement, term or condition contained in any agreement (or any other event thereunder or under any such agreement occurs and is continuing) and the effect of such default, failure or other event is to cause, or permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due (or to be repurchased by the Company or any Subsidiary) prior to any stated maturity; provided that the aggregate amount of all obligations as to which such a payment default shall occur or such a failure or other event causing or permitting acceleration (or resale to a Company or any Subsidiary) shall occur and be continuing exceeds \$5,000,000; or

(iii) any representation or warranty made by the Company herein or by the Company or any of its officers in any writing furnished in connection with or pursuant to this Agreement shall be false or misleading in any material respect on the date as of which made; or

(iv) the Company fails to perform or observe any agreement contained in paragraphs 5C or 6 hereof; or

(v) the Company or any Subsidiary fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after any officer of the Company obtains actual knowledge thereof; or

(vi) the Company or any Material Subsidiary makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(vii) any decree or order for relief in respect of the Company or any Material Subsidiary is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, liquidation or similar law, whether now or hereafter in effect (herein called the "Bankruptcy Law"), of any jurisdiction; or

(viii) the Company or any Material Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or any such Material Subsidiary, or of any substantial part of the assets of the Company or any such Material Subsidiary, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than proceedings for the voluntary liquidation and dissolution of a Material Subsidiary) relating to the Company or any Material Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(ix) any petition or application of the type described in clause (viii) of this paragraph 7A is filed, or any such proceedings are commenced, against the Company or any Material Subsidiary and the Company or such Material Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(x) any order, judgment or decree is entered in any proceedings against the Company decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings against the Company or any Material Subsidiary decreeing a split-up of the Company or such Material Subsidiary which requires the divestiture of (A) assets representing a substantial part, or the stock of, or other ownership interest in, a Material Subsidiary whose assets represent a substantial part of the consolidated assets of the Company or a Material Subsidiary or (B) assets or the stock of or other ownership interest in a Subsidiary that has contributed a substantial part of consolidated net income of the Company or a Material

Subsidiary for any of the three fiscal years then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) (a) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (b) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBCG or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of such proceedings, (c) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$5,000,000, (d) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (e) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (f) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (a) through (f) above, either individually or together with any other such event or events, could reasonably be expected to have a material adverse effect on the business or condition (financial or otherwise) of the Company; or

(xiii) any judgment or decree in the amount of \$5,000,000 or more shall be entered against the Company or any of its Subsidiaries that is not paid or fully covered (beyond any applicable deductibles) by insurance and such judgment or decree shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof;

then (a) if such event is an Event of Default specified in clause (vii), (viii) or (ix) of this paragraph 7A with respect to the Company, all of the Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon and the Yield-Maintenance Amount with respect thereto, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (b) with respect to any event constituting an Event of Default, the Required Holder(s) of any Series of Notes may at its or their option, by notice in writing to the Company, declare all of the Notes of such Series to be, and all of the Notes of such Series shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note of such Series, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes of a Series shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) of such Series may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes of such Series, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes of such Series which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the rate specified in the Notes of such Series, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes of such Series or this Agreement (as this Agreement pertains to the Notes of such Series). No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default or Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A. ORGANIZATION. The Company and each Subsidiary is duly organized, validly existing and in good standing under the laws of the state of its organization. The Company and each Subsidiary has the full power and authority to own its properties and to carry on its business as now being conducted. The Company has full power, authority and right to execute and deliver, and to perform and observe, the provisions of this Agreement and the Notes and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Notes has been duly authorized by all necessary corporate and other action, and, when duly executed and delivered, will be the legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms.

8B. FINANCIAL STATEMENTS. The Company has furnished each Purchaser of any Accepted Notes with the following financial statements, identified by a principal financial officer of the Company: (i) consolidated balance sheets of the Company and its Subsidiaries as of the last day in each of the five fiscal years of the Company most recently completed prior to the date as of which this representation is made or repeated (other than fiscal years completed within 120 days prior to such date for which audited financial statements have not been released) and consolidated statements of income, shareholders' equity and cash flows of the Company and its Subsidiaries for each such year, certified by an internationally recognized independent public accounting firm; and (ii) consolidated balance sheets of the Company and its Subsidiaries as at the end of the quarterly period (if any) most recently completed prior to such date and after the end of such fiscal year (other than

quarterly periods completed within 60 days prior to such date for which financial statements have not been released) and the comparable quarterly period in the preceding fiscal year and consolidated statements of income, stockholders' equity and cash flows of the Company and its Subsidiaries for the periods from the beginning of the fiscal years in which such quarterly periods are included to the end of such quarterly periods, in each case prepared by the Company. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company and its Subsidiaries required to be shown in accordance with such principles. The balance sheets fairly present the condition of the Company and its Subsidiaries as at the dates thereof, and the statements of income, shareholders' equity and cash flows fairly present the results of the operations and cash flows of the Company and its Subsidiaries for the periods indicated. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole since the end of the most recent fiscal year for which such audited financial statements have been furnished.

8C. ACTIONS PENDING. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary or any properties or rights of the Company or any Subsidiary, by or before any court, arbitrator or administrative or governmental body which could reasonably be expected to result in any material adverse change in the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8D. OUTSTANDING DEBT. Neither the Company nor any Subsidiary has any Funded Debt outstanding except as permitted by paragraph 6C(2). There exists no default under the provisions of any instrument evidencing any Debt of the Company or any Subsidiary or of any agreement relating thereto.

8E. TITLE TO PROPERTIES. The Company has and each Subsidiary has good and indefeasible title to its respective real properties (other than properties which it leases) and good title to all of its other properties and assets, including the properties and assets reflected in the most recent audited balance sheet referred to in paragraph 8B (other than properties and assets disposed of in the ordinary course of business), subject to no Liens of any kind except Liens permitted by paragraph 6C(1). There is no material default, nor any event that, with notice or lapse of time or both, would constitute such a material default under any material lease to which either the Company or any Subsidiary is a lessee, lessor, sublessee or sublessor.

8F. TAXES. The Company has and each Subsidiary has filed all Federal, state and other income tax and informational returns which are required to be filed by it. The Company and each such Subsidiary has paid all taxes as shown on its returns and on all assessments received to the extent that such taxes have become due, except such assessments as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP.

8G. CONFLICTING AGREEMENTS AND OTHER MATTERS. Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions of this Agreement or the Notes will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary pursuant to, their respective articles or incorporation or bylaws (or other comparable governing documents, as applicable), any award of any arbitrator or any agreement, instrument, order, judgment, decree, statute, law, rule or regulation to which the Company or any Subsidiary is subject. Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing any of their respective Debt, any agreement relating thereto or any other contract or agreement which restricts or otherwise limits the incurring of Debt pursuant hereto, except as set forth on Schedule 8G hereto.

8H. OFFERING OF THE NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person or Persons other than Prudential and the Purchasers, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of Section 5 of the Securities Act or to the provisions of any securities or blue sky law of any applicable jurisdiction.

8I. REGULATION U, ETC. None of the proceeds of the Notes will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any "margin stock" (as defined in Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System (herein called "margin stock")) or for the purpose of maintaining, reducing or retiring any indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8J. ERISA. No accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan (other than a Multiemployer Plan). No liability to the PBGC has been or is expected by the Company or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Company, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. Neither the Company, any of its Subsidiaries or any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the Company and its Subsidiaries taken as a whole. The execution and delivery of this Agreement and the issuance and sale of the Notes will be exempt from, or will not involve any transaction which is subject to the prohibitions of, section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be imposed pursuant to section 4975 of the Code. The representation by the Company in the next preceding sentence is made in reliance upon and subject to the accuracy of each Purchaser's representation in paragraph 9B.

8K. GOVERNMENTAL CONSENT. Neither the nature of the Company or any of its Subsidiaries, nor any of their respective businesses or properties, nor any

relationship between the Company or a Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by, notice to or filing with any court, administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state blue sky authorities) in connection with (i) the execution and delivery of this Agreement, (ii) the offering, issuance, sale or delivery of the Notes or (iii) fulfillment of or compliance with the terms and provisions of this Agreement and the Notes.

8L. HOLDING COMPANY AND INVESTMENT COMPANY STATUS. Except as set forth in the next succeeding sentence, neither the Company nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company," or a "public utility," within the meaning of the Public Utility Holding Company Act of 1935, as amended, or a "Public utility" within the meaning of the Federal Power Act, as amended, or an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "Investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended. The Company's corporate parent (the "PARENT") is a "holding company" as such term is defined in the public Utility Holding Company Act of 1935, as amended, but is exempt from all provisions of such Act, except section 9(a)(2) thereof (relating to the acquisition of securities of a "public-utility company"), because (i) the Parent is incorporated in Hawaii, and substantially all of its utility operations are conducted in Hawaii and (ii) of the filing annually with the Securities and Exchange Commission of an exemption statement. On each date as of which this representation is made or confirmed, the Parent has on file with the Securities and Exchange Commission such an exemption statement, which is in full force and effect.

8M. POSSESSION OF FRANCHISES, LICENSES, ETC. The Company and its Subsidiaries possess all material franchises, certificates, licenses, development and other permits and other authorizations from governmental political subdivisions or regulatory authorities and all patents, trademarks, service marks, trade names, copyrights, licenses, easements, rights of way and other rights (collectively, "Material Rights"), free from burdensome restriction, that are necessary in the judgment of the Company in any material respect for the ownership, maintenance and operation of their business, properties and assets, and neither the Company nor any of its Subsidiaries is in violation of any Material Rights in any material respect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such Material Rights, or which materially and adversely affects the rights of the Company or its Subsidiaries thereunder.

8N. ENVIRONMENTAL AND SAFETY MATTERS. The Company and its Subsidiaries and all of their respective properties and facilities have complied at all times and in all respects with all Environmental and Safety Laws except where failure to comply would not result in a material adverse effect on the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8O. HOSTILE TENDER OFFERS. None of the proceeds of the sale of any Notes will be used to finance a Hostile Tender Offer.

8P. EMPLOYEE RELATIONS. Neither the Company nor any Subsidiary is the subject of (i) any material strike, work slowdown or stoppage, union organizing drive or other similar activity or (ii) any material action, suit, investigation or other proceeding involving alleged employment discrimination, unfair termination, employee safety or similar matters or, to the best knowledge of the Company, is any such event imminent or likely to occur except those which, individually or in aggregate, could not reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8Q. REGULATIONS AND LEGISLATION. To the best knowledge of the Company, no law, regulation, interpretation or legislation has been enacted or issued that could reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8R. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to Prudential or any Purchaser by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company or any Subsidiary which materially adversely affects, or in the future may (so far as the Company can now foresee) materially adversely affect, the consolidated business, property, assets, prospects or financial condition of the Company and the Subsidiaries and which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to each Purchaser by or on behalf of the Company prior to the date this representation is made or confirmed in connection with the transactions contemplated hereby.

9. REPRESENTATIONS OF THE PURCHASERS.

Each Purchaser represents as follows:

9A. NATURE OF PURCHASE. Such Purchaser is acquiring the Notes purchased by it hereunder for the purpose of investment and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of such Purchaser's property shall at all times be and remain within its control.

9B. SOURCE OF FUNDS. At least one of the following statements is true regarding the source of funds being used by such Purchaser to pay the purchase price of the Notes being purchased by such Purchaser hereunder: (i) the source is the "insurance company general account" of such Purchaser (as such term is defined under Section V of the United States Department of Labor's Prohibited Transaction Class Exemption ("PTCE") 95-60), and as of the date of the purchase of the Notes such Purchaser satisfies all of the applicable requirements for relief under Sections I and IV of PTCE 95-60 or (ii) the source is a separate account maintained by such Purchaser in which no employee benefit plan, other than employee benefit plans identified on a list which has been furnished by such Purchaser to the Company, participates to the extent of 10% or more or (iii) the source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA. For the purpose of this paragraph 9B, the terms "SEPARATE ACCOUNT" and "EMPLOYEE BENEFIT PLAN" shall have the respective meanings specified in section 3 of ERISA.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City or San Francisco, California are required or authorized to be closed.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the principal of such Note that (i) is to be prepaid pursuant to paragraph 4B or (ii) is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"DESIGNATED SPREAD" shall mean 0 in the case of each Note of any Series unless the Confirmation of Acceptance with respect to the Notes of such Series specifies a different Designated Spread in which case it shall mean, with respect to each Note of such Series, the Designated Spread so specified.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (converted to reflect the periodic basis on which interest on such Note is payable, if payable other than on a semiannual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Principal of any Note, the Designated Spread over the yield to maturity implied by (i) the yields reported, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 678" on the Bridge\Telerate Service (or such other display as may replace Page 678 on the Bridge\Telerate Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. The Reinvestment Yield shall be rounded to the same number of decimal places as appears in the coupon of the applicable Note.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal (i) is to be prepaid pursuant to paragraph 4B or (ii) is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ACCEPTANCE" shall have the meaning specified in paragraph 2B(5).

"ACCEPTANCE DAY" shall have the meaning specified in paragraph 2B(5).

"ACCEPTANCE WINDOW" shall have the meaning specified in paragraph 2B(5).

"ACCEPTED NOTE" shall have the meaning specified in paragraph 2B(5).

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company, except a Subsidiary. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"AGREEMENT" shall have the meaning specified in paragraph 11C.

"AUTHORIZED OFFICER" shall mean (i) in the case of the Company, any officer of the Company designated as an "Authorized Officer" in the Information Schedule or any officer of the Company designated as an "Authorized Officer" for the purpose of this Agreement in a certificate executed by one of the Company's Authorized Officers and (ii) in the case of Prudential, any officer of Prudential designated as its "Authorized Officer" in the Information Schedule or any officer of Prudential designated as its "Authorized Officer" for the purpose of this Agreement in a certificate executed by one of its Authorized Officers. Any action taken under this Agreement on behalf of the Company by any individual who on or after the date of this Agreement shall have been an Authorized Officer of the Company and whom Prudential in good faith believes to be an Authorized Officer of the Company at the time of such action shall be binding on the Company even though such individual shall have ceased to be an Authorized Officer of the Company, and any action taken under this Agreement on behalf of Prudential by any individual who on or after the date of this Agreement shall have been an Authorized Officer of Prudential, and whom the Company in good faith believe to be an Authorized Officer of Prudential at the time of such action shall be binding on Prudential even though such individual shall have ceased to be an Authorized Officer of Prudential.

"AVAILABLE FACILITY AMOUNT" shall have the meaning specified in paragraph 2B(1).

"BANKRUPTCY LAW" shall have the meaning specified in clause (vii) of paragraph 7A.

"BUSINESS DAY" shall have the meaning specified in paragraph 10A.

"CANCELLATION DATE" shall have the meaning specified in paragraph 2B(8)(iv).

"CANCELLATION FEE" shall have the meaning specified in paragraph 2B(8)(iv).

"CAPITAL ASSETS" shall mean all assets other than current assets, and shall not include any amounts in the Capital Construction Fund.

"CAPITAL CONSTRUCTION FUND" shall mean the fund established and maintained by Company in accordance with Section 607 of the Merchant Marine Act, 1936, as amended.

"CAPITALIZED LEASE OBLIGATION" shall mean, with respect to any Person, any rental obligation of such Person which, under GAAP, is or will be required to be capitalized on the books of such Person, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et. seq.), as amended, and the regulations promulgated thereunder.

"CLOSING DAY" shall mean, with respect to any Accepted Note, the Business Day specified for the closing of the purchase and sale of such Accepted Note in the Request for Purchase of such Accepted Note, provided that (i) if the

Company and the Purchaser which is obligated to purchase such Accepted Note agree on an earlier Business Day for such closing, the "CLOSING DAY" for such Accepted Note shall be such earlier Business Day, and (ii) if the closing of the purchase and sale of such Accepted Note is rescheduled pursuant to paragraph 2B(7), the Closing Day for such Accepted Note, for all purposes of this Agreement except references to "original Closing Day" in paragraph 2B(8)(iii), shall mean the Rescheduled Closing Day with respect to such Accepted Note.

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"CONFIRMATION OF ACCEPTANCE" shall have the meaning specified in paragraph 2B(5).

"CONSOLIDATED EBITDA" shall mean, for any period, Consolidated Net Earnings for such period plus, to the extent deducted in the calculation thereof, Consolidated Interest Expense, taxes, depreciation and amortization.

"CONSOLIDATED INTEREST EXPENSE" shall mean, for any period, the sum of all amounts that would, in accordance with GAAP, be deducted in computing Consolidated Net Earnings for such period on account of interest, including without limitation, imputed interest in respect of Capitalized Lease Obligations, fees in respect of letters of credit and bankers' acceptance financing and amortization of debt discount and expense.

"CONSOLIDATED NET EARNINGS" shall mean, for any period, the consolidated net income of the Company and Subsidiaries as determined in accordance with GAAP.

"CONSOLIDATED NET WORTH" shall mean, as of the time of any determination, the sum of (i) the par value (or value stated on the books of the Company) of the capital stock of all classes of the Company, plus (or minus in the case of a surplus deficit) (ii) the amount of the consolidated surplus, whether capital or earned, of the Company and its Subsidiaries.

"CONSOLIDATED TANGIBLE NET WORTH" shall mean, as of the time of any determination, Consolidated Net Worth minus the sum of treasury stock, unamortized debt discount and expense, goodwill, trademarks, trade names, patents, deferred charges and other intangible assets of the Company and Subsidiaries on a consolidated basis and any write-up of the value of any of their assets after December 31, 2000.

"CONSOLIDATED TOTAL CAPITAL" shall mean, as of the time of any determination, the sum of (i) consolidated Funded Debt of the Company and Subsidiaries, (ii) Consolidated Net Worth and (iii) Deferred Income Taxes.

"CONSOLIDATED WORKING CAPITAL" shall mean the excess of consolidated current assets over consolidated current liabilities of the Company and Subsidiaries.

"CURRENT DEBT" shall mean any obligation for borrowed money (and any notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money) payable on demand or within a period of one year from the date of the creation thereof; provided that any obligation shall be treated as Funded Debt, regardless of its term, if such obligation is renewable pursuant to the terms thereof or of a revolving credit or similar agreement effective for more than one year after the date of the creation of such obligation, or may be payable out of the proceeds of a revolving credit or similar agreement effective for more than one year after the date such agreement was entered into pursuant to the terms of such agreement.

"DEBT" shall mean Funded Debt and/or Current Debt, as the case may be.

"DEFERRED INCOME TAXES" shall mean as of the time of any determination, the liability for deferred income taxes of the Company and Subsidiaries on a consolidated basis.

"DELAYED DELIVERY FEE" shall have the meaning specified in paragraph 2B(8)(iii).

"DESIGNATED EVENT" shall mean any event (including any issuance or transfer of equity securities or voting rights) which results in Alexander & Baldwin, Inc. (i) ceasing to own 100% of the capital stock of the Company or (ii) no longer possessing the unrestricted ability to elect all members of the Company's board of directors and in connection with which the Company or any Subsidiary incurs or guarantees any Debt.

"ENVIRONMENTAL AND SAFETY LAWS" shall mean all Federal, state and local laws, regulations and ordinances, relating to the discharge, handling, disposition or treatment of Hazardous Materials and other substances or the protection of the environment or of employee health and safety, including, without limitation, CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. Section 1901 et. Seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et. Seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et. Seq.), the Clean Air Act (42 U.S.C. Section 7401 et. seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et. seq.), the

Occupational Safety and Health Act (29 U.S.C. Section 651 et. seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et. seq.), each as the same may be amended and supplemented.

"ERISA" shall mean the Employment Retirement Income Security Act of 1974, as amended.

"ERISA AFFILIATE" shall mean any corporation which is a member of the same controlled group of corporations as the Company within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Company within the meaning of section 414(c) of the Code.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "DEFAULT" shall mean any of such events, whether or not any such requirement has been satisfied.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FACILITY" shall have the meaning specified in paragraph 2B(1).

"FACILITY FEE " shall have the meaning specified in paragraph 2B(8)(i).

"FIXED CHARGE COVERAGE RATIO" shall mean (i) at the end of any fiscal quarter ending prior to the occurrence of a Designated Event and at the end of any fiscal quarter ending subsequent to the last fiscal quarter when clause (ii), below, is operative, the ratio of Consolidated EBITDA to Consolidated Interest Expense for the period of four consecutive fiscal quarters then most recently ended, (ii) at the time of the occurrence of a Designated Event and the end of each of the next three complete fiscal quarters ended subsequent to the occurrence of a Designated Event, the ratio of Pro Forma Consolidated EBITDA to Pro Forma Consolidated Interest Expense.

"FUNDED DEBT" shall mean and include, without duplication, (i) any obligation payable more than one year from the date of creation thereof, which is shown on the balance sheet as a liability in accordance with GAAP (including Capitalized Lease Obligations but excluding reserves for deferred income taxes and other reserves to the extent that such reserves do not constitute an obligation), (ii) endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business), guarantees and other contractually incurred contingent liabilities (whether direct or indirect) in connection with the obligations of any Person, to the extent that such obligations are payable more than one year from the date of creation thereof (including all guarantees of Funded Debt of another Person) and (iii) obligations under any contract providing for the making of loans, advances or capital contributions to any Person, or for the purchase of any property from any Person, in each case in order to enable such Person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debts, dividends or expenses, to the extent that such obligations are payable more than one year from the date of creation thereof.

"GAAP" shall have the meaning provided in paragraph 10C.

"HEDGE TREASURY NOTE(S)" shall mean, with respect to any Accepted Note, the United States Treasury Note or Notes whose duration (as determined by Prudential) most closely matches the duration of such Accepted Note.

"HOSTILE TENDER OFFER" shall mean, with respect to the use of proceeds of any Note, any offer to purchase, or any purchase of, shares of capital stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases for portfolio investment purposes of such shares, equity interests, securities or rights which, together with any shares, equity interests, securities or rights then owned, represent less than 5% of the equity interests or beneficial ownership of such corporation or other entity, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity prior to the date on which the Company makes the Request for Purchase of such Note.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"ISSUANCE PERIOD" shall have the meaning specified in paragraph 2B(2).

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, deposit arrangement, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement (exclusive of financing statements filed for precautionary purposes only) under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"MARGIN STOCK" shall have the meaning specified in paragraph 8I.

"MATERIAL SUBSIDIARY" shall mean any Subsidiary, the tangible net worth of which is, on the date of determination, 5% or more of Consolidated Tangible Net Worth.

"MULTIEMPLOYER PLAN" shall mean any Plan which is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NOTES" shall have the meaning specified in paragraph 1.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by its Chief Executive Officer, Chief Financial Officer, President, one of its Vice Presidents or its Treasurer.

"PBGCG" shall mean the Pension Benefit Guaranty Corporation, or any successor or replacement entity thereto under ERISA.

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department or agency thereof.

"PLAN" shall mean any "employee pension benefit plan" (as such term is defined in section 3 of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by either Company or any ERISA Affiliate.

"PRO FORMA CONSOLIDATED EBITDA" shall mean (i) at the time of the occurrence of a Designated Event and after giving effect to any incurrence or

repayment of indebtedness in connection therewith, for the immediately succeeding 365 day period, projected Consolidated EBITDA for such period as set forth in the most recent projections provided to the Company's Board of Directors as constituted prior to the Designated Event (which projected Consolidated EBITDA shall be deemed to be 125% of Consolidated EBITDA for the most recently completed fiscal year of the Company for which audited financial statements have been delivered to the Note holders if the projected Consolidated EBITDA provided to the Board of Directors exceeds 125% of the Consolidated EBITDA derived from such audited statements), (ii) for the first complete fiscal quarter ended subsequent to the date of a Designated Event, Consolidated EBITDA for such fiscal quarter multiplied by four, (iii) for the second complete fiscal quarter ended subsequent to the date of a Designated Event, Consolidated EBITDA for such fiscal quarter and the immediately preceding fiscal quarter multiplied by two and (iv) for the third complete fiscal quarter ended subsequent to the date of a Designated Event, Consolidated EBITDA for such fiscal quarter and the immediately preceding two fiscal quarters multiplied by 1.33.

"PRO FORMA CONSOLIDATED INTEREST EXPENSE" shall mean (i) at the time of the occurrence of a Designated Event and after giving effect to any incurrence or repayment of indebtedness in connection therewith, for the immediately succeeding 365 day period, Consolidated Interest Expense calculated on a pro

forma basis assuming the consolidated indebtedness of the Company and

Subsidiaries outstanding upon giving effect to the Designated Event was outstanding on each day of such 365 day period, (ii) for the first complete fiscal quarter ended subsequent to the date of a Designated Event, Consolidated Interest Expense for such fiscal quarter multiplied by four, (iii) for the second complete fiscal quarter ended subsequent to the date of a Designated Event, Consolidated Interest Expense for such fiscal quarter and the immediately preceding fiscal quarter multiplied by two and (iv) for the third complete fiscal quarter ended subsequent to the date of a Designated Event, Consolidated Interest Expense for such fiscal quarter and the immediately preceding two fiscal quarters multiplied by 1.33. Pro Forma Consolidated Interest Expense shall include interest expense with respect to indebtedness guaranteed by the Company or any Subsidiary if the guaranty was entered into in connection with a Designated Event.

"PROHIBITED TRANSACTION" shall mean any transaction described in section 406 of ERISA which is not exempt by reason of section 408 of ERISA or the transitional rules set forth in section 414(c) of ERISA and any transaction described in section 4975(c) of the Code which is not exempt by reason of section 4975(c) (2) or section 4975(d) of the Code, or the transitional rules of section 2003(c) of ERISA.

"PRUDENTIAL" shall mean The Prudential Insurance Company of America.

"PRUDENTIAL AFFILIATE" shall mean (i) any corporation or other entity controlling, controlled by, or under common control with, Prudential and (ii) any managed account or investment fund which is managed by Prudential or a Prudential Affiliate described in clause (i) of this definition. For purposes of this definition the terms "control", "controlling" and "controlled" shall mean the ownership, directly or through subsidiaries, of a majority of a corporation's or other Person's voting stock or equivalent voting securities or interests.

"PURCHASERS" shall mean, with respect to any Accepted Notes, Prudential and/or the Prudential Affiliate(s) which are purchasing such Accepted Notes.

"REQUEST FOR PURCHASE" shall have the meaning specified in paragraph 2B(3).

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes or of a Series of Notes, as the context may require, from time to time outstanding and, if no Notes are outstanding, shall mean Prudential.

"RESCHEDULED CLOSING DAY" shall have the meaning specified in paragraph 2B(7).

"RESTRICTED INVESTMENT" shall mean any loan or advance to, or purchase of or investment in any stock, notes, obligations or securities or, or any other interest in, or any capital contribution to, any Affiliate or any Person with any ownership interest in any Affiliate.

"RESTRICTED PAYMENTS" shall have the meaning specified in paragraph 6B.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SERIES" shall have the meaning specified in paragraph 1.

"SIGNIFICANT HOLDER" shall mean (i) Prudential or any Prudential Affiliate, so long as Prudential or any Prudential Affiliate shall hold any Note or the Issuance Period has not terminated or (ii) any other holder of at least 10% of the aggregate principal amount of the Notes of any Series from time to time outstanding.

"SUBSIDIARY" shall mean any Person, all of the stock (or other equity interests) of every class of which, except directors' qualifying or residency shares (or their equivalent) shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

"TRANSFeree" shall mean any direct or indirect transferee of all or any part of any Note purchased under this Agreement.

10C. ACCOUNTING PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "generally accepted accounting principles" and "GAAP" shall be deemed to refer to generally accepted accounting principles in effect in the United States at the time of application thereof. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles, applied on a basis consistent with the most recent audited consolidated financial statements of the Company and its Subsidiaries delivered pursuant to clause (ii) of paragraph 5A or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B.

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. The Company agrees that, so long as any Purchaser shall hold any Note, it will make payments of principal of, interest on, and any Yield-Maintenance Amount payable with respect to, such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit on the date due to the account or accounts of such Purchaser specified in the purchaser schedule attached to the applicable Confirmation of

Acceptance with respect to such Note or such other account or accounts in the United States as such Purchaser may from time to time designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Note, it will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as the Purchasers have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save Prudential, each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including (i) all document production and duplication charges and the fees and expenses of any special counsel engaged by the Purchasers or any Transferee in connection with this Agreement, the transactions contemplated hereby and any subsequent proposed modification of, or proposed consent under, this Agreement, whether or not such proposed modification shall be effected or proposed consent granted, and (ii) the reasonable costs and expenses, including attorneys' fees, incurred by any Purchaser or any Transferee in enforcing any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the transactions contemplated hereby or by reason of any Purchaser's or any Transferee's having acquired any Note, including without limitation costs and expenses incurred in any bankruptcy case. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by any Purchaser or any Transferee and the payment of any Note. Notwithstanding the foregoing, the Company shall have no reimbursement obligation for any fees, costs or expenses incurred through the date of this Agreement.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) of the Notes of each Series except that, (i) with the written consent of the holders of all Notes of a particular Series, and if an Event of Default shall have occurred and be continuing, of the holders of all Notes of all Series, at the time outstanding (and not without such written consents), the Notes of such Series may be amended or the provisions thereof waived to change the maturity thereof, to change or affect the principal thereof, or to change or affect the rate or time of payment of interest on or any Yield-Maintenance Amount payable with respect to the Notes of such Series, (ii) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to or waiver of the provisions of this Agreement shall change or affect the provisions of paragraph 7A or this paragraph 11C insofar as such provisions relate to proportions of the principal amount of the Notes of any Series, or the rights of any individual holder of Notes, required with respect to any declaration of Notes to be due and payable or with respect to any consent, amendment, waiver or declaration, (iii) with the written consent of Prudential (and not without the written consent of Prudential) the provisions of paragraph 2B may be amended or waived (except insofar as any such amendment or waiver would affect any rights or obligations with respect to the purchase and sale of Notes which shall have become Accepted Notes prior to such amendment or waiver), and (iv) with the written consent of all of the Purchasers which shall have become obligated to purchase Accepted Notes of any Series (and not without the written consent of all such Purchasers), any of the provisions of paragraphs 2B and 3 may be amended or waived insofar as such amendment or waiver would affect only rights or obligations with respect to the purchase and sale of the Accepted Notes of such Series or the terms and provisions of such Accepted Notes. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "THIS AGREEMENT" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES. The Notes are issuable as registered notes without coupons in denominations of at least \$1,000,000, except as may be necessary to reflect any principal amount not evenly divisible by \$1,000,000. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Each prepayment of principal payable on each prepayment date upon each new Note issued upon any such transfer or exchange shall be in the same proportion to the unpaid principal amount of such new Note as the prepayment of principal payable on such date on the Note surrendered for registration of transfer or exchange bore to the unpaid principal amount of such Note. No reference need be made in any such new Note to any prepayment or prepayments of principal previously due and paid upon the Note surrendered for registration of transfer or exchange. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's unsecured indemnity agreement, or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

11E. PERSONS DEEMED OWNERS; PARTICIPATIONS. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of and Yield Maintenance Amount, if any, and interest on such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the holder of any Note may from time to time grant participations in all or any part of such Note on such terms and conditions as may be determined by such holder in its sole and absolute discretion.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter hereof.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. INDEPENDENCE OF COVENANTS. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not (i) avoid the occurrence of a Default or Event of Default if such action is taken or such condition exists or (ii) in any way prejudice an attempt by the holder of any Note to prohibit, through equitable action or otherwise, the taking of any action by the Company or any Subsidiary which would result in a Default or Event of Default.

11I. NOTICES. All written communications provided for hereunder (other than communications provided for under paragraph 2B) shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to any Purchaser, addressed as specified for such communications in the purchaser schedule attached to the applicable Confirmation of Acceptance or at such other address as any such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to it at such address as it shall have specified in writing to the Company or, if any such holder shall not have so specified an address, then addressed to such holder in care of the last holder of such Note which shall have so specified an address to the Company and (iii) if to the Company, addressed to it at 333 Market Street, San Francisco, California 94120, Attention: Chief Financial Officer or at such other address as the Company shall have specified to each holder of a Note in writing, provided, however, that any such communication to the Company may also, at the option of the Person sending such communication, be delivered by any other means either to the Company at its address specified above or to any Authorized Officer of the Company. Any communication pursuant to paragraph 2B shall be made by the method specified for such communication in paragraph 2B, and shall be effective to create any rights or obligations under this Agreement only if, in the case of a telephone communication, an Authorized Officer of the party conveying the information and of the party receiving the information are parties to the telephone call, and in the case of a telefacsimile communication, the communication is signed by an Authorized Officer of the party conveying the information, addressed to the attention of an Authorized Officer of the party receiving the information, and in fact received at the telefacsimile terminal the number of which is listed for the party receiving the communication in the Information Schedule or at such other telefacsimile terminal as the party receiving the information shall have specified in writing to the party sending such information.

11J. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11K. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is, by the terms of this Agreement, required to be satisfactory to Prudential, any Purchaser or the Required Holder(s), the determination of such satisfaction shall be made by Prudential, such Purchaser or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person(s) making such determination.

11L. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

11M. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest, or Yield-Maintenance Amount payable with respect to, any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day.

11N. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11O. SEVERALTY OF OBLIGATIONS. The sales of Notes to the Purchasers are to be several sales, and the obligations of Prudential and the Purchasers under this Agreement are several obligations. No failure by Prudential or any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and neither Prudential nor any Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other such Person hereunder.

11P. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

[Balance of Page Intentionally Left Blank.]

11Q. BINDING AGREEMENT. When this Agreement is executed and delivered by the Company and Prudential, it shall become a binding agreement between the Company and Prudential. This Agreement shall also inure to the benefit of each Purchaser which shall have executed and delivered a Confirmation of Acceptance, and each such Purchaser shall be bound by this Agreement to the extent provided in such Confirmation of Acceptance.

MATSON NAVIGATION COMPANY, INC.,
a Hawaii corporation

By: /s/ M. J. Cox

Its: SVP, CFO and Controller

And by: /s/ R. J. Donohue

Its: Senior Vice President

The foregoing Agreement is hereby accepted as of the date first above written.

THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA

By /s/ Mitchell W. Reed

Vice President

MATSON NAVIGATION COMPANY, INC.

SERIES ____ SENIOR NOTE

No.
ORIGINAL PRINCIPAL AMOUNT:
ORIGINAL ISSUE DATE:
INTEREST RATE:
INTEREST PAYMENT DATES:
FINAL MATURITY DATE:
PRINCIPAL PREPAYMENT DATES AND AMOUNTS:

FOR VALUE RECEIVED, the undersigned, MATSON NAVIGATION COMPANY, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Hawaii, hereby promises to pay to _____, or registered assigns, the principal sum of _____ DOLLARS payable [on the Principal Prepayment Dates and in the amounts specified above, and] on the Final Maturity Date specified above [in an amount equal to the unpaid balance of the principal amount hereof,] with interest (computed on the basis of a 360-day year--30-day month) (a) on the unpaid balance thereof at the Interest Rate per annum specified above, on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of Yield-Maintenance Amount and any overdue payment of interest, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 2% over the Interest Rate specified above or (ii) 2% over the rate of interest publicly announced by The Bank of New York from time to time in New York City as its Prime Rate.

Payments of principal, Yield-Maintenance Amount, if any, and interest are to be made at the main office of Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to a Private Shelf Agreement, dated as of June 29, 2001 (herein called the "Agreement"), between the Company, on the one hand, and The Prudential Insurance Company of America and each Prudential Affiliate (as defined in the Agreement) which becomes party thereto, on the other hand, and is entitled to the benefits thereof.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for the then outstanding principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

Capitalized terms used and not otherwise defined herein shall have the meanings (if any) provided in the Agreement.

This Note shall be construed and enforced in accordance with the internal law of the State of California.

MATSON NAVIGATION COMPANY, INC.

By:
Title:

[FORM OF REQUEST FOR PURCHASE]

MATSON NAVIGATION COMPANY, INC.

Reference is made to the Private Shelf Agreement (the "Agreement"), dated as of June 29, 2001 between Matson Navigation Company, Inc. (the "Company"), on the one hand, and The Prudential Insurance Company of America and each Prudential Affiliate which becomes party thereto, on the other hand. Capitalized terms used and not otherwise defined herein shall have the respective meanings specified in the Agreement.

Pursuant to paragraph 2B(3) of the Agreement, the Company hereby makes the following Request for Purchase:

1. Aggregate principal amount of the Notes covered hereby (the "Notes").....\$_____

2. Individual specifications of the Notes:

Principal Amount ¹	Final Maturity Date ²	Principal Prepayment Dates and Amounts ²	Interest Payment Period
-----	-----	-----	-----

3. Use of proceeds of the Notes:

4. Proposed day for the closing of the purchase and sale of the Notes:

5. The purchase price of the Notes is to be transferred to:

Name, Address and ABA Routing Number of Bank	Number of Account
-----	-----

6. The Company certifies (a) that the representations and warranties contained in paragraph 8 of the Agreement are true on and as of the date of this Request for Purchase and (b) that there exists on the date of this Request for Purchase no Event of Default or Default.

7. In connection with any rate quotes it may provide, Prudential should assume a Designated Spread of ____%.

Dated: MATSON NAVIGATION COMPANY, INC.

By:
Authorized Officer

1 Minimum principal amount of \$5,000,000.
2 Maturity of not more than twelve years and average life of not more than ten years.

[FORM OF CONFIRMATION OF ACCEPTANCE]

MATSON NAVIGATION COMPANY, INC.

Reference is made to the Private Shelf Agreement (the "Agreement"), dated as of June 29, 2001 between Matson Navigation Company, Inc. (the "Company"), on the one hand, and The Prudential Insurance Company of America ("Prudential") and each Prudential Affiliate which becomes party thereto, on the other hand. All terms used herein that are defined in the Agreement have the respective meanings specified in the Agreement.

Prudential or the Prudential Affiliate which is named below as a Purchaser of Notes hereby confirms the representations as to such Notes set forth in paragraph 9 of the Agreement, and agrees to be bound by the provisions of paragraphs 2B(5) and 2B(7) of the Agreement relating to the purchase and sale of such Notes and by the provisions of the penultimate sentence of paragraph 11A of the Agreement.

Pursuant to paragraph 2B(5) of the Agreement, an Acceptance with respect to the following Accepted Notes is hereby confirmed:

I. Accepted Notes: Aggregate principal amount \$ _____

- (A) (a) Name of Purchaser:
(b) Principal amount:
(c) Final maturity date:
(d) Principal prepayment dates and amounts:
(e) Interest rate:
(f) Interest payment period:
(g) Payment and notice instructions: As set forth on attached Purchaser Schedule
(h) Designated Spread: ____%
- (B) (a) Name of Purchaser:
(b) Principal amount:
(c) Final maturity date:
(d) Principal prepayment dates and amounts:
(e) Interest rate:
(f) Interest payment period:
(g) Payment and notice instructions: As set forth on attached Purchaser Schedule
(h) Designated Spread: ____%

[(C), (D)... same information as above.]

II. Closing Day:

Dated: MATSON NAVIGATION COMPANY, INC.

By:
Title:

THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA

By:
Vice President

[PRUDENTIAL AFFILIATE(S)]

[FORM OF OPINION OF COMPANY'S GENERAL COUNSEL]

[Date of Closing]

[Each Purchaser]
c/o Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111

Ladies and Gentlemen:

As the General Counsel of Matson Navigation Company, Inc., a Hawaii corporation (the "Company"), I am familiar with the Private Shelf Agreement, dated as of June 29, 2001, between the Company, on the one hand, and The Prudential Insurance Company of America and each Prudential Affiliate which may become bound thereby, on the other hand (the "Agreement"), pursuant to which the Company has issued to you today its ___% Series ___ Senior Notes in the aggregate principal amount of \$_____ (the "Notes"). All capitalized terms used herein that are defined in the Agreement shall have, unless otherwise defined herein, the respective meanings specified in the Agreement. This letter is being delivered to you in satisfaction of the condition set forth in clause (v) of paragraph 3A of the Agreement and with the understanding that you are purchasing the Notes in reliance on the opinions expressed herein.

In this connection, I have examined such certificates of public officials, certificates of officers of the Company and copies certified to my satisfaction of documents and records of the Company, and have made such other investigations, as I have deemed relevant and necessary as a basis for my opinion hereinafter set forth. I have relied upon such certificates of public officials and of officers of the Company with respect to the accuracy of material factual matters contained therein which I have not independently established. With respect to the opinion expressed in paragraph 6 below, I have also relied upon the representation made by [each of] you in paragraph 9A of the Agreement.

Based on the foregoing, it is my opinion that:

1. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Hawaii, with the corporate power, authority and legal right to conduct its business as presently conducted.
2. The Company has the full corporate power, authority and legal right to execute and deliver the Agreement and the Notes and to perform and observe its obligations thereunder.
3. The Agreement and the Notes have been duly authorized by all requisite corporate action on the part of the Company and have been duly executed and delivered by authorized officers of the Company and constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.
4. The execution and delivery of the Agreement and the Notes by the Company do not, and the performance and observance of the terms thereof will not, breach, conflict with or contravene any provisions in the articles of incorporation or by-laws of the Company or any provision of any material law or regulation applicable to the Company or its properties or other assets.
5. The execution and delivery of the Agreement and the Notes do not, and the performance and observance of the terms thereof will not, (A) conflict with, (B) result in any breach of the terms, conditions or provisions of, (C) constitute a default under or violation of, or (D) result in or permit the creation or imposition of any Liens upon any of the properties or other assets of the Company pursuant to, any material order, judgment, decree, indenture, mortgage or any other material agreement or instrument known to me (inclusive of all agreements listed on Schedule 8G to the Agreement) to which the Company is a party or by which any of its properties or other assets are bound.
6. The issuance, sale and delivery of the Notes to you is an exempt transaction under the Securities Act of 1933, as amended, and does not require the registration of the Notes under such Act, nor is qualification of an indenture in respect thereof required under the Trust Indenture Act of 1939, as amended.
7. The extension, arranging and obtaining of the credit represented by the Notes does not result in any violation of Regulation U or X of the Board of Governors of the Federal Reserve System.
8. To the best of my knowledge after due inquiry, there is no action, suit, investigation or proceeding pending or threatened against any Company or any of its Subsidiaries or any of their respective properties which could reasonably be expected to have a material adverse effect on the Company and its Subsidiaries taken as a whole.
9. The Company is a citizen of the United States within the meaning of the Shipping Act, 1916, as amended.
10. None of the Company or any of its Subsidiaries is a "public utility" within the meaning of the Federal Power Act, as amended, or an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended. The Company and its Subsidiaries are an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, but are exempt from all provisions of the Public Utility Holding Company Act of 1935, as amended, except section 9(a)(2) thereof.

The above opinions are subject to the following qualifications:

- (i) That the opinions concerning the enforceability of the rights and remedies provided in any document against any particular party are subject to any applicable bankruptcy, reorganization, insolvency, arrangement, moratorium, fraudulent transfer, usury or other similar laws affecting generally the enforcement of creditors' rights from time to time in effect;
- (ii) That the opinions concerning the validity, binding effect and enforceability of any document with respect to any party are

based on the assumption that such document constitutes or will constitute a legal, valid and binding agreement of the other parties thereto;

- (iii) That with respect to the opinions concerning the enforceability of any document, no opinion is expressed as to the specific remedy any court, other governmental authority or arbitrator may grant, impose or render;
- (iv) That the opinions concerning the enforceability of certain remedies authorized or contained in any document may be limited by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law); and
- (v) That the opinions concerning enforceability are subject to the effect of court decisions and statutes which indicate that provisions in the Agreement which permit you to take action or make determinations may be subject to a requirement that such actions be taken or such determinations be made on a reasonable basis in good faith or that it be shown that such action is reasonably necessary for your protection.

Except as specifically provided above, this opinion speaks as of the date hereof, and I have no responsibility to update this opinion for events of circumstances occurring after the date hereof or as to facts relating to prior events which are subsequently brought to my attention. I shall not have any obligation or duty to advise you of any changes of law. I am admitted to practice in the State of New York and, except with respect to the opinions rendered in paragraphs 1 through 3 hereof, this opinion is limited solely to the present law of the States of New York and the United States of America, to present judicial interpretations thereof and to the facts as they currently exist.

This opinion is rendered solely in connection with the transaction described herein and, without my express permission, may not be relied upon by any Person other than you and any Transferee.

Very truly yours,

INFORMATION SCHEDULE

Authorized Officers for Prudential

ALLEN A. WEAVER
Senior Managing Director
PRUDENTIAL CAPITAL GROUP
Two Prudential Plaza
Suite 5400
Chicago, Illinois 60601
Telephone: (312) 540-4211
Facsimile: (312) 540-4219

STEPHEN J. DEMARTINI
Managing Director
PRUDENTIAL CAPITAL GROUP
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Telephone: (415) 291-5058
Facsimile: (415) 421-6233

JOSEPH Y. ALOUF
Senior Vice President
PRUDENTIAL CAPITAL GROUP
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Telephone: (415) 291-5056
Facsimile: (415) 421-6233

MITCHELL W. REED
Vice President
PRUDENTIAL CAPITAL GROUP
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Telephone: (415) 291-5059
Facsimile: (415) 421-6233

Authorized Officers for the Company

C. B. MULHOLLAND
President and
Chief Executive Officer
MATSON NAVIGATION COMPANY, INC.
Post Office Box 7452
San Francisco, California 94120
Telephone: (415) 957-4565
Facsimile: (415) 957-4234

MATTHEW J. COX
Senior Vice President, Chief
Financial Officer & Controller
MATSON NAVIGATION COMPANY, INC.
Post Office Box 7452
San Francisco, California 94120
Telephone: (415) 957-4556
Facsimile: (415) 957-4930

T.H. REID
Treasurer
MATSON NAVIGATION COMPANY, INC.
Post Office Box 7452
San Francisco, California 94120
Telephone: (415) 957-4768
Facsimile: (415) 957-4076

ALEXANDER & BALDWIN, INC.
 COMPUTATION OF EARNINGS PER SHARE
 (In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001 ----	2000 ----	2001 ----	2000 ----
Basic Earnings Per Share				

Net income	\$ 24,514 =====	\$ 28,243 =====	\$ 46,948 =====	\$ 54,674 =====
Average number of shares outstanding	40,568 =====	40,722 =====	40,538 =====	41,427 =====
Basic earnings per share	\$ 0.61 =====	\$ 0.69 =====	\$ 1.16 =====	\$ 1.32 =====
Diluted Earnings Per Share				

Net income	\$ 24,514 =====	\$ 28,243 =====	\$ 46,948 =====	\$ 54,674 =====
Average number of shares outstanding	40,568	40,722	40,538	41,427
Effect of assumed exercise of outstanding stock options	95 -----	37 -----	193 -----	12 -----
Average number of shares outstanding after assumed exercise of outstanding stock options	40,663 =====	40,759 =====	40,731 =====	41,439 =====
Diluted earnings per share	\$ 0.60 =====	\$ 0.69 =====	\$ 1.15 =====	\$ 1.32 =====