

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2011

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 000-00565

ALEXANDER & BALDWIN, INC.

(Exact name of registrant as specified in its charter)

Hawaii

(State or other jurisdiction of
incorporation or organization)

99-0032630

(I.R.S. Employer
Identification No.)

**P. O. Box 3440, Honolulu, Hawaii
822 Bishop Street, Honolulu, Hawaii**
(Address of principal executive offices)

**96801
96813**
(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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Number of shares of common stock outstanding as of September 30, 2011: 41,694,559

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(In millions, except per-share amounts) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2011</u>	2010	<u>2011</u>	2010
Revenue:				
Operating revenue	<u>\$ 440.2</u>	\$ 437.3	<u>\$ 1,262.1</u>	\$ 1,176.0
Costs and Expenses:				
Costs of goods sold, services and rentals	366.5	353.9	1,054.8	965.4
Selling, general and administrative	<u>37.3</u>	40.4	<u>112.9</u>	116.0
Operating costs and expenses	<u>403.8</u>	<u>394.3</u>	<u>1,167.7</u>	<u>1,081.4</u>
Operating Income	36.4	43.0	94.4	94.6
Other Income and (Expense):				
Gain on insurance settlement	--	--	--	0.7
Gain on sale of investment and other	--	--	6.2	0.7
Equity in income (losses) of real estate affiliates	<u>(1.1)</u>	4.4	<u>0.5</u>	3.5
Interest income	--	0.1	0.2	2.1
Interest expense	<u>(6.3)</u>	<u>(6.3)</u>	<u>(18.6)</u>	<u>(19.3)</u>
Income Before Taxes	<u>29.0</u>	41.2	<u>82.7</u>	82.3
Income tax expense	<u>10.7</u>	15.6	<u>31.6</u>	31.8
Income From Continuing Operations	<u>18.3</u>	25.6	<u>51.1</u>	50.5
Income (Losses) From Discontinued Operations (net of taxes) (Note 5)	<u>(9.6)</u>	0.1	<u>(18.5)</u>	<u>21.4</u>
Net Income	<u>\$ 8.7</u>	<u>\$ 25.7</u>	<u>\$ 32.6</u>	<u>\$ 71.9</u>
Basic Earnings Per Share:				
Continuing operations	\$ 0.44	\$ 0.62	\$ 1.23	\$ 1.23
Discontinued operations	<u>(0.23)</u>	--	<u>(0.45)</u>	0.52
Net income	<u>\$ 0.21</u>	<u>\$ 0.62</u>	<u>\$ 0.78</u>	<u>\$ 1.75</u>
Diluted Earnings Per Share:				
Continuing operations	\$ 0.44	\$ 0.62	\$ 1.22	\$ 1.22
Discontinued operations	<u>(0.23)</u>	--	<u>(0.45)</u>	0.52
Net income	<u>\$ 0.21</u>	<u>\$ 0.62</u>	<u>\$ 0.77</u>	<u>\$ 1.74</u>
Weighted Average Number of Shares Outstanding:				
Basic	41.7	41.3	41.6	41.2
Diluted	42.1	41.5	42.0	41.4
Cash Dividends Per Share	\$ 0.315	\$ 0.315	\$ 0.945	\$ 0.945

See Notes to Condensed Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In millions) (Unaudited)

ASSETS	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Current Assets:		
Cash and cash equivalents	\$ 17	\$ 14
Accounts and notes receivable, net	177	165
Inventories	52	35
Real estate held for sale	3	8
Deferred income taxes	8	8
Section 1031 exchange proceeds	--	1
Prepaid expenses and other assets	29	33
Total current assets	<u>286</u>	<u>264</u>
Investments in Affiliates	<u>349</u>	<u>329</u>
Real Estate Developments	<u>132</u>	<u>122</u>
Property, at cost	2,947	2,901
Less accumulated depreciation and amortization	1,308	1,250
Property – net	<u>1,639</u>	<u>1,651</u>
Employee Benefit Plan Assets	3	3
Other Assets	<u>150</u>	<u>126</u>
Total	<u>\$ 2,559</u>	<u>\$ 2,495</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable and current portion of long-term debt	\$ 67	\$ 136
Accounts payable	142	137
Payroll and employee benefits	19	20
Uninsured claims	8	10
Accrued and other liabilities	49	50
Total current liabilities	<u>285</u>	<u>353</u>
Long-term Liabilities:		
Long-term debt	503	386
Deferred income taxes	429	431
Employee benefit plans	140	135
Uninsured claims and other liabilities	57	54
Total long-term liabilities	<u>1,129</u>	<u>1,006</u>
Commitments and Contingencies (Note 2)		
Shareholders' Equity:		
Capital stock	34	34
Additional capital	236	223
Accumulated other comprehensive loss	(78)	(82)
Retained earnings	964	972
Cost of treasury stock	(11)	(11)
Total shareholders' equity	<u>1,145</u>	<u>1,136</u>
Total	<u>\$ 2,559</u>	<u>\$ 2,495</u>

See Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2011	2010
Cash Flows from Operating Activities	\$ 42	\$ 81
Cash Flows from Investing Activities:		
Capital expenditures	(51)	(39)
Proceeds from disposal of property and other assets	10	28
Deposits into Capital Construction Fund	(4)	(4)
Withdrawals from Capital Construction Fund	4	4
Increase in investments	(23)	(78)
Reduction in investments	8	12
Net cash used in investing activities	(56)	(77)
Cash Flows from Financing Activities:		
Proceeds from issuances debt	169	163
Payments of debt and deferred financing costs	(111)	(111)
Proceeds from (payments on) line-of-credit agreements, net	(10)	(23)
Proceeds from issuances of capital stock and other	9	4
Dividends paid	(40)	(39)
Net cash provided by (used in) financing activities	17	(6)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 3	\$ (2)
Other Cash Flow Information:		
Interest paid	\$ (20)	\$ (21)
Income taxes paid	\$ (15)	\$ (40)
Other Non-cash Information:		
Depreciation and amortization expense	\$ 81	\$ 79
Tax-deferred real estate sales	\$ 44	\$ 78
Tax-deferred real estate purchases	\$ (31)	\$ (91)

See Notes to Condensed Consolidated Financial Statements.

Alexander & Baldwin, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Description of Business: Founded in 1870, Alexander & Baldwin, Inc. (“A&B” or the “Company”) is incorporated under the laws of the State of Hawaii. A&B operates in five segments in three industries: Transportation, Real Estate and Agribusiness. These industries are described below:

Transportation: The Transportation Industry consists of Ocean Transportation and Logistics Services segments. The Ocean Transportation segment, which is conducted through Matson Navigation Company, Inc. (“Matson”), a wholly-owned subsidiary of A&B, is an asset-based business that derives its revenue primarily through the carriage of containerized freight between various U.S. Pacific Coast, Hawaii, Guam, China and other Pacific island ports. Additionally, the Ocean Transportation segment has a 35 percent interest in an entity (SSA Terminals, LLC or “SSAT”) that provides terminal and stevedoring services at U.S. Pacific Coast facilities.

The Logistics Services segment, which is conducted through Matson Logistics, Inc. (“ML”), a wholly-owned subsidiary of Matson, is a non-asset based business that is a provider of domestic and international rail intermodal service (“Intermodal”), long-haul and regional highway brokerage, specialized hauling, flat-bed and project work, less-than-truckload, expedited/air freight services, and warehousing and distribution services (collectively “Highway”). Warehousing, packaging and distribution services are provided by Matson Logistics Warehousing, Inc. (“MLW”), a wholly-owned subsidiary of ML. MLW’s operations also include Pacific American Services, LLC (“PACAM”), a San Francisco Bay-area regional warehousing, packaging, and distribution company.

Real Estate: The Real Estate Industry consists of two segments, both of which have operations in Hawaii and on the U.S. Mainland. The Real Estate Sales segment generates its revenues through the development and sale of land and commercial and residential properties. The Real Estate Leasing segment owns, operates, and manages retail, office, and industrial properties. Real estate activities are conducted through A&B Properties, Inc. and various other subsidiaries and affiliates of A&B.

Agribusiness: Agribusiness, which contains one segment, produces bulk raw sugar, specialty food grade sugars, and molasses; markets and distributes specialty food-grade sugars; provides general trucking services, mobile equipment maintenance, and repair services in Hawaii; and generates and sells, to the extent not used in the Company’s Agribusiness operations, electricity. The Company also is the sole member in Hawaiian Sugar & Transportation Cooperative (“HS&TC”), a cooperative that provides raw sugar marketing and transportation services.

In March 2011, the Company finalized an agreement to lease land and sell coffee inventory and certain assets used in the coffee business to Massimo Zanetti Beverage USA, Inc. (“MZB”), including intangible assets. The coffee inventory and assets were sold for approximately \$14 million. There was no material gain or loss on the transaction. The Company retained fee simple ownership of the land, buildings, power generation, and power distribution assets, but no longer operates the coffee plantation.

- (1) The Condensed Consolidated Financial Statements 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. While these condensed consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. Therefore, the interim Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company’s Annual Report filed on Form 10-K for the year ended December 31, 2010.
- (2) Commitments, Guarantees and Contingencies: Commitments and financial arrangements (excluding lease commitments disclosed in Note 8 of the Company’s Annual Report filed on Form 10-K for the year ended December 31, 2010) at September 30, 2011, included the following (in millions):

Standby letters of credit	(a)	\$ 19
Performance and customs bonds	(b)	\$ 31
Benefit plan withdrawal obligations	(c)	\$ 99

These amounts are not recorded on the Company’s condensed consolidated balance sheet and it is not expected that the Company or its subsidiaries will be called upon to advance funds under these commitments.

- (a) Represents letters of credit, of which, \$8 million enables the Company to qualify as a self-insurer for state and federal workers’ compensation liabilities. Additionally, the balance also includes two letters of credit totaling \$11 million related to the Company’s real estate projects.
- (b) Consists of \$13 million in U.S. customs bonds, \$17 million in bonds related to real estate construction projects in Hawaii, and \$1 million related to transportation and other matters.
- (c) Represents the withdrawal liabilities as of the most recent valuation dates for multiemployer pension plans, in which Matson is a participant. Management has no present intention of withdrawing from, and does not anticipate the termination of, any of the aforementioned plans.

Indemnity Agreements: For certain real estate joint ventures, the Company may be obligated under bond indemnities to complete construction of the real estate development if the joint venture does not perform. These indemnities are designed to protect the surety in exchange for the issuance of surety bonds that cover construction activities, such as project amenities, roads, utilities, and other infrastructure. The recorded amounts of the indemnity liabilities were not material. Under the indemnities, the Company and its joint venture partners agree to indemnify the surety bond issuer from all losses and expenses arising from the failure of the joint venture to complete the specified bonded construction. The maximum potential amount of aggregate future payments is a function of the amount covered by outstanding bonds at the time of default by the joint venture, reduced by the amount of work completed to date.

Other Obligations: Certain of the businesses in which the Company holds a non-controlling interest have long-term debt obligations. In February 2010, one of the Company's joint ventures renegotiated a \$10 million loan that extended the maturity date of the loan to August 2011, with a one-year extension option, which was subsequently executed. At the time of the extension, the principal balance of the note was \$9 million. The new scheduled maturity date is August 2012, at which time the entire unpaid principal balance and all accrued and unpaid interest charges will be payable. As a condition to providing the loan, the lender required that the Company and its joint venture partner guarantee certain obligations of the joint venture under a maintenance agreement. The maintenance agreement specifies that the Company and its joint venture partner shall make payments to the lender to the extent that the loan-to-value measure or debt service ratio of the property held by the joint venture is below pre-determined thresholds. The Company has determined that the fair value of its obligation under this maintenance agreement was not material, and as of September 30, 2011, the Company had not paid any amounts under the guaranty.

Other than obligations described above, investee obligations do not have recourse to the Company and the Company's "at-risk" amounts are limited to its investment.

Legal Proceedings and Other Contingencies: A&B owns 16,000 acres of watershed lands in East Maui that supply a significant portion of the irrigation water used by HC&S. A&B also held four water licenses to another 30,000 acres owned by the State of Hawaii in East Maui which, over the last ten years, have supplied approximately 58 percent of the irrigation water used by HC&S. The last of these water license agreements expired in 1986, and all four agreements were then extended as revocable permits that were renewed annually. In 2001, a request was made to the State Board of Land and Natural Resources (the "BLNR") to replace these revocable permits with a long-term water lease. Pending the conclusion by the BLNR of this contested case hearing on the request for the long-term lease, the BLNR has renewed the existing permits on a holdover basis. If the Company is not permitted to utilize sufficient quantities of stream waters from State lands in East Maui, it could have a material adverse effect on the Company's sugar-growing operations.

In addition, on May 24, 2001, petitions were filed by a third party, requesting that the Commission on Water Resource Management of the State of Hawaii ("Water Commission") establish interim instream flow standards ("IIFS") in 27 East Maui streams that feed the Company's irrigation system. On September 25, 2008, the Water Commission took action on eight of the petitions, resulting in some quantity of water being returned to the streams rather than being utilized for irrigation purposes. In May 2010, the Water Commission took action on the remaining 19 petitions resulting in additional water being returned to the streams. A petition requesting a contested case hearing to challenge the Water Commission's decisions was filed with the Commission by the opposing third party. On October 18, 2010, the Water Commission denied the petitioner's request for a contested case hearing. On November 17, 2010, the petitioner filed an appeal of the Commission's denial to the Hawaii Intermediate Court of Appeals.

On June 25, 2004, two organizations filed with the Water Commission a petition to establish IIFS for four streams in West Maui to increase the amount of water to be returned to these streams. The West Maui irrigation system provided approximately 15 percent of the irrigation water used by HC&S over the last ten years. The Water Commission issued a decision in June 2010, which required the return of water in two of the four streams. In July 2010, the two organizations appealed the Water Commission's decision to the Hawaii Intermediate Court of Appeals.

The loss of East Maui and West Maui water as a result of the Water Commission's decisions imposes challenges to the Company's sugar growing operations. While the resulting water loss does not immediately threaten near-term sugar production, it will result in a future suppression of sugar yields and will have an impact on the Company that will only be quantifiable over time. Accordingly, the Company is unable to predict, at this time, the outcome or financial impact of the water proceedings.

On April 21, 2008, Matson was served with a grand jury subpoena from the U.S. District Court for the Middle District of Florida for documents and information relating to water carriage in connection with the Department of Justice's investigation into the pricing and other competitive practices of carriers operating in the domestic trades. Matson understands that while the investigation has been focused on the Puerto Rico trade, it also includes pricing and other competitive practices in connection with all domestic trades, including the Alaska, Hawaii and Guam trades. Matson does not operate vessels in the Puerto Rico and Alaska trades. It does operate vessels in the Hawaii and Guam trades. Matson has cooperated, and will continue to cooperate, fully with the Department of Justice. If the Department of Justice believes that any violations have occurred on the part of Matson or the Company, it could seek civil or criminal sanctions, including monetary fines. The Company is unable to predict, at this time, the outcome or financial impact, if any, of this investigation.

The Company and Matson were named as defendants in a consolidated civil lawsuit purporting to be a class action in the U.S. District Court for the Western District of Washington in Seattle. The lawsuit alleged violations of the antitrust laws and also named as a defendant Horizon Lines, Inc., another domestic shipping carrier operating in the Hawaii and Guam trades. On August 18, 2009, the court granted the defendants' motion to dismiss the complaint with leave to amend the complaint to allege claims consistent with the court's order. On May 28, 2010, the plaintiffs filed a second amended complaint. On November 30, 2010, the judge dismissed the complaint with prejudice. On December 22, 2010, the plaintiffs filed an appeal to the Ninth Circuit Court of Appeals. On September 29, 2011, the Ninth Circuit affirmed the District Court's dismissal of the complaint with prejudice.

In March 2011, the Environmental Protection Agency ("EPA") published nationwide standards for controlling hazardous air pollutant emissions from industrial, commercial, institutional boilers and process heaters, which would apply to Hawaiian Commercial & Sugar Company's three boilers. The standards require that prescribed emissions be reduced to allowable levels as detailed in the final regulations by early 2014. The Company is currently evaluating the impact of the new standards. However, the effective date of the rule has been stayed pending reconsideration of certain aspects of the rule by EPA or completion of proceedings for judicial review. In addition, legislation is pending in Congress that could impact both the content of the rule and the effective date. Accordingly, further changes to the rule and to the compliance schedule are likely. Given the potential for changes to the rule, the Company's continuing evaluation of alternative operating models for its sugar business, and the requirement to perform a thorough analysis of the new standards, the Company is unable to predict at this time, the financial impact of the regulations.

In June 2011, the Equal Employment Opportunity Commission ("EEOC") served McBryde Resources, Inc., formerly known as Kauai Coffee Company, Inc. ("McBryde Resources") with a lawsuit, which alleges that McBryde Resources and five other farms were complicit in illegal acts by Global Horizons Inc., a company that had hired Thai workers for the farms. The lawsuit was filed in the U.S. District Court for the District of Hawaii. In July 2011, the EEOC amended the lawsuit to name Alexander & Baldwin, Inc. as a defendant. At a hearing on October 26, 2011, the judge dismissed the lawsuit, but gave the EEOC 45 days from the date the judge issues the order to file an amended complaint. McBryde Resources and Alexander & Baldwin, Inc. will vigorously defend themselves in this matter. The Company is unable to predict, at this time, the outcome or financial impact, if any, of the lawsuit. In a case not involving the Company, but relating to the use of Thai workers in Hawaii, the U.S. Department of Justice had charged the owners of Aloun Farm, Inc., an agricultural business located on the island of Oahu, also with illegal labor actions. In

August 2011, the case was dismissed with prejudice by the U.S. District Court in Hawaii after the third day of trial without the defendants having to put on their case.

A&B and its subsidiaries are parties to, or may be contingently liable in connection with, other legal actions arising in the normal conduct of their businesses, the outcomes of which, in the opinion of management after consultation with counsel, would not have a material adverse effect on A&B's results of operations or financial position.

The Company is subject to possible climate change legislation, regulation and international accords. At various times, bills related to climate change, such as limiting and reducing greenhouse gas emissions through a "cap and trade" system of allowances and credits, have been introduced in the U.S. Congress. In addition, the EPA is in the process of adopting and implementing regulations limiting greenhouse gas emissions in lieu of Congressional action. If enacted, such regulations could impose significant additional costs on the Company, including increased energy costs, higher material prices, and costly mandatory vessel and equipment modifications. The Company is unable to predict, at this time, the outcome or financial impact, if any, of future climate change related legislation.

- (3) Earnings Per Share (“EPS”): The denominator used to compute basic and diluted earnings per share is as follows (in millions):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Denominator for basic EPS – weighted average shares	41.7	41.3	41.6	41.2
Effect of dilutive securities:				
Employee/director stock options and restricted stock units	0.4	0.2	0.4	0.2
Denominator for diluted EPS – weighted average shares	42.1	41.5	42.0	41.4

Basic earnings per share is computed based on the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed based on the weighted-average number of common shares outstanding adjusted by the number of additional shares, if any, that would have been outstanding had the potentially dilutive common shares been issued. Potentially dilutive shares of common stock include non-qualified stock options and restricted stock units.

The computation of weighted average dilutive shares outstanding excluded non-qualified stock options to purchase approximately 1.4 million and 1.6 million shares of common stock for the three months ended September 30, 2011 and 2010, respectively. The computation of weighted average dilutive shares outstanding excluded non-qualified stock options to purchase approximately 1.2 million and 1.9 million shares of common stock for each of the nine month periods ended September 30, 2011 and 2010. These options were excluded because the options’ exercise prices were greater than the average market price of the Company’s common stock for the periods presented and, therefore, the effect would be anti-dilutive.

- (4) Share-Based Compensation: Through September 30, 2011, the Company granted non-qualified stock options to purchase approximately 316,537 shares of the Company’s common stock. The weighted average grant-date fair value of each stock option granted, using the Black-Scholes-Merton option pricing model, was \$8.92 using the following weighted average assumptions: volatility of 29.2 percent, risk-free interest rate of 2.3 percent, dividend yield of 3.1 percent, and expected term of 6.0 years.

Activity in the Company's stock option plans through September 30, 2011 was as follows (in thousands, except weighted average exercise price and weighted average contractual life):

	Predecessor Plans			Total Shares	Weighted Average Exercise Price	Weighted Average Contractual Life	Aggregate Intrinsic Value
	2007 Plan	1998 Employee Plan	1998 Directors' Plan				
Outstanding, January 1, 2011	1,332	1,055	190	2,577	\$37.10		
Granted	317	--	--	317	\$40.75		
Exercised	(86)	(171)	(17)	(274)	\$29.70		
Forfeited and expired	(14)	(11)	--	(25)	\$45.06		
Outstanding, September 30, 2011	<u>1,549</u>	<u>873</u>	<u>173</u>	<u>2,595</u>	\$38.25	5.6	\$9,355
Exercisable September 30, 2011	<u>805</u>	<u>873</u>	<u>173</u>	<u>1,851</u>	\$39.88	4.5	\$6,042

The following table summarizes restricted common stock unit activity through September 30, 2011 (in thousands, except weighted-average, grant-date fair value amounts):

	2007 Plan Restricted Stock Units	Weighted Average Grant-Date Fair Value
Outstanding January 1, 2011	330	\$31.15
Granted	259	\$38.78
Vested	(175)	\$32.24
Canceled	(3)	\$35.51
Outstanding September 30, 2011	<u>411</u>	\$35.47

A portion of the restricted stock unit awards are time-based awards that vest ratably over three years. The remaining portion of the awards represent performance-based awards that vest after three years, provided certain performance targets related to the first year of the performance period are achieved.

A summary of the compensation cost related to share-based payments is as follows (in millions):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Share-based expense (net of estimated forfeitures):				
Stock options	\$ 0.5	\$ 0.5	\$ 1.5	\$ 1.3
Restricted stock units	1.4	1.4	4.1	4.0
Total share-based expense	1.9	1.9	5.6	5.3
Total recognized tax benefit	(0.5)	(0.6)	(1.6)	(1.7)
Share-based expense (net of tax)	<u>\$ 1.4</u>	<u>\$ 1.3</u>	<u>\$ 4.0</u>	<u>\$ 3.6</u>

- (5) Accounting for and Classification of Discontinued Operations: As required by FASB ASC Subtopic 205-20, *Discontinued Operations*, the sales of certain income-producing assets are classified as discontinued operations if (i) the operations and cash flows of the component have been, or will be, eliminated from the ongoing operations of the Company as a result of the disposal transaction and (ii) the Company will not have any significant continuing involvement in the operations of the component after the disposal transaction. Certain income-producing properties that are classified as “held for sale” under the requirements of FASB ASC Subtopic 205-20, are also treated as discontinued operations. Depreciation on these assets ceases upon their classification as “held-for-sale.” Discontinued operations includes the results for properties that were sold through September 30, 2011 and, if applicable, the operating results of properties still owned, but meeting the definition of “discontinued operations” under FASB ASC Subtopic 205-20. Operating results included in the Condensed Consolidated Statements of Income and the segment results (Note 10) for the third quarter and first nine months of 2010 have been restated to reflect property that was classified as discontinued operations subsequent to September 30, 2010. Sales of land, residential units, and office condominium units are generally considered inventory and are not included in discontinued operations.

In August 2011, the Company finalized a decision to terminate Matson’s CLX2 service, due to the longer-term outlook for sustained high fuel prices and increasingly volatile Transpacific rates. As of the termination date, the Company had established and approved plans to (i) return to lessors or sub-charter the five vessels used in the service (ii) off-hire or dispose of certain excess container equipment and (iii) terminate office contracts and employees. These plans were substantially completed as of September 30, 2011; however, the off-hiring of excess leased containers is expected to continue through 2012 and two of the five ships are expected to be sub-chartered until they are returned to the lessors in July 2012. The remaining three ships were returned to the lessors as of September 30, 2011 pursuant to the terms of the one-year charter contracts for these vessels. As of September 30, 2011, the Company had recorded a liability of \$7.2 million, representing the fair value of the obligations arising from exit activities associated with the termination of the service. The liability, which is principally related to future charter lease payments, net of sub-charter revenue, is expected to be substantially settled by July 31, 2012. There were no material assets owned by the Company that were associated with the CLX2 service at September 30, 2011. The revenue included in discontinued operations was \$22.0 million and \$5.7 million for the third quarters of 2011 and 2010, respectively, and \$92.6 million and \$5.7 million for the nine-month periods ended September 30, 2011 and 2010, respectively.

Income (losses) from discontinued operations consisted of the following (in millions):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Discontinued operations (net of tax):				
Sales of real estate assets	\$ 4.3	\$ 0.4	\$ 13.8	\$ 19.5
Real estate leasing operations	0.1	1.0	0.8	3.2
CLX2 operating and shutdown losses	(14.0)	(1.3)	(33.1)	(1.3)
Total	<u>\$ (9.6)</u>	<u>\$ 0.1</u>	<u>\$ (18.5)</u>	<u>\$ 21.4</u>

In addition to the above losses classified as discontinued operations, the Company incurred approximately \$3.7 million, net of tax, in additional costs that did not meet the criteria to be classified as discontinued operations. These costs were primarily related to the repositioning of excess containers that will continue to be used in the Company’s ongoing operations.

- (6) Comprehensive income for the three and nine months ended September 30, 2011 and 2010 consisted of (in millions):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	\$ 8.7	\$ 25.7	\$ 32.6	\$ 71.9
Employee benefit plans - amortization of net loss and prior service costs	1.8	1.5	4.0	5.9
Other	--	--	0.1	0.1
Comprehensive income (net of tax)	<u>\$ 10.5</u>	<u>\$ 27.2</u>	<u>\$ 36.7</u>	<u>\$ 77.9</u>

- (7) Pension and Post-retirement Plans: The Company has defined benefit pension plans that cover substantially all non-bargaining unit and certain bargaining unit employees. The Company also has unfunded non-qualified plans that provide benefits in excess of the amounts permitted to be paid under the provisions of the tax law to participants in qualified plans. The assumptions related to discount rates, expected long-term rates of return on invested plan assets, salary increases, age, mortality and health care cost trend rates, along with other factors, are used in determining the assets, liabilities and expenses associated with pension benefits. Management reviews the assumptions annually with its independent actuaries, taking into consideration existing and future economic conditions and the Company’s intentions with respect to these plans. Management believes that its

assumptions and estimates for 2011 are reasonable. Different assumptions, however, could result in material changes to the assets, obligations and costs associated with benefit plans.

The components of net periodic benefit cost recorded for the third quarters of 2011 and 2010 were as follows (in millions):

	Pension Benefits		Post-retirement Benefits	
	2011	2010	2011	2010
Service cost	\$ 2.2	\$ 1.9	\$ 0.3	\$ 0.2
Interest cost	5.0	4.9	0.9	0.9
Expected return on plan assets	(5.7)	(5.1)	--	--
Amortization of prior service cost	0.2	0.2	--	--
Amortization of net (loss) gain	2.2	2.0	0.5	--
Net periodic benefit cost	<u>\$ 3.9</u>	<u>\$ 3.9</u>	<u>\$ 1.7</u>	<u>\$ 1.1</u>

The components of net periodic benefit cost recorded for the first nine months of 2011 and 2010 were as follows (in millions):

	Pension Benefits		Post-retirement Benefits	
	2011	2010	2011	2010
Service cost	\$ 6.6	\$ 5.8	\$ 0.9	\$ 0.7
Interest cost	15.0	14.6	2.8	2.5
Expected return on plan assets	(17.1)	(15.4)	--	--
Amortization of prior service cost	0.6	0.5	0.2	0.2
Amortization of net (loss) gain	6.6	6.1	1.5	0.1
Net periodic benefit cost	<u>\$ 11.7</u>	<u>\$ 11.6</u>	<u>\$ 5.4</u>	<u>\$ 3.5</u>

Based on the actuarial report dated as of January 1, 2011, net periodic benefit cost for 2011 is expected to total approximately \$15.5 million for pension benefits and \$6.9 million for post-retirement benefits. In 2011, the Company expects cash contributions to its pension plans will total approximately \$4 million.

- (8) **Fair Value of Financial Instruments:** The fair values of cash and cash equivalents, receivables and short-term borrowings approximate their carrying values due to the short-term nature of the instruments. The carrying amount and fair value of the Company's long-term debt at September 30, 2011 was \$570 million and \$615 million, respectively, and \$522 million and \$546 million at December 31, 2010, respectively. The fair value of long-term debt is calculated based upon interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements.
- (9) In June 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-05, *Comprehensive Income (Topic 220)—Presentation of Comprehensive Income* (ASU 2011-05), to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. ASU 2011-05 is to be applied retrospectively and is effective for fiscal years and interim periods within those years, beginning after December 15, 2011. The Company expects to adopt the standard effective January 1, 2012. The standard will change the presentation of the Company's financial statements but will not affect the calculation of net income, comprehensive income or earnings per share.

In September 2011, the FASB issued amended accounting guidance related to disclosures about an employer's participation in a multiemployer plan. The new guidance requires that employers provide additional quantitative and qualitative disclosures for multiemployer pension plans and multiemployer other postretirement benefit plans. The amended guidance is effective for fiscal years ending after December 15, 2011. The adoption of the standard is not expected to have a material effect on the Company's consolidated financial statements.

(10) Segment results for the quarter and the nine months ended September 30, 2011 and 2010 were as follows (in millions) (unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue:				
Transportation:				
Ocean transportation	\$ 303.8	\$ 267.5	\$ 887.6	\$ 754.2
Logistics services	99.2	92.4	293.6	258.1
Amounts reported in discontinued operations	(22.0)	(5.7)	(92.6)	(5.7)
Real Estate:				
Leasing	24.5	24.4	75.7	71.2
Sales	9.3	4.3	63.4	86.6
Amounts reported in discontinued operations	(8.8)	(3.3)	(47.2)	(82.3)
Agribusiness	38.5	60.4	99.3	104.4
Reconciling Items	(4.3)	(2.7)	(17.7)	(10.5)
Total revenue	<u>\$ 440.2</u>	<u>\$ 437.3</u>	<u>\$ 1,262.1</u>	<u>\$ 1,176.0</u>
Operating Profit, Net Income:				
Transportation:				
Ocean transportation	\$ 6.2	\$ 40.4	\$ 8.2	\$ 87.8
Logistics services	2.0	1.8	5.6	5.2
Amounts reported in discontinued operations	22.4	2.1	52.9	2.1
Real Estate:				
Leasing	9.2	9.3	30.2	26.9
Sales	3.5	2.9	26.1	32.3
Amounts reported in discontinued operations	(7.0)	(2.1)	(23.4)	(35.4)
Agribusiness	3.8	0.8	14.9	1.5
Total operating profit	<u>40.1</u>	<u>55.2</u>	<u>114.5</u>	<u>120.4</u>
Interest Expense	(6.3)	(6.3)	(18.6)	(19.3)
General Corporate Expenses	(4.8)	(7.7)	(13.2)	(18.8)
Income From Continuing Operations Before Income Taxes	<u>29.0</u>	<u>41.2</u>	<u>82.7</u>	<u>82.3</u>
Income Tax Expense	<u>10.7</u>	<u>15.6</u>	<u>31.6</u>	<u>31.8</u>
Income From Continuing Operations	<u>18.3</u>	<u>25.6</u>	<u>51.1</u>	<u>50.5</u>
Income (Losses) From Discontinued Operations (net of taxes)	<u>(9.6)</u>	<u>0.1</u>	<u>(18.5)</u>	<u>21.4</u>
Net Income	<u>\$ 8.7</u>	<u>\$ 25.7</u>	<u>\$ 32.6</u>	<u>\$ 71.9</u>

- (11) Subsequent Event: In the fourth quarter of 2011, the Company adopted plan amendments to freeze its traditional defined benefit pension plan for non-bargaining unit employees. Effective January 1, 2012, the traditional defined benefit plan formula will be transitioned to a cash balance formula, and no further benefits will be accrued under the defined benefit plan formula. Under the cash balance formula, the Company provides an annual retirement benefit equal to 5 percent of an employee's eligible cash compensation, plus interest based on the 10-year U.S. Treasury Note.
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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following analysis of the consolidated financial condition and results of operations of Alexander & Baldwin, Inc. and its subsidiaries (collectively, the "Company") should be read in conjunction with the condensed consolidated financial statements and related notes thereto included in Item 1 of this Form 10-Q.

FORWARD-LOOKING STATEMENTS

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. These statements are "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be contained in, among other things, Securities and Exchange Commission ("SEC") filings, such as the Forms 10-K, 10-Q and 8-K, the Annual Report to Shareholders, press releases made by the Company, the Company's Internet Web sites (including Web sites of its subsidiaries), 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. New risk factors emerge from time to time and it is not possible for the Company to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of future results and 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 the factors that are described in Part I, Item 1A under the caption of "Risk Factors" of the Company's 2010 Annual Report on Form 10-K. The Company is not required, and undertakes no obligation, to revise or update forward-looking statements or any factors that may affect actual results, whether as a result of new information, future events, or circumstances occurring after the date of this report.

OVERVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a discussion of the Company's financial condition, results of operations, liquidity and certain other factors that may affect its future results from the perspective of management. The discussion that follows is intended to provide information that will assist in understanding the changes in the Company's financial statements from period to period, the primary factors that accounted for those changes, and how certain accounting principles, policies and estimates affect the Company's financial statements. MD&A is provided as a supplement to the condensed consolidated financial statements and notes herein, and should be read in conjunction with the Company's 2010 Annual Report on Form 10-K as well as the Company's reports on Forms 10-Q and 8-K and other publicly available information.

MD&A is presented in the following sections:

- Business Overview
- Consolidated Results of Operations
- Analysis of Operating Revenue and Profit by Segment
- Liquidity and Capital Resources
- Business Outlook
- Other Matters

BUSINESS OVERVIEW

Alexander & Baldwin, Inc. ("A&B"), founded in 1870, is a multi-industry corporation headquartered in Honolulu that operates in five segments in three industries—Transportation, Real Estate, and Agribusiness.

Transportation: The Transportation Industry consists of Ocean Transportation and Logistics Services segments. The Ocean Transportation segment, which is conducted through Matson Navigation Company, Inc. ("Matson"), a wholly-owned subsidiary of A&B, is an asset-based business that derives its revenue primarily through the carriage of containerized freight between various U.S. Pacific Coast, Hawaii, Guam, China and other Pacific island ports. Additionally, the Ocean Transportation segment has a 35 percent interest in an entity that provides terminal and stevedoring services at U.S. Pacific Coast facilities.

The Logistics Services segment, which is conducted through Matson Logistics, Inc. ("ML"), a wholly-owned subsidiary of Matson, is a non-asset based business that is a provider of domestic and international rail intermodal service ("Intermodal"), long-haul and regional highway brokerage, specialized hauling, flat-bed and project work, less-than-truckload, expedited/air freight services, and warehousing and distribution services (collectively "Highway"). Warehousing, packaging and distribution services are provided by Matson Logistics Warehousing, Inc. ("MLW"), a wholly-owned subsidiary of ML. MLW's operations also include Pacific American Services, LLC ("PACAM"), a San Francisco Bay-area regional warehousing, packaging, and distribution company.

Real Estate: The Real Estate Industry consists of two segments, both of which have operations in Hawaii and on the U.S. Mainland. The Real Estate Sales segment generates its revenues through the development and sale of land and commercial and residential properties. The Real Estate Leasing segment owns, operates, and manages retail, office, and industrial properties. Real estate activities are conducted through A&B Properties, Inc. and various other wholly-owned subsidiaries of A&B.

Agribusiness: Agribusiness, which contains one segment, produces bulk raw sugar, specialty food grade sugars, and molasses; markets and distributes specialty food-grade sugars; provides general trucking services, mobile equipment maintenance, and repair services in Hawaii; and generates and sells, to the extent not used in the Company's Agribusiness operations, electricity. The Company also is the sole member in Hawaiian Sugar & Transportation Cooperative ("HS&TC"), a cooperative that provides raw sugar marketing and transportation services.

In March 2011, the Company finalized an agreement to lease land and sell coffee inventory and certain assets used in the coffee business to Massimo Zanetti Beverage USA, Inc. ("MZB"), including intangible assets. The coffee inventory and assets were sold for approximately \$14 million. There was no material

gain or loss on the transaction. The Company retained fee simple ownership of the land, buildings, power generation, and power distribution assets, but no longer operates the coffee plantation.

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated – Third quarter of 2011 compared with 2010

(dollars in millions)	Quarter Ended September 30,		
	2011	2010	Change
Operating revenue	\$ 440.2	\$ 437.3	1%
Operating costs and expenses	403.8	394.3	2%
Operating income	36.4	43.0	-15%
Other income and (expense)	(7.4)	(1.8)	4X
Income before taxes	29.0	41.2	-30%
Income tax expense	(10.7)	(15.6)	-31%
Discontinued operations (net of income taxes)	(9.6)	0.1	NM
Net income	\$ 8.7	\$ 25.7	-66%
Basic earnings per share	\$ 0.21	\$ 0.62	-66%
Diluted earnings per share	\$ 0.21	\$ 0.62	-66%

Consolidated operating revenue for the third quarter of 2011 increased \$2.9 million, or 1 percent, compared with the third quarter of 2010. This increase was principally due to \$20.0 million in higher revenue for Ocean Transportation (after subtracting Matson's CLX2 service revenue classified as discontinued operations) and \$6.8 million in higher revenue from Logistics Services, partially offset by \$21.9 million in lower revenue for Agribusiness due to lower sales volume. The reasons for the revenue changes are described below, by business segment, in the Analysis of Operating Revenue and Profit by Segment.

Consolidated operating costs and expenses for the third quarter of 2011 increased \$9.5 million, or 2 percent, compared with the third quarter of 2010. The increase in operating costs and expenses was principally due to \$38.0 million in higher operating costs for the Transportation Industry segments, partially offset by \$24.8 million in lower Agribusiness costs due to lower sales volume and \$3.1 million in lower selling, general and administrative expenses. The reasons for the operating cost and expense changes are described below, by business segment, in the Analysis of Operating Revenue and Profit by Segment.

Other expense was \$7.4 million for the third quarter of 2011 compared with \$1.8 million the third quarter of 2010. The change was due primarily to \$5.5 million lower income from real estate joint ventures in 2011.

Income taxes for the third quarter of 2011 decreased by \$4.9 million compared to the third quarter of 2010 due to lower earnings from continuing operations. The effective tax rate for the third quarter of 2011 decreased relative to the third quarter of 2010 due principally to higher tax benefits in 2011 relative to 2010.

Discontinued operations for the third quarter of 2011 included \$4.4 million of income, net of tax, related to the sale of commercial real estate assets and \$14.0 million of losses, net of tax, related to the shutdown of CLX2. Discontinued operations excluded \$3.7 million, net of tax, or \$6.1 million, pre-tax, of shutdown expenses that do not meet the criteria to be classified as discontinued operations, and accordingly, were classified in continuing operations.

Consolidated – First nine months of 2011 compared with 2010

(dollars in millions)	Nine Months Ended September 30,		
	2011	2010	Change
Operating revenue	\$ 1,262.1	\$ 1,176.0	7%
Operating costs and expenses	1,167.7	1,081.4	8%
Operating income	94.4	94.6	--%
Other income and (expense)	(11.7)	(12.3)	-5%
Income before taxes	82.7	82.3	--%
Income tax expense	(31.6)	(31.8)	-1%
Discontinued operations (net of income taxes)	(18.5)	21.4	NM
Net income	\$ 32.6	\$ 71.9	-55%
Basic earnings per share	\$ 0.78	\$ 1.75	-55%
Diluted earnings per share	\$ 0.77	\$ 1.74	-56%

Consolidated operating revenue for the first nine months of 2011 increased \$86.1 million, or 7 percent, compared with the same period in 2010. This increase was principally due to \$35.5 million in higher revenue from Logistic Services, \$46.5 million in higher revenue for Ocean Transportation (after subtracting Matson's CLX2 service revenue classified as discontinued operations), \$10.5 million in higher revenue for Real Estate Leasing (after excluding leasing revenue from assets classified as discontinued operations), partially offset by \$5.1 million in lower Agribusiness revenue. The reasons for the revenue changes are described below, by business segment, in the Analysis of Operating Revenue and Profit by Segment.

Consolidated operating costs and expenses for the first nine months of 2011 increased \$86.3 million, or 8 percent, compared with the same period in 2010 due to \$102.6 million in higher costs for the Transportation Industry and \$5.9 million in higher costs for the Real Estate Industry, partially offset by \$18.4 million in lower Agribusiness costs and \$3.1 million in lower general and administrative costs. The reasons for the operating cost and expense changes are described below, by business segment, in the Analysis of Operating Revenue and Profit by Segment.

Other expense decreased \$0.6 million in the first nine months of 2011 compared with the same period in 2010, due primarily to a \$6.2 million gain on investments, partially offset by \$3.0 million in lower real estate joint venture income and a \$1.9 million decrease in interest income in 2011.

Income taxes in the first nine months of 2011 were lower than the first nine months of 2010 due primarily to lower income. The lower effective tax rate in 2011 was due to the same reasons cited for the quarter.

Discontinued operations for the first nine months of 2011 included \$14.6 million of income, net of tax, related to the sale of commercial real estate assets and \$33.1 million of losses, net of tax, related to the shutdown of CLX2. Discontinued operations excluded \$3.7 million, net of tax, or \$6.1 million, pre-tax, of shutdown expenses that do not meet the criteria to be classified as discontinued operations, and accordingly, were classified in continuing operations.

ANALYSIS OF OPERATING REVENUE AND PROFIT BY SEGMENT

TRANSPORTATION INDUSTRY

Ocean Transportation – Third quarter of 2011 compared with 2010

(dollars in millions)	Quarter Ended September 30,		
	2011	2010	Change
Revenue	\$ 281.8	\$ 261.8	8%
Operating profit	\$ 28.6	\$ 42.5	-33%
Operating profit margin	10.1%	16.2%	
Volume (Units)*			
Hawaii containers	35,400	34,500	3%
Hawaii automobiles	19,700	19,100	3%
China containers – CLX1	15,400	15,100	2%
Guam containers	3,400	3,500	-3%

* Container volumes included for the period are based on the voyage departure date, but revenue and operating profit are adjusted to reflect the percentage of revenue and operating profit earned during the reporting period for voyages that straddle the beginning and/or end of each reporting period.

Ocean Transportation revenue increased 8 percent, or \$20.0 million, in the third quarter of 2011 compared to the third quarter of 2010. The revenue increase was principally due to higher fuel surcharges of \$28.0 million and a \$5.8 million increase in volume, primarily in the Hawaii trade. These increases were partially offset by lower yields and cargo mix of \$13.7 million, principally in the China trade.

Total Hawaii container volume increased 3 percent in the third quarter of 2011 due to a new connecting carrier agreement with a large international carrier that commenced at the end of 2010 and other customer gains. Matson's Hawaii automobile volume for the quarter was 3 percent higher than the third quarter of 2010, due to the timing of automobile rental fleet replacement activity. China container volume for CLX1 increased due to increases in westbound demand. Guam volume was lower in 2011 as compared to 2010 due to weaker market conditions and competitive pressures.

Ocean Transportation's operating profit of \$28.6 million (which includes \$6.1 million of CLX2 shutdown expenses) decreased \$13.9 million in the quarter. The decrease in operating profit was principally due to \$13.7 million in lower yields and cargo mix due to competitive pricing pressure, principally in the China trade. Additionally, terminal handling costs increased \$2.5 million due primarily to higher rates, and outside transportation costs increased \$1.4 million due to higher related volume. The increase in costs and lower yields were partially offset by reduced vessel operating costs of \$7.2 million, principally related to recoverable fuel costs offset by overall costs increases, and \$4.7 million in higher overall cargo volumes. Operating profit was also impacted by \$2.1 million in lower SSAT earnings due to lower volume.

Ocean Transportation – First nine months of 2011 compared with 2010

(dollars in millions)	Nine Months Ended September 30,		
	2011	2010	Change
Revenue	\$ 795.0	\$ 748.5	6%
Operating profit	\$ 61.1	\$ 89.9	-32%
Operating profit margin	7.7%	12.0%	
Volume (Units)*			
Hawaii containers	105,000	99,600	5%
Hawaii automobiles	61,300	62,000	-1%
China containers – CLX1	43,200	46,000	-6%
Guam containers	10,100	11,200	-10%

* Container volumes included for the period are based on the voyage departure date, but revenue and operating profit are adjusted to reflect the percentage of revenue and operating profit earned during the reporting period for voyages that straddle the beginning and/or end of the reporting period.

Ocean Transportation revenue increased 6 percent, or \$46.5 million, in the first nine months of 2011 compared to the first nine months of 2010. The revenue increase was principally due to \$47.0 million in higher fuel surcharges, due to higher fuel prices, as well as \$13.2 million in net volume growth, principally in Hawaii. These increases were partially offset by \$15.8 million in lower yields and cargo mix in the China and Hawaii trades.

Total Hawaii container volume increased 5 percent in the first nine months of 2011 due to the same factors cited for the quarter and also growth in the overall market earlier in the year. Matson's Hawaii automobile volume for the first nine months of the year was 1 percent lower than the first nine months of 2010, due primarily to the timing of automobile rental fleet replacement activity. China container volume for CLX1 decreased due to lower eastbound demand. Guam volume was lower in 2011 as compared to 2010, due to the same reasons cited for the quarter.

Ocean Transportation's operating profit of \$61.1 million (which includes \$6.1 million of CLX2 shutdown expenses) decreased \$28.8 million in the first nine months of 2011. The decrease in operating profit was principally due to \$15.8 million in lower yields and cargo mix due to competitive pricing pressure, principally in the China trade, and higher fuel costs. Additionally, terminal handling costs increased \$6.1 million due primarily to higher rates, and outside transportation costs increased \$1.3 million due to higher related volume. Vessel operating costs increased by \$3.3 million, primarily due to wages related to annual contract increases and drydock expenses, which were partially offset by recoverable fuel costs. The increase in costs and lower yields were partially offset by \$8.3 million in higher overall cargo volumes. Operating profit was also impacted by \$3.5 million in lower SSAT earnings due to the same reason cited for the quarter.

Logistics Services – Third quarter of 2011 compared with 2010

(dollars in millions)	Quarter Ended September 30,		
	2011	2010	Change
Intermodal revenue	\$ 60.9	\$ 52.7	16%
Highway revenue	38.3	39.7	-4%
Total Revenue	\$ 99.2	\$ 92.4	7%
Operating profit	\$ 2.0	\$ 1.8	11%
Operating profit margin	2.0%	1.9%	

Logistics Services revenue for the third quarter of 2011 increased \$6.8 million, or 7 percent, compared with the third quarter of 2010. This increase was principally due to higher Intermodal volume, higher Intermodal rates (due primarily to higher fuel surcharges), and higher Highway rates (due primarily to higher fuel surcharges and more profitable customer mix), partially offset by lower Highway volume. Intermodal volume grew 7 percent, driven primarily by increased inland activity to support Ocean Transportation's China business. Highway volume fell by 15 percent due to the loss of certain planned and unplanned full-truckload and less-than-truckload customers.

Logistics Services operating profit for the third quarter of 2011 increased \$0.2 million, or 11 percent, compared with the third quarter of 2010. Operating profit increased principally due to the previously cited higher Intermodal volume, partially offset by lower profitability at the Company's west coast warehouse facilities.

Logistics Services – First nine months of 2011 compared with 2010

(dollars in millions)	Nine Months Ended September 30,		
	2011	2010	Change
Intermodal revenue	\$ 178.3	\$ 149.0	20%
Highway revenue	115.3	109.1	6%
Total Revenue	\$ 293.6	\$ 258.1	14%
Operating profit	\$ 5.6	\$ 5.2	8%
Operating profit margin	1.9%	2.0%	

Logistics Services revenue for the first nine months of 2011 increased \$35.5 million, or 14 percent, compared with the first nine months of 2010. This increase was principally due to higher Intermodal and warehouse volume and higher Intermodal and Highway rates, due primarily to higher fuel surcharges. The increase in warehousing revenue, which is included in Highway services revenue, was principally due to customer expansion at the Company's Savannah facilities. Intermodal volume grew 13 percent due to the same factor cited for the quarter.

Logistics Services operating profit for the first nine months of 2011 increased \$0.4 million, or 8 percent, compared with the first nine months of 2010. Operating profit increased principally due to the previously cited higher Intermodal volume, partially offset by lower profitability at the Company's west coast warehouse facilities and higher general and administrative costs.

REAL ESTATE INDUSTRY

Real Estate Leasing and Real Estate Sales revenue and operating profit are analyzed before subtracting amounts related to discontinued operations. This is consistent with how the Company evaluates and makes decisions regarding capital allocation, acquisitions, and dispositions for the Company's real estate businesses. A discussion of discontinued operations for the real estate business is included separately.

Effect of Property Sales Mix on Operating Results: Direct year-over-year comparison of the real estate sales results may not provide a consistent, measurable indicator of future performance because results from period to period are significantly affected by the mix and timing of property sales. Operating results, by virtue of each project's asset class, geography, and timing, are inherently episodic. Earnings from joint venture investments are not included in segment revenue, but are included in operating profit. The mix of real estate sales in any year or quarter can be diverse and 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 in Hawaii generally provides higher margins than does the sale of developed and commercial property, due to the low historical-cost basis of the Company's Hawaii land. Consequently, real estate 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. Additionally, the operating profit reported in each quarter does not necessarily follow a percentage of sales trend because the cost basis of property sold can differ significantly between transactions.

Real Estate Leasing – Third quarter of 2011 compared with 2010

(dollars in millions)	Quarter Ended September 30,		
	2011	2010	Change
Revenue	\$ 24.5	\$ 24.4	--%
Operating profit	\$ 9.2	\$ 9.3	-1%
Operating profit margin	37.6%	38.1%	
Occupancy Rates:			
Mainland	92%	85%	7%

Hawaii	91%	91%	--%
Leasable Space (million sq. ft.):			
Mainland	6.5	7.0	-7%
Hawaii	1.4	1.4	--%

Real Estate Leasing revenue for the third quarter of 2011, before subtracting amounts presented as discontinued operations, was slightly higher than 2010, due to higher Mainland occupancies. Operating profit for the third quarter of 2011, before subtracting amounts presented as discontinued operations, was slightly lower than 2010 due to the writeoff of lease intangibles related to a tenant bankruptcy and associated lease termination costs and higher depreciation, partially offset by higher Mainland occupancies.

Leasable space at the end of the third quarter of 2011 was approximately 538,000 square feet lower than at the end of the third quarter of 2010, principally due to the following activity between October 1, 2010 and September 30, 2011:

Dispositions			Acquisitions		
Date	Property	Leasable sq. ft	Date	Property	Leasable sq. ft
10-10	Ontario Distribution Center	898,400	10-10	Little Cottonwood Center	141,600
1-11	Apex Building	28,100	11-10	Rancho Temecula Town Center	165,500
6-11	Arbor Park Shopping Center	139,500	11-10	Lahaina Square	50,200
9-11	Wakea Business Center II	61,500	6-11	Union Bank Facility	84,000
			9-11	Issaquah Office Center	147,900
	Total Dispositions	<u>1,127,500</u>		Total Acquisitions	<u>589,200</u>

In September 2011, the Company closed on the sale of the 61,500 square-foot Wakea Business Center II located in Kahului, Maui, and acquired the 147,900 square-foot Issaquah Office Center located in Issaquah, Washington. These transactions resulted in a net increase of the Company's portfolio from 7.8 million square feet to 7.9 million square feet during the third quarter of 2011. The Company intends to reinvest the Wakea sale proceeds in replacement property that qualifies for tax-deferral treatment under Section 1031 of the Internal Revenue Code, but qualifying for the tax deferral is dependent upon identifying and closing on an acceptable replacement property within the prescribed time period.

Real Estate Leasing – First nine months of 2011 compared with 2010

(dollars in millions)	Nine Months Ended September 30,		
	2011	2010	Change
Revenue	\$ 75.7	\$ 71.2	6%
Operating profit	\$ 30.2	\$ 26.9	12%
Operating profit margin	39.9%	37.8%	
Occupancy Rates:			
Mainland	92%	85%	7%
Hawaii	91%	93%	-2%

Real Estate Leasing revenue for the first nine months of 2011, before subtracting amounts presented as discontinued operations, was 6 percent higher than 2010, principally due to the timing of acquisitions and dispositions and higher U.S. Mainland occupancy. Operating profit for the first nine months of 2011, before subtracting amounts presented as discontinued operations, was 12 percent higher than 2010, principally due to the same reasons cited for the revenue increase.

Real Estate Sales – Third quarter and first nine months of 2011 compared with 2010

(dollars in millions)	Quarter Ended September 30,		
	2011	2010	Change
Improved property sales	\$ 8.5	\$ --	NM
Development sales	0.7	2.6	-73%
Unimproved/other property sales	0.1	1.7	-94%
Total revenue	\$ 9.3	\$ 4.3	2X
Operating profit (loss) before joint ventures	\$ 4.5	\$ (1.6)	NM
Earnings (loss) from joint ventures	(1.0)	4.5	NM
Total operating profit	\$ 3.5	\$ 2.9	21%

(dollars in millions)	Nine Months Ended September 30,		
	2011	2010	Change
Improved property sales	\$ 45.1	\$ 70.7	-36%
Development sales	5.5	4.7	17%
Unimproved/other property sales	12.8	11.2	14%
Total revenue	\$ 63.4	\$ 86.6	-27%
Operating profit before joint ventures	\$ 25.5	\$ 28.7	-11%
Earnings from joint ventures	0.6	3.6	-83%
Total operating profit	\$ 26.1	\$ 32.3	-19%

The composition of sales in the third quarter and nine months ended September 30, 2011 and 2010 are described below.

2011 Third Quarter: Real Estate Sales revenue and operating profit, before subtracting amounts presented as discontinued operations, were \$9.3 million and \$3.5 million, respectively, and included the sales of an industrial property on Maui and one residential unit on Oahu. Operating profit also included \$1.0

million of joint venture expenses.

2011 – Nine Months Ended September 30: Revenue for the first nine months of 2011, before subtracting amounts presented as discontinued operations, was \$63.4 million, and included the sales of a retail center in Texas, three commercial properties on Maui and Oahu, an 86-acre vacant parcel and a four-acre vacant parcel on Maui, and four residential units on Oahu. In addition to the sales described above, operating profit of \$26.1 million for the first nine months of 2011 included a gain from the sale of the Company’s interest in the Bridgeport Marketplace joint venture development in Valencia, California, a four-acre commercial parcel at the Company’s Kukui’ula joint venture on Kauai, and four units at the Company’s Ka Milo joint venture development on the island of Hawaii, partially offset by ongoing joint venture expenses.

2010 Third Quarter: Real Estate Sales revenue and operating profit, before subtracting amounts presented as discontinued operations, were \$4.3 million and \$2.9 million, respectively, and included the sales of a non-core land parcel on Maui, a leased fee parcel on Hawaii, and two residential units on Oahu. Operating profit also included \$4.5 million of joint venture earnings, principally due to a \$5.1 million gain recognized on a settlement of two mortgage loans owed to a project lender under regulatory supervision, partially offset by general and administrative expenses.

2010 – Nine Months Ended September 30: Revenue for the first nine months of 2010, before subtracting amounts presented as discontinued operations, was \$86.6 million and, in addition to the sales described above, included the sales of Valley Freeway Corporate Park, an industrial property in Washington State, the Mililani Shopping Center on Oahu, a commercial building on Maui, a 75-acre parcel to Kauai County for affordable housing, three residential units on Oahu, and a leased fee parcel and five vacant parcel sales on Maui. Real Estate Sales operating profit for the first nine months of 2010 included, in addition to the sales described above, \$3.6 million of joint venture earnings, principally related to the \$5.1 million mortgage settlement gain mentioned previously.

Real Estate Discontinued Operations – 2011 compared with 2010

The revenue and operating profit on real estate discontinued operations for the third quarter and first nine months of 2011 and 2010 were as follows:

(dollars in millions, before tax)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Sales revenue	\$ 8.5	\$ 0.8	\$ 45.1	\$ 74.2
Leasing revenue	\$ 0.3	\$ 2.5	\$ 2.1	\$ 8.1
Sales operating profit	\$ 6.9	\$ 0.6	\$ 22.2	\$ 30.5
Leasing operating profit	\$ 0.1	\$ 1.5	\$ 1.2	\$ 4.9

2011: The revenue and expenses related to the sales of the Arbor Park Shopping Center in San Antonio, Texas, two commercial buildings on Maui and Oahu, and Wakea Business Center on Maui have been classified as discontinued operations.

2010: The revenue and expenses related to the sales of the Ontario Distribution Center in California, the Mililani Shopping Center on Oahu, Kele Center on Maui, Valley Freeway Corporate Park in Washington state, a leased fee parcel on Maui, and a leased fee parcel on the Big Island of Hawaii have been classified as discontinued operations.

The leasing revenue and operating profit noted above includes the results for properties that were sold through September 30, 2011 and, if applicable, the operating results of properties still owned, but meet the definition of “discontinued operations” under FASB ASC Subtopic 205-20. The leasing revenue and operating profit for the nine months ended September 30, 2011 and September 30, 2010 have been restated to reflect property that was classified as discontinued operations subsequent to September 30, 2010.

AGRIBUSINESS

Agribusiness – Third quarter of 2011 compared with 2010

(dollars in millions)	Quarter Ended September 30,		
	2011	2010	Change
Revenue	\$ 38.5	\$ 60.4	-36%
Operating profit	\$ 3.8	\$ 0.8	5X
Operating profit margin	9.9%	1.3%	
Tons sugar produced	74,300	65,900	13%
Tons sugar sold	42,400	78,900	-46%

Agribusiness revenue for the third quarter of 2011 decreased \$21.9 million, or 36 percent, compared with the third quarter of 2010. The decrease was due to \$22.0 million in lower bulk raw sugar revenue due to the timing of sugar deliveries, and \$3.0 million in lower coffee revenues due to the sale of the assets of the coffee operation in the first quarter of 2011. Sugar revenue and expenses are recognized upon delivery, and not upon production, of the sugar. These decreases were partially offset by \$1.9 million in higher power revenue resulting primarily from higher power prices.

Operating profit for the third quarter of 2011 increased \$3.0 million compared to the third quarter of 2010. The increase was primarily due to a \$2.4 million improvement in power margins resulting from higher prices, higher volumes sold, and lower power production costs in the third quarter of 2011 as compared to the third quarter of 2010. Specialty sugar margins also improved \$0.9 million due to higher prices and lower production costs. These increases were partially offset by a \$1.1 million decrease in bulk raw sugar margin primarily due to one less sugar voyage occurring in the third quarter of 2011 as compared to the third quarter of 2010.

Agribusiness – First nine months of 2011 compared with 2010

(dollars in millions)	Nine Months Ended September 30,		
	2011	2010	Change
Revenue	\$ 99.3	\$ 104.4	-5%
Operating profit	\$ 14.9	\$ 1.5	10X

Operating profit margin	15.0%	1.4%	
Tons sugar produced	148,700	138,400	7%
Tons sugar sold	87,200	113,300	-23%

Agribusiness revenue for the first nine months of 2011 decreased \$5.1 million, or 5 percent, compared with the first nine months of 2010. The decrease was primarily due to a \$9.3 million decrease in raw sugar revenue, principally due to the timing of sugar voyages, and a \$5.6 million decrease in coffee revenue due to the sale of the assets of the coffee operation in the first quarter of 2011. The decrease in revenues was partially offset by \$4.1 million in higher molasses revenue resulting from higher sales volume, \$2.2 million in higher power sales revenue resulting from higher prices, and \$2.0 million in higher third-party charter revenue.

Operating profit for the first nine months of 2011 increased \$13.4 million compared to the first nine months of 2010. The increase was primarily due to \$11.4 million in lower raw sugar production costs, \$4.0 million higher power margins, primarily from higher prices and lower power production costs, \$3.3 million improvement in molasses sales margins due to higher sales volumes and prices, \$3.1 million improvement due to the sale of the coffee assets and inventory, which recorded a \$1.9 million write-down in the prior year, and \$2.2 million in higher specialty sugar margin due to higher prices and lower production costs. These increases were partially offset by a \$9.3 million decline in raw sugar volume sold.

Year-to-date 2011 sugar production was 7 percent higher than in 2010 due principally to higher average yields per acre resulting from improved farming practice, improved growing conditions and factory enhancements.

LIQUIDITY AND CAPITAL RESOURCES

Overview: Cash flows provided by operating activities are generally the Company's primary source of liquidity. Additional sources of liquidity are provided by available cash and cash equivalent balances as well as borrowings on available credit facilities.

On August 5, 2011, the Company renewed certain of its revolving credit facilities that had an aggregate commitment of \$325 million. The renewed facilities have an aggregate commitment of \$355 million, which consists of a \$230 million facility and \$125 million facility for A&B and Matson, respectively. The renewed facilities expire in August 2016. Amounts drawn under the facilities bear interest at London Interbank Offered Rate ("LIBOR") plus a margin based on a ratio of debt to earnings before interest, taxes, depreciation and amortization pricing grid. The agreement contains certain restrictive covenants, the most significant of which requires the maintenance of minimum shareholders' equity levels, minimum property investment values, and a maximum ratio of debt to earnings before interest, depreciation, amortization and taxes. Additionally, on August 5, 2011, in connection with the renewal of the Company's revolving credit facilities, Matson terminated its Senior Secured Reducing Revolving Credit Facility (the "DnB Facility") with DnB NOR, which had been entered into on June 28, 2005 and was scheduled to mature on June 28, 2015. The DnB Facility was terminated because DnB NOR is a participant in the Company's renewed credit facilities. The available capacity under the DnB Facility at termination was \$52.5 million and no amounts were outstanding under the facility prior to termination. In conjunction with the termination of the DnB Facility, DnB NOR released the mortgage on the MV Maunalei.

Cash Flows: Cash flows from operating activities totaled \$42 million for the first nine months of 2011, compared with \$81 million for the first nine months of 2010. This decrease was due principally to lower Matson earnings, partially offset by a \$16 million investment in the second quarter of 2010 in two fully-entitled urban development sites on Oahu. The Company classifies investments in real estate development assets as cash flows used in operating activities if the Company intends to develop and sell the real estate.

Cash flows used in investing activities totaled \$56 million for the first nine months of 2011, compared with \$77 million used in the first nine months of 2010. The decrease in cash flows used in investing activities for the first nine months of 2011 was due to a \$78 million increase in investments in 2010, principally related to the Company's Kukui'ula joint venture, partially offset by a \$30 million increase in net capital expenditures.

Capital expenditures for the first nine months of 2011 totaled \$51 million compared to \$39 million for the first nine months of 2010. Capital expenditures for the first nine months of 2011 included \$40 million for the purchase of transportation-related assets, principally containers and vessel projects, \$6 million for real estate related acquisitions, development and property improvements, and \$5 million related to agricultural operations. The \$51 million reported in capital expenditures on the condensed consolidated statement of cash flows for 2011 excludes \$31 million of tax-deferred real estate purchases under Section 1031 of the Internal Revenue Service code since the Company did not actually take control of the cash during the exchange period. Capital expenditures for the first nine months of 2010 included \$26 million for the purchase of transportation-related assets, principally containers, \$8 million for real estate related acquisitions, development and property improvements, and \$5 million related to agricultural operations. The \$39 million reported in capital expenditures on the condensed consolidated statement of cash flows for 2010 excludes \$91 million of tax-deferred real estate purchases under Section 1031 of the Internal Revenue Service code since the Company did not actually take control of the cash during the exchange period.

Cash flows provided by financing activities were \$17 million for the first nine months of 2011, compared with \$6 million of cash used in financing activities during the first nine months of 2010. The increase in cash flows provided financing activities was principally due to a \$48 million net increase in debt in 2011, compared to a \$29 million net increase in debt in 2010. The net increase in debt in the first nine months of 2011 was principally driven by continued investments in real estate development projects and transportation assets.

The Company believes that funds generated from results of operations, available cash and cash equivalents, and available borrowings under credit facilities will be sufficient to finance the Company's business requirements for the next fiscal year, including working capital, capital expenditures, dividends, and potential acquisitions and stock repurchases. There can be no assurance, however, that the Company will continue to generate cash flows at or above current levels or that it will be able to maintain its ability to borrow under its available credit facilities.

Sources of Liquidity: Additional sources of liquidity for the Company, consisting of cash and cash equivalents, receivables and sugar inventories, totaled \$225 million at September 30, 2011, an increase of \$30 million from December 31, 2010. The increase was due primarily to an increase in sugar inventories and receivables.

The Company also has various revolving credit and term facilities that provide additional sources of liquidity for working capital requirements or investment opportunities on a short-term as well as longer-term basis. The total debt as of September 30, 2011 was \$570 million compared to \$522 million at the end of 2010. As of September 30, 2011, available capacity under these facilities totaled approximately \$272 million.

Balance Sheet: The Company had a working capital balance of \$1 million at September 30, 2011, compared to a negative working capital balance of \$89 million at the end of 2010. The improvement in working capital is entirely due to the reclassification of the Company's outstanding revolving debt balances from current liabilities to non-current liabilities as a result of the renewal of its revolving credit facilities, which was completed on August 5, 2011, as previously described. At September 30, 2011, the Company was in compliance with all of its covenants. While there can be no assurance that the Company will remain in compliance with its covenants, the Company expects that it will remain in compliance.

Tax-Deferred Real Estate Exchanges: *Sales* – During the third quarter of 2011, \$8.2 million of proceeds from the sales of an industrial property on Maui qualified for tax-deferral treatment under Internal Revenue Code Section 1031. During the third quarter of 2010, \$1.4 million of proceeds from the sales of a non-core land parcel on Maui and a leased fee parcel on Hawaii qualified for tax-deferral treatment under Internal Revenue Code Section 1031.

Purchases – During the third quarter of 2011, approximately \$20 million of tax-deferred funds were utilized to purchase the Issaquah Office Center, an office building in Issaquah, Washington. During the first half of 2011, the Company utilized \$11 million in proceeds from tax-deferred sales to purchase the Union Bank facility in Everett, Washington. During the first nine months of 2010, the Company utilized proceeds from tax-deferred sales to purchase the Meadows on the Parkway shopping center in Colorado for \$31 million, Lanikai Marketplace on the Big Island of Hawaii for \$23 million and Komohana Industrial Park on Oahu for \$38 million.

The proceeds from 1031 tax-deferred sales are held in escrow pending future use to purchase new real estate assets. The proceeds from 1033 condemnations are held by the Company until the funds are redeployed. As of September 30, 2011, there were approximately \$13 million in proceeds from tax-deferred sales available for reinvestment.

The funds related to 1031 transactions are not included in cash flows from investing activities in the Condensed Consolidated Statement of Cash Flows but are disclosed as non-cash activities. For “reverse 1031” transactions, the Company purchases a property in anticipation of receiving funds from a future property sale. Funds used for reverse 1031 purchases are included as capital expenditures on the Condensed Consolidated Statement of Cash Flows and the related sales of property, for which the proceeds are linked, are included as property sales in the Statement. The funds that expire and no longer qualify under Section 1031 are shown as proceeds from disposal of property and other assets.

Commitments, Contingencies and Off-balance Sheet Arrangements: A description of other commitments, contingencies, and off-balance sheet arrangements at September 30, 2011, and herein incorporated by reference, is included in Note 2 to the condensed consolidated financial statements of Item 1 in this Form 10-Q.

BUSINESS OUTLOOK

The following discussion provides an update of the Company's outlook for 2011. All of the forward-looking statements made herein are qualified by the inherent risks of the Company's operations and the markets it serves, as more fully described on pages 17-25 of the Company's 2010 Form 10-K.

The Company's overall outlook for 2011 continues to assume a slow recovery of the U.S. economy and modest growth in Hawaii, principally from a continued recovery of the visitor industry. Hawaii's visitor industry is performing well. Visitor expenditures are up nearly 15 percent compared to 2010 and tourism officials forecast \$12.6 billion in visitor expenditures for the year, second only to 2007's record expenditures of \$12.8 billion. In September, visitor arrivals from Japan increased modestly compared to last year, the first monthly increase since the March earthquake and tsunami. There are two primary sources of periodic economic forecasts and data for the State of Hawaii: The University of Hawaii Economic Research Organization (UHERO) and the State's Department of Business, Economic Development and Tourism (DBEDT). Economic information included herein has been derived from economic reports available on UHERO's and DBEDT's websites that provide more complete information about the status of and forecast for the Hawaii economy.

Second China-Long Beach Express (CLX2): On August 8, 2011, the Company announced the discontinuation of CLX2 and its last eastbound sailing occurred on August 22, 2011. In the third quarter of 2011, the Company recorded \$18 million of after-tax losses related to the final operations and termination of CLX2. In future quarters, the Company expects to record additional losses primarily related to the off-hiring of excess containers. The aggregate estimate of after-tax losses from the discontinuation of CLX2 remains between \$20 and \$25 million, consistent with initial projections. The termination of CLX2 has not impacted the Company's Hawaii, Guam or CLX1 services.

Ocean Transportation: The Company continues to expect modest volume improvement in 2011 for its Hawaii trade lane; however, fourth quarter Hawaii volume is expected to be relatively flat with last year's fourth quarter.

Guam volumes have been lower than last year due to competitive pressures and weaker market conditions, driven primarily by lower Japan tourism and the continued delay of military relocation construction. Recently, a competitor announced that it will be discontinuing service to Guam on November 10. While we expect another carrier to enter the market and provide a replacement service, there may be a moderate near-term increase in Guam container volume resulting from the discontinuation of the competitor's service.

In addition, the Company expects that CLX1's fourth quarter performance, relative to 2010, will continue to be negatively impacted by the overcapacity and lower demand in the Transpacific. As a result, the Company expects that, excluding the impacts from CLX2, Ocean Transportation operating profit for the fourth quarter of 2011 and for full-year 2011 will be lower than comparable periods in 2010. Ocean Transportation's performance continues to be highly dependent on the future performance of the national and Hawaii economies, fuel prices, Transpacific freight rates, and other factors that, in the current environment, cannot be predicted with certainty.

Logistics Services: The Company expects fourth quarter performance to be consistent with performance in last year's fourth quarter. As a result, overall performance for 2011 will be relatively flat compared to 2010.

Real Estate Leasing: Expected stability in market rents and improved occupancy in the Company's Mainland portfolio are supporting an expectation for modest improvement in overall Leasing results as compared to 2010; however, performance for the fourth quarter is expected to be relatively flat with last year.

Real Estate Development and Sales: Real estate sales are opportunistic and episodic by nature and, therefore, difficult to predict with certainty. The Company produced good sales results for the first nine months of the year. Real estate sales closings for the remainder of the year, however, are expected to be minimal, due to the timing of sales.

Agribusiness: Agribusiness is expected to continue its strong performance for the remainder of the year based on forecasted sugar production and pricing that remains higher than in 2010. Financial performance for the fourth quarter is expected to approximate 2010 performance, despite the non-recurrence of the federal disaster relief payment received in the prior year quarter.

OTHER MATTERS

Dividends: On October 27, 2011, the Company's Board of Directors announced a fourth-quarter 2011 dividend of \$0.315 per share, payable on December 1, 2011 to shareholders of record as of the close of business on November 10, 2011.

Share Repurchase Authorization: On October 27, 2011, A&B's Board of Directors authorized A&B to repurchase up to two million shares of its common stock beginning January 1, 2012. The authorization, which replaced a previous authorization expiring December 31, 2011, will expire on December 31, 2013.

Significant Accounting Policies: The Company's significant accounting policies are described in Note 1 of the consolidated financial statements included in Item 8 of the Company's 2010 Form 10-K.

Critical Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, upon which the Management's Discussion and Analysis is based, requires that management exercise judgment when making estimates and assumptions about future events that may affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with certainty and actual results will, inevitably, differ from those critical accounting estimates. These differences could be material. The most significant accounting estimates inherent in the preparation of A&B's financial statements were described in Item 7 of the Company's 2010 Form 10-K.

Officer and Management Changes: The following management changes were effective between January 1, 2011 and October 31, 2011.

On February 11, 2011, the Company announced the retirement of Norbert M. Buelsing, president of A&B Properties, Inc. and the appointment of Christopher J. Benjamin, senior vice president, chief financial officer and treasurer of A&B and general manager of Hawaiian Commercial & Sugar Company (HC&S), to president of the A&B Land Group and president of A&B Properties, Inc. Mr. Benjamin's appointment to his new role was effective on September 1, 2011.

On July 6, 2011, the Company announced the appointment of Joel M. Wine as senior vice president, chief financial officer and treasurer of A&B, effective September 1, 2011.

Rick Volner, Jr., senior vice president, Agricultural Operations of HC&S, was promoted to general manager of HC&S, effective April 1, 2011.

Wendy M. Ludwig was promoted to A&B vice president, tax, effective April 26, 2011.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and Matson were named as defendants in a consolidated civil lawsuit purporting to be a class action in the U.S. District Court for the Western District of Washington in Seattle. The lawsuit alleged violations of the antitrust laws and also named as a defendant Horizon Lines, Inc., another domestic shipping carrier operating in the Hawaii and Guam trades. On August 18, 2009, the court granted the defendants' motion to dismiss the complaint with leave to amend the complaint to allege claims consistent with the court's order. On May 28, 2010, the plaintiffs filed a second amended complaint. On November 30, 2010, the judge dismissed the complaint with prejudice. On December 22, 2010, the plaintiffs filed an appeal to the Ninth Circuit Court of Appeals. On September 29, 2011, the Ninth Circuit affirmed the District Court's dismissal of the complaint with prejudice.

In June 2011, the Equal Employment Opportunity Commission ("EEOC") served McBryde Resources, Inc., formerly known as Kauai Coffee Company, Inc. ("McBryde Resources") with a lawsuit, which alleges that McBryde Resources and five other farms were complicit in illegal acts by Global Horizons Inc., a company that had hired Thai workers for the farms. The lawsuit was filed in the U.S. District Court for the District of Hawaii. In July 2011, the EEOC amended the lawsuit to name Alexander & Baldwin, Inc. as a defendant. At a hearing on October 26, 2011, the judge dismissed the lawsuit, but gave the EEOC 45 days from the date the judge issues the order to file an amended complaint. McBryde Resources and Alexander & Baldwin, Inc. will vigorously defend themselves in this matter. The Company is unable to predict, at this time, the outcome or financial impact, if any, of the lawsuit. In a case not involving the Company, but relating to the use of Thai workers in Hawaii, the U.S. Department of Justice had charged the owners of Aloun Farm, Inc., an agricultural business located on the island of Oahu, also with illegal labor actions. In August 2011, the case was dismissed with prejudice by the U.S. District Court in Hawaii after the third day of trial without the defendants having to put on their case.

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, 2010. There has been no material change in the quantitative and qualitative disclosure about market risk since December 31, 2010.

ITEM 4. CONTROLS AND PROCEDURES

- (a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.
- (b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 6. EXHIBITS

- 10.b.1.(xliii) Alternative Form of Executive Stock Option Agreement pursuant to the Alexander & Baldwin, Inc. 2007 Incentive Compensation Plan.
 - 10.b.1.(xliv) Alternative Form of Executive Time-Based Restricted Stock Unit Award Agreement pursuant to the Alexander & Baldwin, Inc. 2007 Incentive Compensation Plan.
 - 10.b.1.(lviii) Schedule identifying executive officers who have entered into Form of Agreement.
 - 31.1 Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 31.2 Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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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: November 9, 2011

/s/ Joel M. Wine

Joel M. Wine
Senior Vice President,
Chief Financial Officer and Treasurer

Date: November 9, 2011

/s/ Paul K. Ito

Paul K. Ito
Vice President, Controller and
Assistant Treasurer

EXHIBIT INDEX

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ALEXANDER & BALDWIN, INC.
EXECUTIVE STOCK OPTION AGREEMENT
(ALTERNATIVE FORM)

RECITALS

A. The Corporation has implemented the Plan for the purpose of providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. Optionee is to render valuable services to the Corporation (or any Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's grant of an option to Optionee.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Option.** The Corporation hereby grants to Optionee, as of the Grant Date, an option to purchase up to the number of Option Shares specified in the Grant Notice. The Option Shares shall be purchasable from time to time during the option term specified in Paragraph 2 at the Exercise Price.

2. **Option Term.** The term of this option shall commence on the Grant Date and continue in effect until the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5 or 6.

3. **Limited Transferability.**

(a) Except to the limited extent provided in Paragraph 3(b), this option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee's death and may be exercised, during Optionee's lifetime, only by Optionee. However, Optionee may designate one or more persons as the beneficiary or beneficiaries of this option, and this option shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding this option. Such beneficiary or beneficiaries shall take the transferred option subject to all the terms and conditions of this Agreement, including (without limitation) the limited time period during which this option may, pursuant to Paragraph 5, be exercised following Optionee's death.

(b) This option may be assigned in whole or in part during Optionee's lifetime to a revocable living trust established for the exclusive benefit of Optionee or Optionee and his or her spouse (the "Trust"). The assigned portion shall be exercisable only by the Trust, and the terms applicable to that assigned portion shall be the same as those in effect for this option immediately prior to such assignment.

4. **Dates of Exercise.** This option shall become exercisable for the Option Shares in one or more installments in accordance with the Exercise Schedule set forth in the Grant Notice. As the option becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5 or 6.

5. **Cessation of Service.** The option term specified in Paragraph 2 shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(a) Except as otherwise expressly provided in subparagraphs (b) through (f) of this Paragraph 5, should Optionee cease to remain in Service for any reason while this option is outstanding, then Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a three (3)-month period measured from the date of such cessation of Service during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee's cessation of Service, but in no event shall this option be exercisable at any time after the Expiration Date.

(b) Should Optionee's Service terminate by reason of his or her death while this option is outstanding, then this option, to the extent not otherwise at that time vested and exercisable for all the Option Shares, shall immediately vest and become exercisable for all the Option Shares. Upon Optionee's death (whether before or after termination of Service) this option may be exercised, for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee's cessation of Service (including any Option Shares which vest on an accelerated basis should such cessation of Service occur by reason of Optionee's death), by (i) the personal representative of Optionee's estate or (ii) the person or persons to whom the option is transferred pursuant to Optionee's will or the laws of inheritance following Optionee's death or (iii) any Trust to which the option is transferred during Optionee's lifetime pursuant to a permitted transfer under Paragraph 3, as the case may be. However, if Optionee dies while holding this option and has an effective beneficiary designation in effect for this option at the time of his or her death, then the designated beneficiary or beneficiaries shall have the exclusive right to exercise this option following Optionee's death. Any such right to exercise this option shall lapse, and this option shall cease to be outstanding, upon the earlier of (i) the expiration of the twelve (12)-month period measured from the date of Optionee's death or (ii) the Expiration Date. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(c) Should Optionee cease Service by reason of Early Retirement, Normal Retirement or Permanent Disability while this option is outstanding, then Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a thirty-six (36)-month period measured from the date of such cessation of Service during which to exercise this option for (i) any or all Option Shares for which this option is vested and exercisable at the time of such cessation of Service and (ii) any additional Option Shares for which this option vests and becomes exercisable during such thirty-six (36)-month period. In no event, however, shall this option be exercisable at any time after the Expiration Date. To the extent this option is not otherwise vested and exercisable for all of the Option Shares at the time of Optionee's cessation of Service by reason of Early Retirement, Normal Retirement or Permanent Disability, this option shall, during the limited period of post-Service exercisability following such cessation of Service, continue to

vest and become exercisable for one or more additional Option Shares in accordance with the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, as if Optionee continued in Service throughout that limited exercise period. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(d) Should Optionee's Service be involuntarily terminated by the Corporation for any reason other than for Cause while this option is outstanding, then this option, to the extent not otherwise at that time vested and exercisable for all the Option Shares, shall immediately vest and become exercisable for all the Option Shares at the time subject to this option. Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a three (3)-month period measured from the date of such involuntary termination during which to exercise this option for any or all Option Shares at the time subject to this option, including the Option Shares that vest on an accelerated basis in accordance with this Paragraph 3(d).

(e) The applicable period of post-Service exercisability in effect pursuant to the foregoing provisions of this Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-Service exercise period during which the exercise of this option or the immediate sale of the Option Shares acquired under this option cannot be effected in compliance with applicable federal and state securities laws, but in no event shall such an extension result in the continuation of this option beyond the Expiration Date.

(f) Should Optionee's Service be terminated for Cause, or should Optionee (i) engage in any post-Service activity, whether as an Employee, consultant or advisor or in any other capacity, that is competitive with the business operations of the Corporation (or any Subsidiary or Parent) or (ii) engage in any other conduct, while in Service or following cessation of Service, that is materially detrimental to the business or affairs of the Corporation (or any Subsidiary or Parent), as determined in the sole discretion of the Plan Administrator, then this option, whether or not vested and exercisable, shall terminate immediately and cease to be outstanding.

(g) Except as otherwise expressly provided in the preceding subparagraphs of this Paragraph 5, during the limited period of post-Service exercisability, this option may not be exercised in the aggregate for more than the number of Option Shares for which this option is, at the time of Optionee's cessation of Service, vested and exercisable pursuant to the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6. Except as otherwise provided in this Paragraph 5 or except to the extent (if any) specifically authorized by the Plan Administrator pursuant to an express written agreement with the Optionee, this option shall not vest or become exercisable for any additional Option Shares, whether pursuant to the normal Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, following the Optionee's cessation of Service. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

6. Special Acceleration of Option.

(a) This option, to the extent outstanding at the time of an actual Change in Control but not otherwise fully exercisable, shall automatically accelerate so that this option shall, immediately prior to the effective date of such Change in Control, become exercisable for all of the Option Shares at the time subject to this option and may be exercised for any or all of those Option Shares as fully vested shares of Common Stock. However, this option shall **not** become exercisable on such an accelerated basis, if and to the extent: (i) this option is to be assumed by the successor corporation (or parent thereof) or is otherwise to be continued in full force and effect pursuant to the terms of the Change in Control transaction or (ii) this option is to be replaced with a cash retention program of the successor corporation which preserves the spread existing at the time of the Change in Control on any Option Shares for which this option is not otherwise at that time vested and exercisable (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such shares) and provides for subsequent vesting and payout of that spread, over Optionee's period of continued Service, at the same time or times as this option would have vested and become exercisable for those Option Shares in accordance with the Exercise Schedule set forth in the Grant Notice. Notwithstanding the foregoing, no such cash retention program shall be established for this option (or any other option granted to Optionee under the Plan) to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) Immediately following the Change in Control, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.

(c) If this option is assumed in connection with a Change in Control or otherwise continued in effect, then this option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to this option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of this option but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(d) Immediately upon the occurrence of (i) a resignation by Optionee for Good Reason within twenty-four (24) months following a Change in Control in which this option is assumed or otherwise continued in effect or (ii) an involuntary termination of Optionee's Service by the Corporation other than for Cause at any time following such Change in Control, this option, to the extent outstanding at that time but not otherwise fully exercisable, shall automatically accelerate so that this option shall become immediately exercisable for all the Option Shares at the time subject to the option and may be exercised for any or all of those Option Shares as fully vested shares. Should this option be replaced with a cash retention program in accordance with Paragraph 6(a), then the balance credited to Optionee under that program at the time of such resignation for Good Reason or involuntary termination other than for Cause shall vest and be immediately paid to Optionee in a lump sum, subject to the Corporation's collection of all applicable withholding taxes; **provided, however**, that Optionee shall be entitled to such payment only if (x) such resignation for Good Reason occurs within twenty-four (24) months following the Change in Control or (y) such involuntary termination other than for Cause occurs at any time after such Change in Control.

(e) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. **Adjustment in Option Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price. The adjustments shall be made in such manner as the Plan Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder, and those adjustments shall be final, binding and conclusive upon Optionee and any other person or persons having an interest in the option. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 6(c) shall be controlling.

8. **Stockholder Rights.** The holder of this option shall not have any stockholder rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.

9. **Manner of Exercising Option.**

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(i) Execute and deliver to the Corporation a Notice of Exercise as to the Option Shares for which the option is exercised or comply with such other procedures as the Corporation may establish for notifying the Corporation of the exercise of this option for one or more Option Shares.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Corporation;

(B) shares of Common Stock (whether delivered in the form of actual stock certificates or through attestation of ownership in a manner reasonably satisfactory to the Corporation) held for the requisite period (if any) necessary to avoid any resulting charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or

(C) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Corporation for purposes of administering such procedure in accordance with the Corporation's pre-clearance/pre-notification policies) to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable Withholding Taxes required to be withheld by the Corporation by reason of such exercise and (ii) to the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm on such settlement date in order to complete the sale.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Corporation in connection with the option exercise.

(iii) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

(b) As soon as practical after the Exercise Date, the Corporation shall issue to or on behalf of Optionee (or any other person or persons exercising this option) a certificate for the purchased Option Shares (either in paper or electronic form), with the appropriate legends affixed thereto: ***provided, however,*** that in the event this option is exercised other than pursuant to the sale and remittance procedure described in Paragraph 9(a)(ii)(C), ownership of the purchased Option Shares shall only be noted as a book entry, and no certificates for the purchased shares shall actually be issued unless and until expressly requested by Optionee or any other person having an interest at the time in those shares.

(c) In no event may this option be exercised for any fractional shares.

10. **Compliance with Laws and Regulations.**

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any Stock Exchange on which the Common Stock may be listed for trading at the time of such exercise and issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Corporation of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its best efforts to obtain all such approvals.

11. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Optionee, Optionee's assigns, the legal representatives, heirs and legatees of Optionee's estate and any beneficiaries of this option designated by Optionee.

12. **Change in Control Benefits Agreement.** Notwithstanding anything to the contrary in this Agreement, if Optionee is, at the time of a change in control or ownership of the Corporation (whether or not that transaction constitutes a Change in Control hereunder), a party to a Change in Control Benefits Agreement with the Corporation, then the provisions of that agreement shall (to the extent applicable to this option) govern Optionee's rights and

benefits with respect to the option evidenced by this Agreement, and in the event of any conflict between the provisions of that Change in Control Benefits Agreement and this Agreement, the provisions of the Change in Control Benefits Agreement shall be controlling.

13. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

14. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan and any applicable Change in Control Benefits Agreement. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

15. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

16. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to those excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the Option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

17. **Withholding Taxes.**

(a) The Corporation's obligation to deliver shares of Common Stock upon the exercise of this option shall be subject to the Corporation's collection of all applicable Withholding Taxes.

(b) Unless Optionee (i) otherwise makes satisfactory arrangements with the Corporation's Human Resources Department, on or before the expiration of the designated notification period preceding the exercise of this option, to pay the applicable Withholding Taxes through the delivery of a check or wire transfer payable to the Corporation in the amount of such Withholding Taxes and (ii) in fact delivers such check or wire transfer to the Corporation not later than the exercise date of the option, the Corporation shall collect the applicable Withholding Taxes through the following automatic share withholding method:

- The Corporation shall withhold, at the time of the option exercise, a portion of the purchased Option Shares with an aggregate Fair Market Value (measured on the exercise date) equal to the applicable Withholding Taxes; **provided, however**, that the number of the Option Shares so withheld shall not exceed in Fair Market Value the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

18. **Coverage under Recoupment Policy.** If Optionee is on the Grant Date, or at any time thereafter becomes, either an executive officer of the Corporation subject to Section 16 of the 1934 Act, or a participant in the Corporation's Performance Improvement Incentive Plan, then Optionee shall be subject to the Alexander & Baldwin, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011 (the "Recoupment Policy"), the terms of which are hereby incorporated herein by reference and receipt of a copy of which Optionee hereby acknowledges. If Optionee is subject to the Recoupment Policy, then any incentive compensation that is paid or granted to, or received by, Optionee on or after January 1, 2011 (including any incentive compensation that is paid to, or received by, Optionee on or after January 1, 2011 pursuant to an incentive compensation award made to Optionee prior to January 1, 2011) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall be subject to recovery and recoupment pursuant to the terms of such policy. For purposes of such Recoupment Policy, "incentive compensation" means all cash or equity-based bonus (e.g., stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the Recoupment Policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

APPENDIX

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Stock Option Agreement.

B. **Board** shall mean the Corporation's Board of Directors.

C. **Cause** shall mean (i) Optionee's willful and continued failure substantially to perform his duties for the Corporation (other than any such failure resulting from a physical or mental disability) or (ii) Optionee's engaging in any willful conduct that is demonstrably and materially injurious to the Corporation, monetarily or otherwise. For purposes of such definition, the term "willful" means that the act or omission in question was undertaken by Optionee not in good faith and without any reasonable belief that the act or omission was in the best interest of the Corporation.

D. **Change in Control** shall mean a change in ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination;

provided, however, that in the event Optionee is a party to a Change in Control Benefits Agreement applicable to the option evidenced by this Agreement, the term **Change in Control** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

E. **Change in Control Benefits Agreement** shall mean any separate agreement between Optionee and the Corporation which provides Optionee with special vesting acceleration and/or other special benefits with respect to one or more option grants made to Optionee to purchase shares of Common Stock, including (to the extent applicable) the option evidenced by this Agreement, in the event of a change in control or ownership of the Corporation (whether or not constituting a Change in Control hereunder).

F. **Code** shall mean the Internal Revenue Code of 1986, as amended.

G. **Common Stock** shall mean shares of the Corporation's common stock.

H. **Corporation** shall mean Alexander & Baldwin, Inc., a Hawaii corporation, and any successor corporation to all or substantially all of the assets or voting stock of Alexander & Baldwin, Inc. which shall by appropriate action adopt the Plan.

I. **Early Retirement** shall mean Optionee's retirement from Service, with the prior approval of the Corporation (or the Parent or Subsidiary employing Participant) on or after the attainment of age fifty-five (55) and the completion of at least five (5) years of Service.

J. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

K. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

L. **Exercise Price** shall mean the exercise price per Option Share as specified in the Grant Notice.

M. **Exercise Schedule** shall mean the schedule set forth in the Grant Notice pursuant to which the option is to vest and become exercisable for the Option Shares in one or more installments over the Optionee's period of Service.

N. **Expiration Date** shall mean the date on which the option expires as specified in the Grant Notice.

O. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on date in question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

P. **Good Reason** shall mean the occurrence of any of the following events effected without Optionee's consent: (A) a change in Optionee's position with the Corporation (or any Parent or Subsidiary employing Optionee) which materially reduces Optionee's duties and responsibilities or the level of management to which Optionee reports, (B) a relocation of Optionee's principal place of employment by more than fifty (50) miles, (C) a reduction in Optionee's level of compensation, as measured in terms of base salary, fringe benefits, target annual incentive payment, by more than ten percent (10%) or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which Optionee is participating, or in which Optionee is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue Optionee's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of Optionee's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

However, in the event Optionee is at the time of his or her cessation of Employee status a party to a Change in Control Benefits Agreement applicable to the Award evidenced by this Agreement, the term **Good Reason** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

Q. **Grant Date** shall mean the date of grant of the option as specified in the Grant Notice.

R. **Grant Notice** shall mean the Notice of Grant of Stock Option informing Optionee of the basic terms of the option subject to this Agreement.

S. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.

T. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

U. **Normal Retirement** shall mean the cessation of Service by reason of retirement at or after the attainment of age sixty-five (65).

V. **Notice of Exercise** shall mean the notice of option exercise in the form prescribed by the Corporation.

W. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in the Grant Notice.

X. **Optionee** shall mean the person to whom the option is granted as specified in the Grant Notice.

Y. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Z. **Permanent Disability** shall mean the inability of Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or to be of continuous duration of twelve (12) months or more.

AA. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

BB. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

CC. **Service** shall mean Optionee's performance of services for the Corporation (or any Parent or Subsidiary, whether now existing or subsequently established) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. However, Optionee shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) Optionee no longer performs services in any of the foregoing capacities for the Corporation or any Parent or Subsidiary or (ii) the entity for which Optionee is performing such services ceases to remain a Parent or Subsidiary of the Corporation, even though the Optionee may subsequently continue to perform services for that entity. Service shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation. However, except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on leaves of absence, no Service credit shall be given for vesting purposes for any period the Optionee is on a leave of absence.

DD. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

EE. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

FF. **Withholding Taxes** shall mean the federal, state and local income taxes and the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the exercise of the option.

ALEXANDER & BALDWIN, INC.

EXECUTIVE TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
(ALTERNATIVE FORM)

RECITALS

- A. The Corporation has implemented the Plan for the purpose of providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.
- B. Participant is to render valuable services to the Corporation (or a Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's issuance of shares of Common Stock to Participant under the Stock Issuance Program.
- C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Restricted Stock Units.** The Corporation hereby awards to Participant, as of the Award Date, restricted stock units under the Plan. The number of shares of Common Stock underlying the awarded restricted stock units and the applicable vesting schedule for those units and the underlying Shares are set forth in the Award Notice. The remaining terms and conditions governing the Award shall be as set forth in this Agreement.

2. **Limited Transferability.** Prior to the actual issuance of the Shares which vest hereunder, Participant may not transfer any interest in the restricted stock units subject to the Award or the underlying Shares or pledge or otherwise hedge the sale of those units or Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of those Shares. However, any Shares which vest hereunder but otherwise remain unissued at the time of Participant's death may be transferred pursuant to the provisions of Participant's will or the laws of inheritance or to Participant's designated beneficiary or beneficiaries of this Award. Participant may also direct the Corporation to record the ownership of any Shares which in fact vest and become issuable hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Plan Administrator or its designee.

3. **Cessation of Service.**

(a) Except to the extent otherwise provided in this Paragraph 3 or Paragraph 5 below, should Participant cease Service for any reason prior to vesting in one or more Shares subject to this Award, then the Award shall be immediately cancelled with respect to those unvested Shares, and the number of restricted stock units shall be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

(b) Should Participant's Service terminate by reason of his or her death or Permanent Disability prior to vesting in one or more Shares subject to this Award, then the restricted stock units shall vest in full upon Participant's termination of Service. The Shares subject to those vested units shall be issued in accordance with the applicable provisions of Paragraph 7.

(c) Should Participant's Service be involuntarily terminated by the Corporation for any reason other than for Cause prior to his vesting in one or more Shares subject to this Award, then the restricted stock units shall vest in full upon such involuntary termination. The Shares subject to those vested units shall be issued in accordance with the applicable provisions of Paragraph 7.

(d) Should Participant's Service terminate by reason of his or her Early Retirement or Normal Retirement prior to vesting in all the Shares subject to this Award in accordance with the annual installment vesting schedule set forth in the Award Notice, then Participant shall immediately vest in that number of additional Shares (if any) in which Participant would have otherwise been vested at the time of such termination had the Shares subject to this Award vested in a series of thirty-six (36) successive equal monthly installments over the duration of the three (3)-year vesting schedule set forth in Award Notice. The Shares which are deemed to vest on the basis of such monthly installment vesting schedule shall, together with any other Shares which are at the time vested but unissued, be issued in accordance with the applicable provisions of Paragraph 7. The balance of the Award shall be immediately cancelled and cease to be outstanding upon such termination of Service.

4. **Stockholder Rights and Dividend Equivalents**

(a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance upon the Corporation's collection of the applicable Withholding Taxes.

(b) Notwithstanding the foregoing, should any dividend or other distribution payable other than in shares of Common Stock, whether regular or extraordinary, be declared and paid on the Corporation's outstanding Common Stock in one or more calendar years during which Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on those Shares had they been issued and outstanding and entitled to that dividend or distribution. The phantom dividend equivalents so credited to the Participant's book account for each calendar quarter this Award remains outstanding in whole or in part shall be distributed to Participant (in cash or such other form as the Plan Administrator may deem appropriate in its sole discretion) on the last business day of that calendar quarter. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

5. Change in Control

(a) This Award, to the extent outstanding at the time of a Change in Control, may be assumed by the successor entity or otherwise continued in full force and effect or may be replaced with a cash retention account established by the successor entity. Any such assumption or continuation of this Award shall be effected in accordance with Paragraph 5(b) below. Any cash retention account established in replacement of this Award shall initially be credited with the fair market value (at the effective time of the Change in Control) of the Shares subject to the Award at that time, and interest shall accrue on the outstanding balance of such account, for the period commencing with the closing date of the Change in Control and continuing through the date of the final payment of the account, including any deferred payment date under Paragraph 8, at a variable per annum rate, compounded semi-annually, equal to the prime rate of interest as in effect from time to time during such period, as determined on the basis of the prime rate quotations published in *The Wall Street Journal*. The cash retention account shall vest and be paid out in accordance with the same vesting and payment schedule applicable to the Award, as set forth in the Award Notice, and the Participant's interest in such account shall at all times be that of a general, unsecured creditor. In the event of such assumption or continuation of this Award or such replacement of the Award with a cash retention account, no accelerated vesting of the restricted stock units subject to this Award or the underlying Shares shall occur at the time of the Change in Control.

(b) In the event this Award is assumed or otherwise continued in effect, the restricted stock units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares subject to those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the restricted stock units subject to the Award at that time, but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in the Change in Control transaction, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(c) Upon Participant's Separation from Service due to (i) his resignation for Good Reason within twenty-four (24) months following a Change in Control in which this Award is assumed or otherwise continued in effect or (ii) an involuntary termination of his Service by the Corporation other than for Cause at any time following such Change in Control, all of the restricted stock units at the time subject to this Award shall vest, and the Shares underlying those units shall be issued to Participant in accordance with the applicable provisions of Paragraph 7. Should the restricted stock units be replaced with a cash retention account in accordance with Paragraph 5(a), then the balance credited to Participant under that account at the time of his Separation from Service due to such resignation for Good Reason or involuntary termination other than for Cause shall immediately vest and shall be distributed to Participant in accordance with the applicable provisions of Paragraph 7; **provided, however**, that Participant shall vest and be entitled to such distribution only if (x) such resignation for Good Reason occurs within twenty-four (24) months following the Change in Control or (y) such involuntary termination other than for Cause occurs at any time after the Change in Control.

(d) If the restricted stock units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect or replaced with a cash retention account in accordance with Paragraph 5(a), then those units shall vest immediately prior to the closing of the Change in Control, and Participant shall become entitled to a vested distribution in accordance with the applicable provisions of Paragraph 7.

(e) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. Adjustment in Shares. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change and thereby prevent a dilution or enlargement of benefits hereunder. In making such equitable adjustments, the Plan Administrator shall take into account any amounts credited to Participant's book account under Paragraph 4(b) in connection with the transaction, and the determination of the Plan Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 5(b) shall be controlling.

7. Issuance or Distribution of Shares or Other Vested Amounts

(a) The following provisions shall govern the issuance of the Shares (or any replacement or substitute amounts under Paragraph 5) which vest in accordance with the provisions of this Agreement:

(i) On each Vesting and Issuance Date specified in the Award Notice, the Shares which vest at that time or which are otherwise deemed to have vested during the twelve (12)-month period ending with that date but have not otherwise been issued in accordance with any other applicable provision of this Paragraph 7(a) shall be issued.

(ii) Shares which vest on an accelerated basis upon the Participant's cessation of Service under Paragraph 3(b), 3(c) or 3(d) or upon his involuntary termination other than for Cause or resignation for Good Reason under Paragraph 5(c) shall be issued on the date of Participant's Separation from Service due to such cessation of Service. Any distribution from the cash retention account to which Participant is entitled under Paragraph 5(c) upon his involuntary termination other than for Cause or resignation for Good Reason shall be paid in a lump sum on the date of his or her Separation from Service due to such involuntary termination or resignation. However, any issuance or distribution pursuant to the provisions of this subparagraph (ii) shall be subject to the deferred issuance provisions of Paragraph 8, to the extent applicable.

(iii) Shares which vest under Paragraph 5(d) shall be converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders of the Corporation in consummation of the Change in Control transaction, and such consideration per Share shall be distributed to Participant upon the **earliest** to occur of (i) the Vesting and Issuance Date on which the particular Shares to which such consideration relates would have been issued in the absence of such Change in Control, (ii) the date of Participant's Separation from Service or (iii) the first date following a Qualifying Change in Control on which the distribution can be made without contravention of any applicable provisions of Code Section 409A.

(iv) To the extent the consideration payable per share of Common Stock in the Change in Control is in the form of cash, a fully-vested cash retention account shall be established by the successor entity at the time of such Change in Control for any Shares subject to this Award that vest on an accelerated basis under Paragraph 5(d). Such account shall be credited with the cash consideration payable for the Shares, and interest shall accrue on the outstanding balance of that account, for the period commencing with the closing date of the Change in Control and continuing through the date of the final payment of the account, including any deferred payment date under Paragraph 8, at a variable per annum rate, compounded semi-annually, equal to the prime rate of interest as in effect from time to time during such period, as determined on the basis of the prime rate quotations published in *The Wall Street Journal*. The cash retention account, together with all accrued interest thereon through the actual payment date, shall be distributed in accordance with the same distribution provisions in effect under Paragraph 7(a)(iii), and the Participant's interest in the account shall at all times be that of a general, unsecured creditor.

(v) Any issuance or distribution to be made pursuant to the preceding provisions of this Paragraph 7(a) shall be made on the designated issuance or distribution date or as soon as administratively practicable thereafter. In no event, however, shall such issuance or distribution be made later than the fifteenth (15th) day of the third (3rd) calendar month following that date.

(vi) Each issuance or distribution to be made pursuant to this Paragraph 7(a) shall be subject to the Corporation's collection of all applicable Withholding Taxes, in accordance with the provisions of Paragraphs 7(b) and 7(c).

(vii) Any Shares to be issued to Participant in accordance with the foregoing provisions of this Paragraph 7(a) shall in the form of a book entry evidencing ownership of those Shares. Actual certificates for any vested Shares evidenced by book entry ownership shall be promptly delivered upon the request of Participant or any other person having an interest at the time in those Shares.

(b) The Corporation shall collect the Withholding Taxes with respect to each non-Share distribution by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld.

(c) Unless Participant (i) otherwise makes satisfactory arrangements with the Corporation's Human Resources Department, on or before the expiration of the designated notification period preceding each applicable issuance date of the Shares, to pay the applicable Withholding Taxes through the delivery of a check payable to the Corporation in the amount of such Withholding Taxes and (ii) in fact delivers such check to the Corporation not later than that issuance date, the Corporation shall collect the Withholding Taxes applicable to the Share issuance through the following automatic share withholding method:

- On each applicable issuance date, the Corporation shall withhold, from the vested Shares otherwise issuable to Participant at that time, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the applicable Withholding Taxes; **provided, however**, that the number of Shares which the Corporation shall be required to so withhold shall not exceed in Fair Market Value the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

(d) Notwithstanding the foregoing provisions of this Paragraph 7, the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the vesting of the Shares or any other amounts hereunder (the "Employment Taxes") shall in all events be collected from the Participant no later than the last business day of the calendar year in which the Shares or other amounts vest hereunder. Accordingly, to the extent the applicable issuance date for one or more vested Shares or the distribution date for such other amounts is to occur in a year subsequent to the calendar year in which those Shares or other amounts vest, the Participant shall, on or before the last business day of the calendar year in which the Shares or other amounts vest, deliver to the Corporation a check payable to its order in the dollar amount equal to the Employment Taxes required to be withheld with respect to those Shares or other amounts. The provisions of this Paragraph 7(d) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

(e) Except as otherwise provided in Paragraph 5 or this Paragraph 7, the settlement of all restricted stock units which vest under the Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued at the time the Award vests shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

8. **Deferred Issue Date.** Notwithstanding any provision to the contrary in this Agreement, to the extent this Award may be deemed to create a deferred compensation arrangement under Code Section 409A, then the following limitation shall apply:

- No Shares or other amounts which become issuable or distributable under this Agreement upon Participant's Separation from Service shall actually be issued or distributed to Participant prior to the **earlier** of (i) the first (1st) day of the seventh (7th) month following the date of such Separation from Service or (ii) the date of Participant's death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Plan Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Corporation, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred Shares or other distributable amount shall be issued or distributed in a lump sum on the first (1st) day of the seventh (7th) month following the date of Participant's Separation from Service or, if earlier, the first day of the month immediately following the date the Corporation receives proof of Participant's death.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto and with all applicable regulations of any Stock Exchange on which the Common Stock may be listed for trading at the time of such issuance.

10. **Change in Control Benefits Agreement.** Notwithstanding anything to the contrary in this Agreement, if Participant is, at the time of a change in control or ownership of the Corporation (whether or not that transaction constitutes a Change in Control hereunder), a party to a Change in Control Benefits Agreement with the Corporation, then the provisions of that agreement shall, to the extent applicable to this Award, govern Participant's rights and benefits with respect to the restricted stock units and underlying Shares subject to this Agreement, and in the event of any conflict between the provisions of that Change in Control Benefits Agreement and this Agreement, the provisions of the Change in Control Benefits Agreement shall be controlling; **provided, however**, that in the event there is any conflict between the issuance or distribution provisions of this Agreement and the issuance or distribution provisions of the Change in Control Benefits Agreement, the issuance and distribution provisions of this Agreement shall be controlling.

11. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on the Award Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

12. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

13. **Construction.**

(a) This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan and any applicable Change in Control Benefits Agreement. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

(b) To the extent there is any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more requirements or limitations of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder, such provision shall be interpreted and applied in a manner that complies with the applicable requirements of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder.

14. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

15. **Coverage under Recoupment Policy.** If Participant is on the Award Date, or at any time thereafter becomes, either an executive officer of the Corporation subject to Section 16 of the 1934 Act, or a participant in the Corporation's Performance Improvement Incentive Plan, then Participant shall be subject to the Alexander & Baldwin, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011 (the "Recoupment Policy"), the terms of which are hereby incorporated herein by reference and receipt of a copy of which Participant hereby acknowledges. If Participant is subject to the Recoupment Policy, then any incentive compensation that is paid or granted to, or received by, Participant on or after January 1, 2011 (including any incentive compensation that is paid to, or received by, Participant on or after January 1, 2011 pursuant to an incentive compensation award made to Participant prior to January 1, 2011) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall be subject to recovery and recoupment pursuant to the terms of such policy. For purposes of such Recoupment Policy, "incentive compensation" means all cash or equity-based bonus (e.g., stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the Recoupment Policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

- A. **Agreement** shall mean this Restricted Stock Unit Award Agreement.
- B. **Award** shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.
- C. **Award Date** shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date specified in the Award Notice.

D. **Award Notice** shall mean the Notice of Award of Time-Based Restricted Stock Units delivered to Participant in which there is set forth the basic terms of the restricted stock units subject to this Agreement.

- E. **Board** shall mean the Corporation's Board of Directors.

F. **Cause** shall mean (i) Participant's willful and continued failure substantially to perform his duties for the Corporation (other than any such failure resulting from a physical or mental disability) or (ii) Participant's engaging in any willful conduct that is demonstrably and materially injurious to the Corporation, monetarily or otherwise. For purposes of such definition, the term "willful" means that the act or omission in question was undertaken by Participant not in good faith and without any reasonable belief that the act or omission was in the best interest of the Corporation.

G. **Change in Control** shall mean a change of ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination;

provided, however, that in the event Participant is a party to a Change in Control Benefits Agreement applicable to the Award, the term **Change in Control** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

H. **Change in Control Benefits Agreement** shall mean any separate agreement between Participant and the Corporation which provides Participant with special vesting acceleration and/or other special benefits with respect to one or more awards of restricted stock units made to Participant for shares of Common Stock, including (to the extent applicable) the restricted stock units evidenced by this Agreement, in the event of a change in control or ownership of the Corporation (whether or not constituting a Change in Control hereunder).

- I. **Code** shall mean the Internal Revenue Code of 1986, as amended.

J. **Common Stock** shall mean shares of the Corporation's common stock.

K. **Corporation** shall mean Alexander & Baldwin, Inc., a Hawaii corporation, and any successor corporation to all or substantially all of the assets or voting stock of Alexander & Baldwin, Inc. which shall by appropriate action adopt the Plan.

L. **Early Retirement** shall mean the Participant's retirement from Service, with the prior approval of the Corporation (or Parent or Subsidiary employing Participant), on or after the attainment of age fifty-five (55) and the completion of at least five (5) years of Service.

M. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

N. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading beings) on date in question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

O. **Good Reason** shall mean the occurrence of any of the following events effected without Participant's consent: (A) a change in Participant's position with the Corporation (or any Parent or Subsidiary employing Participant) which materially reduces Participant's duties and responsibilities or the level of management to which Participant reports, (B) a relocation of Participant's principal place of employment by more than fifty (50) miles, (C) a reduction in Participant's level of compensation, as measured in terms of base salary, fringe benefits and target annual incentive payment, by more than ten percent (10%) or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which Participant is participating, or in which Participant is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue Participant's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of Participant's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

However, in the event Participant is at the time of his or her cessation of Employee status a party to a Change in Control Benefits Agreement applicable to the Award evidenced by this Agreement, the term **Good Reason** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

P. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.

Q. **Normal Retirement** shall mean shall mean the cessation of Service by reason of retirement at or after the attainment of age sixty-five (65).

R. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

S. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

T. **Permanent Disability** shall mean the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

U. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

V. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

W. **Qualifying Change in Control** shall mean the date on which there occurs a Change in Control that also qualifies as: (i) a change in the ownership of the Corporation, as determined in accordance with Section 1.409A-3(i)((5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Corporation, as determined in accordance with Section 1.409A-3(i)((5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Corporation, as determined in accordance with Section 1.409A-3(i)((5)(vii) of the Treasury Regulations.

X. **Separation from Service** shall mean the Participant's cessation of Employee status by reason of his or her death, retirement or termination of employment. The Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is less than fifty percent (50%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in "Employee" status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. "Employer Group" means the Corporation and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Corporation, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

Y. **Service** shall mean Participant's performance of services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. For purposes of this Agreement, Participant shall be deemed to cease Service immediately upon the occurrence of the either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Corporation (or any Parent or Subsidiary) or (ii) the entity for which Participant performs such services ceases to remain a Parent or Subsidiary of the Corporation, even though Participant may subsequently continue to perform services for that entity. Service as an Employee shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation; **provided, however**, that the following special provisions shall be in effect for any such leave:

(i) Should the period of such leave (other than a disability leave) exceed six (6) months, then Participant shall be deemed to cease Service and to incur a Separation from Service upon the expiration of the initial six (6)-month period of that leave, unless Participant retains a right to re-employment under applicable law or by contract with the Corporation (or any Parent or Subsidiary).

(ii) Should the period of a disability leave exceed twenty-nine (29) months, then Participant shall be deemed to cease Service and to incur a Separation from Service upon the expiration of the initial twenty-nine (29)-month period of that leave, unless Participant retains a right to re-employment under applicable law or by contract with the Corporation (or any Parent or Subsidiary). For such purpose, a disability leave shall be a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and causes Participant to be unable to perform the duties of his or her position of employment with the Corporation (or any Parent or Subsidiary) or any substantially similar position of employment.

(iii) Except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on leaves of absence, no Service credit shall be given for vesting purposes for any period Participant is on a leave of absence.

Z. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

AA. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

BB. **Withholding Taxes** shall mean the federal, state and local income taxes and the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the issuance of the shares of Common Stock which vest under the Award and any phantom dividend equivalents distributed with respect to those shares.

**SCHEDULE TO FORM OF AGREEMENT ENTERED INTO
WITH CERTAIN EXECUTIVE OFFICERS**

The Company has entered into Agreements ("Change in Control Agreements") with the following executive officers¹:

<u>Executive Officer</u>	<u>Date Agreement Executed</u>
Christopher J. Benjamin	March 1, 2010
Norbert M. Buelsing	March 1, 2010
Meredith J. Ching	March 1, 2010
Nelson N. S. Chun	March 1, 2010
Matthew J. Cox	March 1, 2010
Stanley M. Kuriyama	March 1, 2010
Joel M. Wine	September 1, 2011

¹This is a listing of those executive officers with Change in Control Agreements; it is not a complete list of the executive officers of Alexander & Baldwin, Inc.

CERTIFICATION

I, Stanley M. Kuriyama, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alexander & Baldwin, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Stanley M. Kuriyama
Stanley M. Kuriyama, President and
Chief Executive Officer

Date: November 9, 2011

CERTIFICATION

I, Joel M. Wine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alexander & Baldwin, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Joel M. Wine

Joel M. Wine, Senior Vice President,
Chief Financial Officer and Treasurer

Date: November 9, 2011

**Certification of Chief Executive Officer and
Chief Financial Officer Pursuant to
18 U.S.C. Section 1350, As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Alexander & Baldwin, Inc. (the "Company") for the quarterly period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stanley M. Kuriyama, as President and Chief Executive Officer of the Company, and Joel M. Wine, as Senior Vice President, Chief Financial Officer and Treasurer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stanley M. Kuriyama

Name: Stanley M. Kuriyama

Title: President and Chief Executive Officer

Date: November 9, 2011

/s/ Joel M. Wine

Name: Joel M. Wine

Title: Senior Vice President, Chief Financial Officer and Treasurer

Date: November 9, 2011