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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001  
Commission file number 0-565

ALEXANDER & BALDWIN, INC.  
(Exact name of registrant as specified in its charter)

Hawaii 99-0032630  
(State or other jurisdiction (I.R.S.  
of incorporation or Employer Identification  
organization) No.)

822 Bishop Street  
Post Office Box 3440, Honolulu, Hawaii 96801  
(Address of principal executive offices and zip code)

808-525-6611  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:  
None

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, without par value  
(Title of Class)

Number of shares of Common Stock outstanding at February 14, 2002:  
40,606,808

Aggregate market value of Common Stock held by non-affiliates at February 14,  
2002:  
\$937,859,339

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 X No  
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item  
405 of Regulation S-K is not contained herein, and will not be contained, to  
the best of registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-K or any  
amendment to this Form 10-K. [X]

Documents Incorporated By Reference  
Portions of Registrant's Proxy Statement dated March 11, 2002 (Part III of Form  
10-K).

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ALEXANDER & BALDWIN, INC.

FORM 10-K

Annual Report for the Fiscal Year  
Ended December 31, 2001

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

Alexander & Baldwin, Inc. ("A&B") is a diversified corporation with most of its operations centered in Hawaii. It was founded in 1870 and incorporated in 1900. Ocean transportation operations and related shoreside operations of A&B are conducted by a wholly-owned subsidiary, Matson Navigation Company, Inc. ("Matson"), and several Matson subsidiaries. Real property and food products operations are conducted by A&B and certain other wholly-owned subsidiaries of A&B.

The industry segments of A&B are as follows:

- A. Ocean Transportation--carrying freight, primarily between various ports on the United States Pacific Coast and major Hawaii ports and Guam; chartering vessels to third parties; providing terminal, stevedoring and container equipment maintenance services in Hawaii; arranging intermodal transportation in North America; and providing supply and distribution

services.

B. Property Development and Management--purchasing, developing, selling, managing and leasing retail, office, industrial, commercial and residential properties, in Hawaii and on the U.S. Mainland.

C. Food Products--growing sugar cane and coffee in Hawaii; producing bulk raw sugar, specialty food-grade sugars, molasses and green coffee; marketing and distributing roasted coffee and green coffee; providing sugar and molasses hauling and storage, general freight and petroleum hauling in Hawaii; and generating and selling electricity.

For information about the revenue, operating profits and identifiable assets of A&B's industry segments for the three years ended December 31, 2001, see Note 14 ("Industry Segments") to A&B's financial statements in Item 8 below.

#### DESCRIPTION OF BUSINESS AND PROPERTIES

##### A. Ocean Transportation

###### (1) Freight Services

Matson's Hawaii Service offers containership freight services between the ports of Los Angeles, Oakland, Seattle, and the major ports in Hawaii, which are located on the islands of Oahu, Kauai, Maui and Hawaii. Roll-on/roll-off service is provided between California and the major ports in Hawaii. Container cargo also is received at and delivered to Portland, Oregon, and moved overland between Portland and Seattle at no extra charge.

Matson is the principal carrier of ocean cargo between the United States Pacific Coast and Hawaii. In 2001, Matson carried 149,636 containers (compared with 151,496 in 2000) and 122,389 motor vehicles (compared with 132,186 in 2000) between those destinations. In response to a weakening Hawaii economy and declining demand, Matson reduced its Hawaii Service fleet from eight vessels to seven vessels in January 2002. Principal westbound cargoes carried by Matson to Hawaii include refrigerated commodities, dry containers of mixed commodities,

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packaged foods, motor vehicles, and building materials. Principal eastbound cargoes carried by Matson from Hawaii include motor vehicles, household goods, canned pineapple, refrigerated containers of fresh pineapple, and dry containers of mixed commodities. The preponderance of Matson's Hawaii Service revenue is derived from the westbound carriage of containerized freight and motor vehicles.

Matson's Guam Service provides containership freight service between the United States Pacific Coast and Guam and Micronesia. Matson's Guam Service is a component of the Pacific Alliance Service, a strategic alliance established in 1996 by Matson and American President Lines, Ltd. ("APL") to provide freight service between the United States Pacific Coast and Hawaii, Guam, and several Far East ports. In 2001, Matson carried 17,225 containers (compared with 18,165 in 2000) and 2,750 automobiles (compared with 2,616 in 2000) in the Guam Service. The alliance currently utilizes five vessels (three Matson vessels and two APL vessels) in a schedule which provides service from the United States Pacific Coast to Guam and Micronesia, continuing through Far East ports, and returning to California.

Matson's Mid-Pacific Service offers container and conventional freight service between the United States Pacific Coast and the ports of Kwajalein, Ebeye and Majuro in the Republic of the Marshall Islands and Johnston Island, all via Honolulu.

See "Rate Regulation" below with respect to Matson's freight rates.

###### (2) Vessels

Matson's cargo fleet consists of eleven containerships, two combination container/trailerships, one roll-on/roll-off barge, two container barges equipped with cranes which serve the neighbor islands of Hawaii and one container barge equipped with cranes in the Mid-Pacific Service. These seventeen vessels represent an investment of approximately \$694,618,000 expended over the past 31 years. The majority of vessels in the Matson cargo fleet have been acquired with the assistance of withdrawals from a Capital Construction Fund established under Section 607 of the Merchant Marine Act, 1936, as amended. Matson's fleet is aging and includes six vessels that will be between 29 and 32 years old in 2002. During 2001, Matson actively began pursuing vessel replacement alternatives.

Currently, three containerships are time-chartered to APL in connection with the Pacific Alliance Service. Two container/trailerships previously bareboat-chartered to Sea Star Line, LLC, which operates the vessels in the Florida-Puerto Rico trade, and in which Matson has a minority investment interest, were sold to Sea Star Line, LLC in January 2002.

Matson's fleet units are described on the list on the following page.

As a complement to its fleet, Matson owns approximately 15,000 containers, 10,670 container chassis, 730 auto-frames and miscellaneous other equipment. Capital expenditures by Matson in 2001 for vessels, equipment and systems totaled approximately \$28,000,000.

###### (3) Terminals

Matson Terminals, Inc. ("Matson Terminals"), a wholly-owned subsidiary of

Matson, provides container stevedoring, container equipment maintenance and other terminal services for Matson and other ocean carriers at its 108-acre marine terminal in Honolulu. Matson Terminals owns and operates seven cranes at the terminal, which handled 383,506 containers in 2001 (compared with 402,500 in 2000) and can accommodate three vessels at one time. In 2001, Matson Terminals substantially completed a \$32 million terminal improvement project at the Honolulu terminal, which included the conversion from a straddle carrier-based container handling system to a wheeled chassis-based system. The conversion is expected to increase terminal storage density, improve productivity, and reduce costs. Matson Terminals' lease with the State of Hawaii runs through September 2016.

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MATSON NAVIGATION COMPANY, INC.  
FLEET--2/1/02

Vessel Name	Official Number	Year Built	Year Reconstructed	Length	Maximum Speed (Knots)	Maximum Deadweight (Long Tons)	Usable Cargo Capacity						
							Containers			Vehicles			
							20'	24'	40'	Reefer Slots	TEUs (1)	Autos	Trailers
<b>Diesel-Powered Ships</b>													
R. J. PFEIFFER.....	979814	1992		713'6"	23.0	27,100	48	171	988	300	2,229	--	--
MOKIHANA (2).....	655397	1983		860'2"	23.0	30,167	182	0	1,340	408	2,824	--	--
MAHIMAHI (2).....	653424	1982		860'2"	23.0	30,167	182	0	1,340	408	2,824	--	--
MANOA (2).....	651627	1982		860'2"	23.0	30,187	182	0	1,340	408	2,824	--	--
<b>Steam-Powered Ships</b>													
KAUAI.....	621042	1980	1994	720'5 1/2"	22.5	26,308	--	458	538	300	1,626	44	--
MAUI.....	591709	1978	1993	720'5 1/2"	22.5	26,623	--	458	538	300	1,626	--	--
MATSONIA.....	553090	1973	1987	760'0"	21.5	22,501	16	128	771	201	1,712	450	56
LURLINE.....	549900	1973	1982	826'6"	21.5	22,213	6	162	713	292	1,379	220	81
EWA (3).....	530140	1972	1978	787'8"	21.0	38,747	286	276	681	228	1,979	--	--
CHIEF GADAO.....	530138	1971	1978	787'8"	21.0	37,346	230	464	597	274	1,981	--	--
LIHUE.....	530137	1971	1978	787'8"	21.0	38,656	286	276	681	188	1,979	--	--
MANULANI.....	528400	1970		720'5 1/2"	22.5	27,109	26	160	659	221	1,536	--	--
MANUKAI (3).....	524219	1970		720'5 1/2"	22.5	27,107	--	537	416	251	1,476	--	--
<b>Tugs and Barges</b>													
WAIALEALE (4).....	978516	1991		345'0"	--	5,621	--	--	--	35	--	230	45
ISLANDER (5).....	933804	1988		372'0"	--	6,837	--	276	24	70	380	--	--
MAUNA LOA (5).....	676973	1984		350'0"	--	4,658	--	144	72	84	316	--	--
HALEAKALA (5).....	676972	1984		350'0"	--	4,658	--	144	72	84	316	--	--

Molasses

Vessel Name	Short Tons
<b>Diesel-Powered Ships</b>	
R. J. PFEIFFER.....	--
MOKIHANA (2).....	--
MAHIMAHI (2).....	--
MANOA (2).....	--
<b>Steam-Powered Ships</b>	
KAUAI.....	2,600
MAUI.....	2,600
MATSONIA.....	4,300
LURLINE.....	2,100
EWA (3).....	--
CHIEF GADAO.....	--
LIHUE.....	--
MANULANI.....	5,300
MANUKAI (3).....	5,300
<b>Tugs and Barges</b>	
WAIALEALE (4).....	--
ISLANDER (5).....	--
MAUNA LOA (5).....	2,100
HALEAKALA (5).....	2,100

- (1) "Twenty-foot Equivalent Units" (including trailers). TEU is a standard measure of cargo volume correlated to the volume of a standard 20-foot dry cargo container.
- (2) Time-chartered to APL until February 2006.
- (3) Reserve Status
- (4) Roll-on/Roll-off Barge
- (5) Container Barge

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SSA Terminals, LLC, a joint venture formed by Matson and Stevedoring Services of America in July 1999, provides terminal and stevedoring services at West Coast terminal facilities in Los Angeles, Long Beach, Oakland and Seattle.

Capital expenditures incurred by Matson Terminals for terminals and equipment totaled approximately \$31,100,000 in 2001.

#### (4) Other Services

Matson Intermodal System, Inc. ("Matson Intermodal") is an intermodal marketing company which arranges North American rail and truck transportation for shippers and carriers, frequently in conjunction with ocean transportation. Through volume purchases of rail and motor carrier transportation services, augmented by such services as shipment tracing and single-vendor invoicing, Matson Intermodal is able to reduce transportation costs for customers. Matson Intermodal currently has 40 offices and manages 30 equipment depots across the United States Mainland.

In July 2001, Matson Services Company, Inc. ("Matson Services"), a wholly-owned subsidiary of Matson, sold the two tugboats which it had employed in Hawaiian waters to provide harbor assistance to vessels calling at the islands of Hawaii and Maui. Matson Services was dissolved effective December 31, 2001.

Matson Logistics Solutions, Inc. ("Matson Logistics"), a wholly-owned subsidiary of Matson, provides supply chain, transportation management, and project cargo management services to Matson customers and others. In 2001, Matson Logistics entered the air freight business by entering into an alliance with an existing international air freight forwarder.

#### (5) Competition

Matson's Hawaii and Guam Services have one major containership competitor, which serves Long Beach, Oakland, Tacoma, Honolulu and Guam.

Other competitors in the Hawaii Service include two common carrier barge services, unregulated proprietary and contract carriers of bulk cargoes, and air cargo services. Although air freight competition is intense for time-sensitive or perishable cargoes, historic and projected inroads of such competition in cargo volume are limited by the amount of cargo space available in passenger aircraft and by generally higher air freight rates.

Matson vessels are operated on schedules which make available to shippers and consignees regular day-of-the-week sailings from the United States Pacific Coast and day-of-the-week arrivals in Hawaii. Under its current schedule, Matson operates 182 Hawaii round-trip voyages per year, 75 percent more than its closest competitor, and arranges additional voyages when cargo volumes require additional capacity. This service is attractive to customers because more frequent arrivals permit customers to lower inventory costs. In addition, Matson competes by offering more comprehensive service to customers, supported by its scope of equipment and its efficiency and experience in the handling of containerized cargoes, and by competitive pricing.

The carriage of cargo between the United States Pacific Coast and Hawaii on foreign-built or foreign-documented vessels is prohibited by Section 27 of the Merchant Marine Act, 1920, frequently referred to as the Jones Act. However, foreign-flag vessels carrying cargo to Hawaii from foreign sources provide indirect competition for Matson's container freight service between the United States Pacific Coast and Hawaii. Far East countries, Australia, New Zealand and South Pacific islands have direct foreign-flag services to Hawaii.

In response to coordinated efforts by various interests to convince Congress to repeal the Jones Act, Matson joined other businesses and organizations in 1995 to form the Maritime Cabotage Task Force, which supports the

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retention of the Jones Act and other cabotage laws. Repeal of the Jones Act would allow all foreign-flag vessel operators, which do not have to abide by U.S. laws and regulations, to sail between American ports, in direct competition with Matson and other U.S. operators which must comply with such laws and regulations. The Task Force seeks to inform elected officials and the public about the economic, national security, commercial, safety and environmental benefits of the Jones Act and similar cabotage laws.

Matson Intermodal competes for freight with a number of large and small companies engaged in intermodal transportation. Matson Logistics competes with many larger providers of logistics services and with transportation companies whose services include logistics.

#### (6) Labor Relations

The absence of strikes and the availability of labor through hiring halls are important to the maintenance of profitable operations by Matson. Matson's operations have not been disrupted significantly by strikes in the past 30 years. See "Employees and Labor Relations" below for a description of labor agreements and certain unfunded liabilities for multi-employer pension plans to which Matson and Matson Terminals contribute.

#### (7) Rate Regulation

Matson is subject to the jurisdiction of the Surface Transportation Board

with respect to its domestic rates. A rate in the noncontiguous domestic trade is presumed reasonable and will not be subject to investigation if the aggregate of increases and decreases is not more than 7.5 percent above, or more than 10 percent below, the rate in effect one year before the effective date of the proposed rate, subject to increase or decrease by the percentage change in the U.S. Producer Price Index. Matson filed a 3.5 percent across-the-board increase in its Hawaii Service shipping rates, which became effective on February 14, 2001. Also in 2001, Matson reduced its fuel surcharge in its Hawaii and Guam Services by one percentage point, from 4.25 percent to 3.25 percent, effective November 25, 2001.

B. Property Development and Management

(1) General

A&B and its subsidiaries own approximately 90,900 acres of land, consisting of approximately 90,600 acres in Hawaii and approximately 300 acres elsewhere, as follows:

Location	No. of Acres
Oahu.....	36
Maui.....	68,709
Kauai.....	21,892
California	122
Texas.....	65
Washington	13
Arizona...	35
Nevada....	19
Colorado..	10
TOTAL..	90,901

As described more fully in the table below, the bulk of this acreage currently is used for agricultural and related activities, and includes pasture land, watershed land, and conservation reserves. The balance is used or planned for development or other urban uses. An additional 3,270 acres on Maui and Kauai are leased from third parties.

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Current Use	No. of Acres
Hawaii	
Fully-entitled urban (defined below)...	1,246
Agricultural, pasture and miscellaneous	60,100
Watershed land/conservation.....	29,291
U.S. Mainland	
Fully-entitled urban.....	254
Agriculture, pasture and miscellaneous.	10
TOTAL.....	90,901

A&B and its subsidiaries are actively involved in the entire spectrum of land development, including planning, zoning, financing, constructing, purchasing, managing and leasing, and selling and exchanging real property.

(2) Planning and Zoning

The entitlement process for development of property in Hawaii is both time-consuming and costly, involving numerous State and County regulatory approvals. For example, conversion of an agriculturally-zoned parcel to residential zoning usually requires the following approvals:

- . amendment of the County general plan to reflect the desired residential use;
- . approval by the State Land Use Commission to reclassify the parcel from the "Agricultural" district to the "Urban" district;
- . County approval to rezone the property to the precise residential use desired; and,
- . if the parcel is located in the Special Management Area, the granting of a Special Management Area permit by the County.

The entitlement process is complicated by the conditions, restrictions and exactions that are placed on these approvals, including, among others, the construction of infrastructure improvements, payment of impact fees, restrictions on the permitted uses of the land, provision of affordable housing, and/or mandatory fee sale of portions of the project.

A&B actively works with regulatory agencies, commissions and legislative bodies at various levels of government to obtain zoning reclassification of land to its highest and best use. A&B designates a parcel as "fully-entitled" or "fully-zoned" when all necessary government land use approvals have been obtained.

As described in more detail below, in 2001, work to obtain entitlements for urban use focused on (i) obtaining Community Plan designations for various A&B lands on Maui, and (ii) obtaining County entitlements for a proposed single-family subdivision and proposed hotel on Maui. The Community Plans serve to guide planning and development activity on Maui. A&B has obtained and continues to seek various urban designations for its undeveloped lands within the four Community Plans where most of its Maui lands are located.

### (3) Residential Projects

A&B is pursuing a number of residential projects in Hawaii, including:

(a) Kukui'Ula. Kukui'Ula is a 1,045-acre master planned resort residential community located in Poipu, Kauai. Approximately 837 acres are fully entitled for up to 900 hotel and vacation ownership (timeshare) units, 3,000 residential units, a golf course, and commercial uses. The balance of the project is partially entitled and planned for

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up to 750 residential units. During 2001, the Company engaged in a number of development activities intended to position the project for development and for securing joint venture partners, including the following:

- . Civil engineering design commenced on Koloa Plantations, Kukui'Ula's second residential project. Approximately 95 one-half acre lots are planned.
- . The project's water master plan was updated, and two potential water sources were identified to supply potable water for the initial phase of development. Agreements defining the Company's participation in these water projects are undergoing final review by the Department of Water of the County of Kauai.
- . Preliminary civil engineering design of backbone infrastructure commenced for the major project roadway.
- . The initial phase of beach improvements was implemented, and archaeological mitigation and preservation plans were prepared for inventoried archaeological sites.

In September 2001, a non-binding letter of intent was entered into with a Mainland-based developer of master-planned communities, for the joint venture development of Kukui'Ula. Based on due diligence activities completed to date, a joint venture agreement could be finalized in the first quarter of 2002.

Sales at Koloa Estates, Kukui'Ula's first for-sale residential project, neared completion in 2001. Lot sales at this 32-lot subdivision commenced in September 1999. As of January 31, 2002, 28 lots have been sold, with three lots in escrow and one lot reserved. The average sales price of the 31 lots sold or in escrow was \$149,200.

(b) The Vintage at Kaanapali. Located on 17 acres in the Kaanapali Golf Estates project in Kaanapali, Maui, and surrounded by the Kaanapali South Golf Course, this project was developed as 73 detached single-family homes under a condominium regime. Home construction began in February 2000 and was completed in June 2001. All 73 homes were sold by July 2001. The units were sold at an average price of \$590,000.

(c) The Summit at Kaanapali. In January 2000, the Company acquired an additional 17 acres in the Kaanapali Golf Estates project. This land is being developed into 55 single-family homes or house lots. Site work construction was completed in May 2001 and construction of the 17 homes in Phase I commenced in June 2001. Five units were completed and closed as of December 31, 2001, at an average price of \$1.1 million. As of January 31, 2002, an additional eight units were in escrow.

(d) HoloHolo Ku. In October 2001, the Company entered into a joint venture with Kamuela Associates LLC for the development of 44 detached single-family homes under a condominium regime, on an 8.5-acre parcel in Kamuela on the island of Hawaii. An additional 7.2-acre estate lot is available for sale. Construction commenced early November 2001 and sales are projected to begin closing in the fourth quarter of 2002. As of January 31, 2002, there were 28 binding sales contracts in escrow.

(e) Kai Lani. In September 2001, the Company entered into a joint venture agreement with Armstrong Kai Lani Corporation for the development of 116 townhouse units on an 11-acre parcel in the Ko Olina Resort on Oahu. Construction commenced February 2002.

(f) Waikiki Project. On November 1, 2001, the Company acquired a 1.63-acre vacant, fee simple development site in Waikiki, Oahu, for approximately \$3.6 million. The property, located at the entrance to Waikiki, is zoned for high-rise residential use and limited commercial uses. Planning and design work for a high-rise condominium development is expected to take place in 2002.

(g) Other Maui Subdivisions. The Company continues to seek entitlements for two other single-family subdivisions on Maui: (i) an approximately 200-unit subdivision on 67 acres in Haliimaile (Upcountry, Maui), and (ii) an

approximately 400-unit subdivision on 210 acres in Spreckelsville, which includes the possible expansion of the nearby nine-hole Maui Country Club golf course into an 18-hole course. A final decision by the Maui County Council on the Company's zoning application for the Haliimaile project was anticipated in 2001. However, due to general water and traffic issues for the Upcountry region, final Council action is not anticipated until the second half of 2002. Approval of the Spreckelsville project was sought from the Maui County Council as part of its ten-year update of the Wailuku-Kahului Community Plan. Primarily in response to concerns raised over potential traffic impacts, the

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Council Planning Committee, in September 2001, voted against including Spreckelsville in the Community Plan. However, because of the project's positive planning features, the Committee recommended that the Company file a separate Community Plan application in order to have the project impacts evaluated under an environmental impact assessment.

In May 2001, a Disposition Agreement was entered into for the bulk sale of the 86.4-acre Maunaloa agricultural subdivision (minimum two-acre sized lots). Closing could be accomplished in the first half of 2002.

(4) Commercial and Industrial Properties

An important source of property revenue is the lease rental income the Company receives from nearly 5.4 million leasable square feet of industrial and commercial building space, ground leases on 275 acres for commercial/industrial use, and leases on 10,930 acres for agricultural/pasture use.

(a) Hawaii Commercial/Industrial Properties

In Hawaii, most of the approximately 1.5 million square feet of income-producing commercial and industrial properties owned by the Company are located in the central Kahului/Wailuku area of Maui and in central Oahu. They consist primarily of three shopping centers and ten office buildings, as well as twelve other improved commercial and industrial properties. The average occupancy for the Hawaii improved commercial properties increased to 90% in 2001, from 86% in 2000. The improvement was due primarily to the high tenancies in recently-acquired properties.

The Pacific Guardian Complex, consisting of an eighteen-story office building and an adjacent two-story commercial complex, having a total leasable area of 136,100 square feet, was acquired in February 2001. The property is located in the Kapiolani business district on the island of Oahu. In June 2001, the 124,600-square-foot Kaneohe Bay Shopping Center, located in the suburban community of Kaneohe, Oahu, was added to the portfolio. Both properties were 98% occupied at the time of acquisition. These acquisitions were made through tax-deferred exchanges under Section 1031 of the Internal Revenue Code, as amended ("Code").

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The primary Hawaii commercial/industrial properties are as follows:

Property	Location	Type	Leasable Area (sq. ft.)
Maui Mall.....	Kahului, Maui	Retail	192,600
Pacific Guardian Complex...	Honolulu, Oahu	Office	136,100
Kaneohe Bay Shopping Center	Kaneohe, Oahu	Retail	124,600
P&L Warehouse.....	Kahului, Maui	Warehouse	104,100
Kahului Shopping Center...	Kahului, Maui	Retail	99,400
Ocean View Center.....	Honolulu, Oahu	Office	99,200
Hawaii Business Park.....	Pearl City, Oahu	Warehouse	85,200
Haseko Center.....	Honolulu, Oahu	Office	84,200
One Main Plaza.....	Wailuku, Maui	Office	81,600
Wakea Business Center.....	Kahului, Maui	Warehouse/Retail	61,500
Kahului Office Building...	Kahului, Maui	Office	55,400
Fairway Shops at Kaanapali.	Kaanapali, Maui	Retail	35,000
Kahului Office Center.....	Kahului, Maui	Office	31,000
Apex Building.....	Kahului, Maui	Retail	28,100
Stangenwald Building.....	Honolulu, Oahu	Office	27,100
Judd Building.....	Honolulu, Oahu	Office	20,200

A number of other commercial and industrial projects are being developed on Maui, Oahu and Kauai, including:

(i) Triangle Square. Construction of Kele Center, a 15,000-square-foot commercial building at Triangle Square, near the Kahului Airport on Maui, was completed in June 2001. A 4,500-square-foot national franchise restaurant opened in October 2001, and a 1,200-square-foot national haircare salon is scheduled to open in early 2002. Construction of a 6,200-square-foot automobile dealership was completed in October 2001, and the dealership opened for business that same month. Ground leases and build-to-suit opportunities are being pursued for the remaining 4.5 acres at Triangle Square.

(ii) Maui Business Park. Located in Kahului, Maui, the initial phase of Maui Business Park consists of Phase IA (37.4 saleable acres), completed in 1995, and Phase IB (32.0 saleable acres), completed in 2000.



Phase IA includes the 349,305-square-foot Maui Marketplace retail center, which is owned by a third party and occupies 20.3 acres of the subdivision. Maui Marketplace includes national tenants such as Lowe's Home Improvement Warehouse, Office Max, Sports Authority, Old Navy, Border's Books and Music, and Pier 1. The remaining area of Phase IA consists of 30 lots with an average size of 22,900 square feet, of which one lot was sold and one lot was leased in 2001. Thirteen lots (7.3 saleable acres) remain available for sale or lease.

In Phase IB, Home Depot completed construction of a 135,000-square-foot store in May 2001. In February 2001, Wal-Mart purchased a 14.0-acre parcel in the subdivision and completed construction of a 142,000-square-foot store in October 2001. The remaining area consists of 10 lots with an average size of 18,800 square feet, of which one lot was sold and one lot was leased in 2001. Eight lots (3.7 saleable acres) remain available for sale or lease.

As part of the County of Maui's ten-year update of the Wailuku-Kahului Community Plan, referred to above, the Company is seeking the approval of approximately 175 acres for future expansion of Maui Business Park. Based on concerns raised by Maui County Council members over, among other things, whether the expansion areas were too close to Kahului Airport, the Council Planning Committee voted against recommending approval of the expansion areas. Following the Company's efforts to address these concerns, on January 11, 2002, the County Council voted to send the expansion proposal back to the Planning Committee for reconsideration.

(iii) Kahului Airport Hotel. In January 2001, land use applications were filed with the County of Maui for the development of a 140-room, moderately-priced hotel on 3.4 acres, at the entrance to Kahului Airport. The hotel, to be operated under the Courtyard by Marriott brand, requires Community Plan, zoning and special management area approvals before development can proceed. A required environmental assessment for the project was completed in July 2001. In September 2001, the Maui Planning Commission recommended approval of the land use applications to

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the Maui County Council, and in January 2002, the Council's Land Use Committee recommended approval of the land use applications to the Council. Final Council action is anticipated in the second quarter of 2002.

(iv) Fairway Shops at Kaanapali. Construction of this 35,500-square-foot resort retail center in Kaanapali, Maui commenced in July 2001 and was completed in December 2001. The center is located on a 3.2-acre site along Honoapiilani Highway, the main corridor between Lahaina and Kapalua. Leasing activities have commenced, but have been adversely affected by the September 11 impacts on tourism.

(v) Port Allen Marina Center. Pursuant to a long-term master plan for the development of 80 acres at Port Allen, Kauai, construction began in October 2001 on a 26,000-square-foot retail center located on 1.7 acres. Construction is expected to be complete by the third quarter of 2002.

(vi) Mill Town Center. Located in Waipahu, Oahu (approximately 12 miles from Honolulu), the Mill Town Center is a light-industrial subdivision consisting of 27.5 saleable acres being developed in two phases. Phase IA (10.2 saleable acres), completed in 1999, consists of 23 fee simple industrial lots. Four lots were sold to commercial and industrial businesses in 2001 and eight lots (3.2 saleable acres) remain available for sale or lease.

Construction of infrastructure improvements for Phase IB (17.3 saleable acres) was delayed in 2001 due to the discovery of lead contamination in approximately four acres of the subdivision. Infrastructure construction commenced in August 2001 on the unaffected portion of the site. Remediation activities on the affected portion commenced in December 2001 and are expected to be completed in early 2002. Construction of the remaining infrastructure for Phase IB is expected to be completed by mid-2002. Marketing activities commenced in 2001. In November 2001, an affiliate of Japan-based Fuji Photo Film Co., Ltd. purchased a 3.0-acre parcel in Phase IB and commenced construction of a 54,000-square-foot office, film processing and warehouse facility. The remaining portion of Phase IB consists of 31 lots (14.3 saleable acres), with an average size of 20,100 square feet.

(b) U.S. Mainland Commercial/Industrial Properties

On the U.S. Mainland, the Company owns a portfolio of commercial and industrial properties, acquired primarily by way of tax-deferred exchanges under Code Section 1031, comprising a total of approximately 4.0 million square feet of leasable area, as follows:

Property	Location	Type	Leasable Area (sq. ft.)
Ontario Distribution Center....	Ontario, CA	Warehouse	895,500
Great Southwest Industrial.....	Dallas, TX	Warehouse	842,900
Ontario-Pacific Business Centre	Ontario, CA	Warehouse	246,100
Valley Freeway Corporate Park..	Kent, WA	Warehouse	229,100
Airport Square.....	Reno, NV	Retail	170,800
San Pedro Plaza.....	San Antonio, TX	Office	163,800
2868 Prospect Park.....	Sacramento, CA	Office	160,700
Day Creek Industrial.....	Ontario, CA	Warehouse	147,300
Arbor Park.....	San Antonio, TX	Retail	139,500

Mesa South Center.....	Phoenix, AZ	Retail	133,600
Moulton Plaza.....	Laguna Hills, CA	Retail	133,600
San Jose Avenue Warehouse.....	City of Industry, CA	Warehouse	126,000
Southbank II.....	Phoenix, AZ	Office	120,800
Village at Indian Wells.....	Indian Wells, CA	Retail	104,600
2450 Venture Oaks.....	Sacramento, CA	Office	99,000
Northwest Business Center.....	San Antonio, TX	Service Center/Warehouse	87,100
Carefree Court.....	Carefree, AZ	Retail	85,000
Wilshire Center.....	Greeley, CO	Retail	46,700
Market Square.....	Greeley, CO	Retail	43,300

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In January 2001, the Company sold its Bainbridge Property portfolio located on Bainbridge Island, WA. This portfolio included two retail properties and an office building, having a combined leasable area of 114,600 square feet. In June 2001, the Company acquired the Carefree Court shopping center, located in the resort community of Carefree, AZ, situated north of Scottsdale, AZ. This property was acquired as part of a Code Section 1031 exchange. In February 2002, the Company sold the Great Southwest Industrial property, located in Dallas, TX.

A&B's Mainland commercial properties achieved an average occupancy rate of 93%, as compared to the 2000 average of 96%. The decrease primarily resulted from an increase in available space in the Great Southwest Industrial property.

C. Food Products

(1) Production

A&B has been engaged in activities relating to the production of cane sugar and molasses in Hawaii since 1870, and production of coffee in Hawaii since 1987. A&B's current food products operations consist of a sugar plantation on the island of Maui, operated by its Hawaiian Commercial & Sugar Company ("HC&S") division, and a coffee farm on the island of Kauai, operated by its Kauai Coffee Company, Inc. ("Kauai Coffee") subsidiary.

HC&S is Hawaii's largest producer of raw sugar, having produced 191,512 tons of raw sugar in 2001, or about 70% of the raw sugar produced in Hawaii, compared with 210,269 tons of raw sugar in 2000. The decrease in production was due primarily to an extended drought. Total Hawaii sugar production, in turn, amounted to approximately four percent of total United States sugar production. HC&S harvested 15,101 acres of sugar cane in 2001, compared with 17,266 acres in 2000. The decrease in acres harvested was due primarily to a later-than-expected factory startup in 2001 and unexpected factory problems and weather delays toward the end of the 2001 harvesting season. Yields averaged 12.7 tons of sugar per acre in 2001, compared with 12.2 tons per acre in 2000. The average cost per ton of sugar produced at HC&S was \$371 in 2001, compared with \$331 in 2000. The increase in cost per ton was attributable to higher operating costs and lower sugar production. As a by-product of sugar production, HC&S also produced 71,207 tons of molasses in 2001, compared with 70,551 tons in 2000.

In 2001, 8,848 tons of the raw sugar produced by HC&S were produced as specialty food-grade raw sugars and sold under HC&S's Maui Brand(R) trademark. A \$2.4 million expansion of the production facilities for these sugars was completed in February 2001. Further expansion is planned for 2002.

During 2001, Kauai Coffee had approximately 3,400 acres of coffee trees under cultivation. The harvest of the 2001 coffee crop yielded approximately 3.8 million pounds of green coffee, compared with 2.8 million pounds in 2000. The increased production was due primarily to better weather conditions in 2001.

Due to weaknesses in the panelboard market, production problems and poor operating results, a development panelboard plant ceased operations and was abandoned. The plant, operated by Hawaiian DuraGreen, Inc., a wholly-owned subsidiary of A&B, produced panelboard from bagasse, a by-product in the production of sugar. A&B recorded operating losses and closure costs of \$2,964,000, and a \$11,387,000 write-down of the production assets, as a result of this action.

HC&S and McBryde Sugar Company, Limited ("McBryde"), the parent company of Kauai Coffee, produce electricity for internal use and for sale to the local electric utility companies. HC&S's power is produced by burning bagasse, by hydroelectric power generation and, when necessary, by burning fossil fuels, whereas McBryde produces power solely by hydroelectric generation. The price for the power sold by HC&S and McBryde is equal to the utility companies' "avoided cost" of not producing such power themselves. In addition, HC&S receives a capacity payment to provide a guaranteed power generation capacity to the local utility. (See "Energy" below.)

Kahului Trucking & Storage, Inc., a subsidiary of A&B, provides sugar and molasses hauling and storage, petroleum hauling, mobile equipment maintenance and repair services, and self-service storage facilities on Maui.

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Kauai Commercial Company, Incorporated, another subsidiary of A&B, provides similar services on Kauai, as well as general trucking services.

(2) Marketing of Sugar and Coffee

Substantially all of the raw sugar produced in Hawaii is purchased, refined and marketed by C&H Sugar Company, Inc. ("C&H"), of which A&B owns a 36 percent common stock interest. The results of A&B's equity investment in C&H are reported in A&B's financial statements as an investment in an affiliate. C&H processes the raw cane sugar at its refinery at Crockett, California, and markets the refined products primarily in the western and central United States. HC&S markets its specialty food-grade raw sugars to food and beverage producers and to retail stores under its Maui Brand(R) label, and to distributors which repackage the sugars under their own labels. HC&S's largest food-grade raw sugar customers are Cumberland Packing Corp. and Sugar Foods Corporation, which repackage HC&S's turbinado sugar for their "Sugar in the Raw" products.

Hawaiian Sugar & Transportation Cooperative ("HS&TC"), a cooperative consisting of the two remaining sugar cane growers in Hawaii (including HC&S), has a ten-year supply contract with C&H, ending in June 2003, pursuant to which the growers sell their raw sugar to C&H at a price equal to the New York #14 Contract settlement price, less a discount and less costs of sugar vessel discharge and stevedoring. This price, after deducting the marketing, operating, distribution, transportation and interest costs of HS&TC, reflects the gross revenue to the Hawaii sugar growers, including HC&S. Notwithstanding the ten-year supply contract, HC&S arranged directly with C&H for the forward pricing of a substantial portion of its 2001 harvest, as described in Item 7A ("Quantitative and Qualitative Disclosures About Market Risk") below. In addition, as of January 15, 2002, 30% of the expected 2002 harvest has been forward priced.

At Kauai Coffee, coffee marketing efforts are directed toward developing a market for premium-priced, estate-grown Kauai green coffee. Most of the coffee crop is being marketed on the U.S. Mainland and in Asia as green (unroasted) coffee. In addition to the sale of green coffee, Kauai Coffee produces and sells roasted, packaged coffee in Hawaii under the "Kauai Coffee" trademark.

### (3) Competition and Sugar Legislation

Hawaii sugar growers produce more sugar per acre than other major producing areas of the world, but that advantage is partially offset by Hawaii's high labor costs and the distance to the U.S. Mainland market. Hawaiian refined sugar is marketed primarily west of Chicago. This is also the largest beet sugar growing and processing area and, as a result, the only market area in the United States which produces more sugar than it consumes. Sugar from sugar beets is the greatest source of competition in the refined sugar market for the Hawaiian sugar industry.

The overall U.S. caloric sweetener market continues to grow. The use of non-caloric (artificial) sweeteners accounts for a relatively small percentage of the domestic sweetener market. The anticipated increased use of high fructose corn syrup and artificial sweeteners is not expected to affect sugar markets significantly in the near future.

The U.S. Congress historically has sought, through legislation, to assure a reliable domestic supply of sugar at stable and reasonable prices. The current protective legislation for domestic sugar, the Federal Agriculture Improvement and Reform Act (the "1996 Farm Bill"), provides a sugar loan program for the 1996 through 2002 crops, with a loan rate (support price) of 18 cents per pound for raw sugar. The loan rate represents the value of sugar given as collateral for government price-support loans. The government is required to administer the sugar program at no net cost, and this is accomplished by adjusting fees and quotas for imported sugar to maintain the domestic price at a level that discourages producers from defaulting on loans. The ten-year supply contract between HS&TC and C&H limits HC&S's ability to place sugar under loan pursuant to the sugar loan program. The 1996 Farm Bill also eliminated marketing allotments, thereby removing the means of limiting domestic production. The 1.25-million-ton minimum import quota set under the General Agreement on Tariff and Trade ("GATT") is retained in the 1996 Act.

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During 2001, legislation was developed for a new omnibus farm bill ("2002 Farm Bill"). A House farm bill, entitled the Farm Security Act of 2001, was approved by the U.S. House of Representatives on October 5, 2001. Among other things, that bill seeks to continue for ten years the current marketing loan program at current loan rates for sugar, and seeks to reestablish marketing allotments which are expected to stabilize prices. A Senate farm bill, with identical provisions for sugar, was approved by the U.S. Senate on February 13, 2002. The 2002 Farm Bill is expected to be approved in 2002.

In 2001, U.S. domestic raw sugar prices averaged 21.09 cents per pound, above the 20-year lows experienced in 2000, but still below historical averages. The pricing situation has improved, but continues to be challenging, even to efficient producers like HC&S. A chronological chart of the average U.S. domestic raw sugar prices, based on the average daily New York Contract #14 settlement price for domestic raw sugar, is shown below:

[CHART]

Jan-98	22.11
FEB	21.79
MAR	21.74
APR	22.2

MAY	22.28
JUN	22.298
JUL	22.32
AUG	22.3
SEP	22.25
OCT	22.15
NOV	22.03
DEC	21.97
Jan-99	22.41
FEB	22.34
MAR	22.55
APR	22.58
MAY	22.65
JUN	22.63
JUL	22.61
AUG	21.31
SEP	20.10
OCT	20.51
NOV	17.45
DEC	17.67
Jan-00	17.70
FEB	17.05
MAR	18.46
APR	19.41
MAY	19.12
JUN	19.26
JUL	17.64
AUG	18.13
SEP	18.97
OCT	21.20
NOV	21.39
DEC	20.53
Jan-01	20.81
FEB	21.18
MAR	21.40
APR	21.51
MAY	21.19
JUN	21.04
JUL	20.64
AUG	21.01
SEP	20.87
OCT	20.85
NOV	21.19
DEC	21.35

Liberalized international trade agreements, such as the GATT, include provisions relating to agriculture which can affect the U.S. sugar or sweetener industries materially. A "side" agreement that modified the North American Free Trade Agreement ("NAFTA") alleviated some of the sugar producers' concerns by limiting Mexico's exports of sugar to the U.S. under NAFTA. However, the export ceiling provided for in the side agreement increased to 250,000 tons of sugar in 2000, and will be eliminated in 2007. The increased sugar supply could affect domestic sugar prices adversely.

Kauai Coffee competes with coffee growers located worldwide, including Hawaii. Due to an oversupply of coffee in the marketplace, coffee commodity prices dropped significantly in 2000 and continued to drop to record lows in 2001.

#### (4) Properties and Water

The HC&S sugar plantation, the largest in Hawaii, consists of approximately 43,300 acres of land, including 2,000 acres leased from the State of Hawaii and 1,300 acres under lease from private parties. Over 37,000 acres are under cultivation, and the balance either is used for contributory purposes, such as roads and plant sites, or is not suitable for cultivation.

McBryde owns approximately 9,500 acres of land on Kauai, of which approximately 2,400 acres are used for watershed and other conservation uses, approximately 3,400 acres are used by Kauai Coffee, and the remaining acreage is leased to various agricultural enterprises for cultivation of a variety of crops and for pasturage.

Large quantities of water are needed by HC&S and Kauai Coffee for their sugar cane and coffee growing operations. Because of the importance of water, access to water, reliable sources of supply and efficient irrigation systems are crucial for the successful growing of sugar cane and coffee. A&B's plantations use a "drip" irrigation system that distributes water to the roots through small holes in plastic tubes. All of the cultivated cane land farmed by HC&S is drip irrigated. All of Kauai Coffee's fields also are drip irrigated.

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A&B owns 16,000 acres of watershed lands on Maui, which supply a portion of the irrigation water used by HC&S. A&B also held four water licenses to 38,000 acres owned by the State of Hawaii, which over the years supplied approximately one-third of the irrigation water used by HC&S. The last of these water license agreements expired in 1986, and all four agreements have since been extended as revocable permits that are renewable annually. In 2001, a request was made to the State Board of Land and Natural Resources to replace these revocable permits with a long-term water lease. Pending a contested case hearing before the Board on the request for the long-term lease, the Board approved a

month-to-month holdover of the existing permits.

#### D. Employees and Labor Relations

As of December 31, 2001, A&B and its subsidiaries had approximately 2,054 regular full-time employees. About 916 regular full-time employees were engaged in the growing of sugar cane and coffee and the production of raw sugar and green coffee, 927 were engaged in ocean transportation, 44 were engaged in property development and management, and the balance was in administration and miscellaneous operations. Approximately 55% were covered by collective bargaining agreements with unions.

As of December 31, 2001, Matson and its subsidiaries also had approximately 317 seagoing employees. Approximately 26% of Matson's regular full-time employees and all of the seagoing employees were covered by collective bargaining agreements.

Historically, collective bargaining with longshore and seagoing unions has been complex and difficult. However, Matson and Matson Terminals consider their relations with those unions, other unions, and their non-union employees generally to be satisfactory.

Matson's seagoing employees are represented by six unions, three representing unlicensed crew members and three representing licensed crew members. Matson negotiates directly with these unions. Collective bargaining agreements with the unions representing unlicensed crew members are expected to be renewed in mid-2002 without service interruption.

SSA Terminals LLC ("SSAT"), the previously-described joint venture of Matson and Stevedoring Services of America ("SSA"), provides stevedoring and terminal services for Matson vessels calling at U.S. Pacific Coast ports. Matson, SSA, and SSAT are members of the Pacific Maritime Association ("PMA") which, on behalf of its members, negotiates collective bargaining agreements with the International Longshore Workers Union ("ILWU") on the Pacific Coast. Matson Terminals provides stevedoring and terminal services to Matson vessels calling at Honolulu. Matson Terminals is a member of the Hawaii Stevedore Industry Committee which, on behalf of its members, negotiates with the ILWU in Hawaii. Collective bargaining agreements with ILWU longshore workers on the Pacific Coast and in Hawaii are expected to be renewed in mid-2002 without service interruption.

During 2001, Matson renewed its collective bargaining agreement with ILWU clerical workers at Los Angeles for a three-year term and expects to renew its agreement with ILWU clerical workers at Oakland in mid-2002 without service interruption.

Matson contributed during 2001 to multi-employer pension plans for vessel crews. If Matson were to withdraw from or significantly reduce its obligation to contribute to one of the plans, Matson would review and evaluate data, actuarial assumptions, calculations and other factors used in determining its withdrawal liability, if any, and, in the event of material disagreement with such determination, would pursue the various means available to it under federal law for the adjustment or removal of its withdrawal liability. Matson Terminals participates in a multi-employer pension plan for its Hawaii longshore employees. For a discussion of withdrawal liabilities under the Hawaii longshore and seagoing plans, see Note 10 to A&B's financial statements in Item 8 below.

Bargaining unit employees of HC&S are covered by two collective bargaining agreements with the ILWU. The agreements with the HC&S production unit employees and clerical bargaining unit employees were extended in 2001 and will expire January 31, 2003. A collective bargaining agreement with the ILWU for production employees of

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Hawaiian DuraGreen, Inc. was negotiated, but all production employees subsequently were terminated in connection with the shutdown of the panelboard plant. The collective bargaining agreements covering the two ILWU bargaining units at Kahului Trucking & Storage, Inc. will expire on March 31, 2006 and on June 30, 2002 (the latter is expected to be renewed without service interruption). The two collective bargaining agreements with Kauai Commercial Company, Incorporated employees represented by the ILWU were renegotiated in 2001 and will expire April 30, 2004. The collective bargaining agreement with the ILWU for the production unit employees of Kauai Coffee was renegotiated in 2001 and will expire on January 31, 2004.

#### E. Energy

Matson and Matson Terminals purchase residual fuel oil, lubricants, gasoline and diesel fuel for their operations. Residual fuel oil is by far Matson's largest energy-related expense. In 2001, Matson vessels consumed approximately 1.8 million barrels of residual fuel oil, the same as in 2000.

Residual fuel oil prices paid by Matson started in 2001 at \$127.50 per metric ton and ended the year at \$103.00 per metric ton. A high of \$180.50 per metric ton occurred in June, and a low of \$92.00 per metric ton occurred in November. Sufficient fuel for Matson's requirements is expected to be available in 2002.

As has been the practice with sugar plantations throughout Hawaii, HC&S uses bagasse, the residual fiber of the sugar cane plant, as a fuel to generate steam for the production of most of the electrical power for sugar milling and irrigation pumping operations. In addition to bagasse, HC&S uses diesel fuel oil, boiler fuel oil, and coal to produce power, principally for pumping

irrigation water during the factory shutdown period when bagasse is not being produced. Since 1992, when suppliers of boiler fuel oil to HC&S discontinued regular shipments as a result of unlimited liability concerns arising from federal and state environmental laws, boiler fuel oil has been provided to HC&S on a space available basis. In 2001, HC&S produced 203,650 MWH of electric power and sold 61,074 MWH, compared with 217,279 MWH produced and 67,105 MWH sold in 2000. The reduction in power produced and sold was caused by HC&S's increased need to pump irrigation water, due to drought conditions. HC&S's oil use decreased to 68,999 barrels in 2001, from the 100,313 barrels used in 2000. Coal use for power generation increased, from 61,222 short tons in 2000 to 62,389 short tons in 2001. The decrease in fuel oil used is attributed to HC&S's shutdown of one of its two sugar mills in 2000.

In 2001, McBryde produced 30,637 MWH of hydroelectric power, compared with 31,971 MWH of hydroelectric power produced in 2000. Power sales in 2001 amounted to 21,216 MWH, compared with 23,375 MWH sold in 2000. The reduction in power production and sales was due primarily to continued drought conditions in 2001.

ITEM 3. LEGAL PROCEEDINGS

See "Business and Properties--Ocean Transportation--Rate Regulation" above for a discussion of rate and other regulatory matters in which Matson is routinely involved.

On September 14, 1998, Matson was served with a complaint filed by the Government of Guam with the Surface Transportation Board ("STB"), alleging that Sea-Land Services, Inc. ("Sea-Land"), American President Lines, Ltd. ("APL") and Matson have charged unreasonable rates in the Guam trade since January 1991. Matson did not enter the trade until February 1996. On November 12, 1998, Matson filed an answer, denying that its rates have been unreasonable. Matson, Sea-Land and APL filed a joint motion to dismiss the complaint on February 16, 1999. On November 15, 2001, the STB issued a decision, granting the motion in part and denying it in part. The STB dismissed the claim of discrimination, dismissed the aggregate rate challenge for shipments prior to September 10, 1996, dismissed APL as a defendant based on the statute of limitations, and permitted the Caribbean Shippers Association to intervene. The parties have until April 9, 2002 to file initial briefs addressing the appropriate rate reasonableness methodology to be applied to the remaining issue of whether the aggregate rates charged by Matson and Sea-Land in the Guam trade after September 10, 1996 are reasonable. Reply briefs will be due on June 3, 2002.

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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.

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

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

For the information about executive officers of A&B required to be included in this Part I, see paragraph B of "Directors and Executive Officers of the Registrant" in Part III below, which is incorporated into Part I by reference.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A&B common stock is listed on The Nasdaq Stock Market and trades under the symbol "ALEX". As of February 14, 2002, there were 4,233 shareholders of record of A&B common stock. In addition, Cede & Co., which appears as a single record holder, represents the holdings of thousands of beneficial owners of A&B common stock.

A summary of daily stock transactions is listed in the Nasdaq National Market Issues section of major newspapers. Trading volume averaged 135,600 shares a day in 2001, compared with 98,900 in 2000 and 105,800 in 1999. Currently, 19 firms make a market in ALEX.

The quarterly high and low sales prices and closing prices, as reported by The Nasdaq Stock Market, and cash dividends paid per share of common stock, for 2000 and 2001, were as follows:

	Dividends Paid	Market Price		
		High	Low	Close
2001				
----				
First Quarter.....	\$0.225	\$29.609	\$21.063	\$21.375
Second Quarter.....	0.225	25.840	20.610	25.750
Third Quarter.....	0.225	26.430	21.120	23.410
Fourth Quarter.....	0.225	27.920	21.600	26.700
2000				
----				
First Quarter.....	\$0.225	\$22.783	\$17.938	\$20.625

Second Quarter.....	0.225	24.625	19.250	22.063
Third Quarter.....	0.225	27.500	21.875	26.000
Fourth Quarter.....	0.225	28.250	21.625	26.250

Although A&B expects to continue paying quarterly cash dividends on its common stock, the declaration and payment of dividends in the future are subject to the discretion of the Board of Directors and will depend upon A&B's financial condition, results of operations, cash requirements and other factors deemed relevant by the Board of Directors. A&B strives to pay the highest possible dividends commensurate with operating and capital needs. A&B has paid cash dividends in every quarter since 1903. The most recent increase in the quarterly dividend rate was effective in the first quarter of 1998, from 22 cents a share to 22.5 cents. In 2001, dividend payments to shareholders

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totaled \$36.5 million, which was 33% of reported net income for the year. The following dividend schedule for 2002 has been set, subject to final approval by the Board of Directors:

Quarterly Dividend Declaration Date	Record Date	Payment Date
First.....	January 24	February 14
Second.....	April 25	May 6
Third.....	June 27	August 1
Fourth.....	October 24	November 7

A&B common stock is included in the Dow Jones Transportation Index, the Dow Jones Composite Index, the Dow Jones Marine Transportation Index, the Dow Jones Sustainability Group Index and the S&P MidCap 400 Index.

The number of shares of A&B common stock repurchased by A&B during each of the three years ended December 31, 2001 was as follows:

Year	Shares Repurchased	Average Price (per share)
2001.....	105,000	\$21.61
2000.....	2,378,195	\$20.29
1999.....	1,564,500	\$22.26

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ITEM 6. SELECTED FINANCIAL DATA

The following financial data should be read in conjunction with Item 8, "Financial Statements and Supplementary Data," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" :

	2001	2000	1999	1998	1997
(dollars and shares in thousands, except per-share amounts)					
<b>ANNUAL OPERATIONS</b>					
Total revenue/1/.....	\$1,190,073	\$1,068,646	\$ 999,998	\$1,343,475	\$1,310,176
Deduct:					
Cost of goods sold and operating expenses/1/.....	908,777	849,375	812,783	1,174,881	1,065,470
Depreciation and amortization.....	75,433	72,304	73,901	88,500	88,558
Interest expense.....	18,658	24,252	17,774	24,799	28,936
Income taxes.....	67,392	44,391	32,961	24,352	45,825
Income from continuing operations before accounting changes.....	119,813	78,324	62,579	30,943	81,387
Discontinued operations.....	(9,185)	--	--	--	--
Cumulative effect of change in accounting methods.....	--	12,250	--	(5,801)	--
Net income.....	\$ 110,628	\$ 90,574	\$ 62,579	\$ 25,142	\$ 81,387
Comprehensive income.....	\$ 48,691	\$ 103,050	\$ 48,711	\$ 33,327	\$ 88,326
Earnings per share before accounting changes:					
Basic.....	\$ 2.96	\$ 1.92	\$ 1.45	\$ 0.69	\$ 1.80
Diluted.....	\$ 2.94	\$ 1.91	\$ 1.45	\$ 0.69	\$ 1.80
Return on beginning equity.....	15.9%	13.5%	9.0%	3.5%	11.9%
Cash dividends per share.....	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.88
Average number of shares outstanding.....	40,535	40,898	43,206	44,760	45,182
Gross profit percentage/1/.....	23.6%	23.0%	22.1%	17.0%	20.1%
Effective income tax rate.....	36.0%	36.5%	34.5%	45.4%	36.0%
<b>MARKET PRICE RANGE PER SHARE</b>					
High.....	\$ 29.609	\$ 28.250	\$ 27.125	\$ 31.125	\$ 29.375
Low.....	20.610	17.938	18.625	18.813	24.375

Close.....	26.700	26.250	22.813	23.250	27.313
AT YEAR END					
Shareholders of record.....	4,252	4,438	4,761	5,125	5,481
Shares outstanding.....	40,529	40,353	42,526	44,028	44,881
Shareholders' equity.....	\$ 710,667	\$ 693,651	\$ 670,963	\$ 694,642	\$ 719,588
Per-share.....	17.54	17.19	15.78	15.78	16.03
Total assets.....	1,544,419	1,666,012	1,561,460	1,605,640	1,704,798
Working capital.....	24,445	55,861	59,805	67,113	114,806
Cash and cash equivalents.....	19,291	3,451	3,333	86,818	21,623
Real estate developments - noncurrent.....	47,840	62,628	60,810	57,690	68,056
Investments - noncurrent.....	33,021	183,141	158,726	159,068	102,813
Capital Construction Fund.....	158,737	150,405	145,391	143,303	148,610
Long-term debt - noncurrent.....	207,378	330,766	277,570	255,766	292,885
Current ratio.....	1.1 to 1	1.4 to 1	1.4 to 1	1.4 to 1	1.7 to 1
Capital stock price/earnings ratio.....	9.8 to 1	11.9 to 1	15.7 to 1	41.5 to 1	15.2 to 1

/1/ See Note 2 to the consolidated financial statements in Item 8 for information regarding changes which were made in 2000 in presentation for certain revenues and expenses.

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#### ITEM 7. 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 consolidated financial statements and related notes thereto.

##### 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, 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. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to: (1) impact of events of September 11, 2001; (2) economic conditions in Hawaii and elsewhere; (3) market demand; (4) competitive factors and pricing pressures in the Company's primary markets; (5) legislative and regulatory environments at the federal, state and local levels, such as government rate regulations, land-use regulations, government administration of the U.S. sugar program, and modifications to or retention of cabotage laws; (6) dependence on third-party suppliers; (7) fuel prices; (8) raw sugar prices; (9) labor relations; (10) risks associated with current or future litigation and resolution of tax issues with the IRS and state tax authorities; (11) the performance of unconsolidated affiliates and ventures; and (12) other risk factors described elsewhere in these communications and from time to time in the Company's filings with the SEC.

##### CONSOLIDATED RESULTS OF OPERATIONS

Consolidated Earnings and Revenue: Net income in 2001 was \$110,628,000, or \$2.73 per basic share, versus \$90,574,000, or \$2.21 per basic share, in 2000 and \$62,579,000, or \$1.45 per basic share, in 1999. Revenue in 2001 was \$1,190,073,000, compared with revenue of \$1,068,646,000 in 2000 and \$999,998,000 in 1999.

##### Accounting Changes and Significant Transactions

2001: Results for 2001 include the sales of the Company's marketable equity securities. The sales of these securities resulted in cash receipts of approximately \$134,722,000, pre-tax gains of approximately \$125,478,000 and after-tax gains of about \$77,788,000 (\$1.92 per basic share). The Company also donated appreciated stock with an approximate fair value of \$7,500,000 to its charitable foundation. These sales are described more fully in Note 5 to the consolidated financial statements included in Item 8.

The Company reduced the carrying value of its equity investments in C&H Sugar Company, Inc. ("C&H") by \$28,600,000. This resulted in an after-tax charge of \$17,732,000 (\$0.44 per basic share). In addition, the Company wrote off \$4,823,000 of power generation equipment, resulting in a \$3,087,000 after-tax charge to earnings (\$0.08 per basic share). These impairments are discussed more fully in Note 4 to the consolidated financial statements included in Item 8.

The Company discontinued and abandoned its panelboard manufacturing subsidiary on Maui. This discontinued operation resulted in a \$9,185,000 after-tax charge to earnings (\$0.23 per basic share). This is described in Note 3 to the consolidated Financial statements included in Item 8.

2000: The Company made two changes in accounting methods (See Note 2 to the consolidated financial statements). The first change was for vessel drydocking costs at Matson. Previously, the estimated costs for future drydocking of vessels were accrued in advance of the drydocking. Subsequent



payments were charged against the accrued liability. Under the new method, drydocking expenditures that benefit future periods are capitalized and

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depreciated. This change increased 2000 net income by \$12,250,000 (net of income tax expense of \$7,668,000), or \$0.29 per basic share. The second change was for the presentation of certain costs recorded in the ocean transportation and property leasing segments, which previously were recorded as an offset to revenue. This change did not affect net income.

1999: Following continuing operating losses, depressed coffee prices and negative cash flows at Kauai Coffee Company, Inc. ("Kauai Coffee"), the Company's coffee plantation, the Company recorded an after-tax charge of \$9,571,000, or \$0.22 per basic share, to write down the recorded value of orchards and other non-current assets to their estimated fair values.

#### RESULTS OF INDUSTRY SEGMENT OPERATIONS

Detailed information related to the operations and financial performance of the Company's Industry Segments is included in Note 14 of Item 8 "Financial Statements and Supplementary Data." The following information should be read in relation to information contained in that Note.

#### 2001 Compared with 2000

Ocean Transportation revenue of \$796,840,000 was \$53,852,000, or six percent, lower than the \$850,692,000 reported for 2000. Operating profit of \$62,264,000 was \$31,468,000, or 34 percent, lower than the \$93,732,000 reported during the prior year. The revenue and operating profit declines were directly attributable to cargo volumes and productivity issues.

Matson's total Hawaii Service container volume, at 149,636 units, was one percent lower than 2000 container volume of 151,496 units. Matson's total Hawaii Service automobile volume, at 122,389 units, was seven percent lower than 2000 automobile volume of 132,186 units. The lower cargo and automobile volumes were primarily the result of the weakened Hawaii economy following the September 11, 2001 terrorist attacks on the United States of America. These attacks had a significantly adverse effect on air travel. This reduced Hawaii tourism and, in turn, significantly reduced the fourth quarter carriage of commercial cargo and automobiles to Hawaii. In January 2002, Matson reduced the number of vessels in the Hawaii Service from eight to seven.

In addition to the lower container and automobile carriage, transition problems related to a terminal improvement project at Matson's Honolulu terminal reduced productivity during the fourth quarter. Lower results from Matson's investments in a shipping operation in Puerto Rico and from a stevedoring joint venture also adversely affected the total-year results.

A 3.5 percent increase in Hawaii Service rates announced in 2000 took effect in February 2001. Total fuel costs decreased by \$7,609,000 in 2001 versus 2000, resulting in a decrease in the fuel surcharge from 4.25% to 3.25%.

Property Leasing revenue of \$70,685,000 was 14 percent higher than 2000 revenue of \$62,105,000 and operating profit of \$34,139,000 was 13 percent higher than 2000 operating profit of \$30,120,000. These increases were due primarily to additions to the leased property portfolio and higher occupancy levels in the Hawaii portfolio and increased royalty revenue. Occupancy levels for the Mainland portfolio averaged 93 percent in 2001, versus 96 percent in 2000. The Company owned four million square feet of leasable improved property on the Mainland at year-end 2001, the same as at the year-end 2000. Occupancy levels for the Hawaii properties averaged 90% in 2001, versus 86% in 2000. The Company owned 1.5 million square feet of leasable improved property in Hawaii at year-end 2001 compared with 1.2 million square feet at year-end 2000.

Property Sales revenue of \$89,156,000 for 2001 compared with \$46,322,000 of revenue a year earlier. Operating profit was \$17,926,000 for 2001 compared with operating profit of \$24,228,000 for 2000. These fluctuations are due primarily to the changed composition of sales during the two years.

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

Sales in 2001 included a 14-acre parcel at Maui Business Park to Wal-Mart, three commercial properties in Bainbridge, Washington, a four-acre parcel on Maui, 82 residential properties and a 68-acre parcel for highway widening on Maui. Sales in 2000 included a ground lease under a Costco store, a 13-acre parcel at Maui Business Park, 16 business parcels and 28 residential properties.

Food Products revenue of \$104,376,000 in 2001 compared with revenue of \$106,341,000 in 2000. Operating profit of \$5,660,000 in 2001 was 25% lower than the \$7,522,000 earned in 2000. The benefits of higher domestic raw sugar and molasses prices throughout 2001 and improved sales of natural sugars under the Maui Brand(R) label were more than offset by a write-off of power generation

equipment which was no longer needed in the business, lower raw sugar production and power sales, and lower results from A&B's minority investment in C&H. The previously discussed impairment loss related to the Company's investment in C&H was not included in segment operating profit.

HC&S produced 191,512 tons of raw sugar during 2001, compared with 210,269 tons a year earlier. This lower production was the result of harvesting nearly 12.5% fewer acres in 2001, compared with 2000, combined with extended drought conditions. Although drought conditions on Maui have lessened in late 2001 and early 2002, this remains a primary risk factor for this business segment's operations.

For 2001, HC&S forward priced 95% of its 2001 crop at an average price of \$21.13/cwt. This forward pricing program started with the 2001 crop, following an average sales price \$19.10/cwt. for 2000. Through the forward pricing program, HC&S expects to stabilize its 2002 raw sugar sales prices above \$21.00/cwt.

A panelboard business, Hawaiian DuraGreen, was discontinued, due to depressed sales prices and production problems. This is described more fully in Note 3 to the consolidated financial statements included in Item 8.

Other operating profit of \$127,635,000 for 2001 was due primarily to the sales of marketable equity securities during 2001. This is described more fully in Note 5 of the consolidated financial statements included in Item 8.

#### 2000 Compared with 1999

Ocean Transportation revenue of \$850,692,000 was nine percent higher than 1999 revenue of \$778,535,000. Operating profit of \$93,732,000 showed a 12-percent improvement over 1999 operating profit of \$83,778,000. Hawaii service container volume in 2000 was flat compared with 1999 and automobile volume was 31 percent higher. The primary revenue gains occurred in the lower-margin intermodal business. Operating results for 2000 benefited from improved performance by the Company's SSAT terminal operating joint venture and by its Matson Intermodal System subsidiary. Operating results for 1999 were affected adversely by lower productivity, due to disruptions related to the 1999 renegotiation of longshore labor agreements.

Matson's total Hawaii Service container volume was 151,496 units in 2000, compared with 151,215 units in 1999. Matson's total Hawaii Service automobile volume, at 132,186 units, was 31 percent higher than 1999 automobile volume of 101,095 units.

A 3.9 percent increase in Hawaii Service rates announced in 1999 took effect in February 2000. To mitigate partially the effect of rising fuel prices, the 1.75 percent fuel surcharge in effect at the end of 1999 was increased, in three steps, to 4.25 percent during 2000. Total fuel costs increased by \$17,900,000 in 2000 versus 1999. This increased cost was only partially offset by the fuel surcharge.

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Property Leasing revenue of \$62,105,000 was 15 percent higher than 1999 revenue of \$53,910,000, and operating profit of \$30,120,000 improved ten percent compared with 1999 operating profit of \$27,497,000. These improvements were due to higher occupancy levels, increased rents and newly acquired properties. Occupancy rates for the Mainland properties averaged 96 percent in 2000, versus 94 percent in 1999. The Company owned four million square feet of leasable property on the Mainland at year-end 2000, compared with 3.1 million square feet at year-end 1999. Occupancy levels for the Hawaii properties averaged 86 percent in 2000, versus 81 percent in 1999. The Company owned 1.2 million square feet of leasable property in Hawaii at the end of both 2000 and 1999.

Property Sales revenue of \$46,322,000 was down slightly from the \$48,036,000 in sales recorded in 1999, while operating profit of \$24,228,000 was 39 percent higher than the \$17,402,000 achieved in 1999, due to mix. Property sales in 2000 included the ground lease for a Costco store, a 13-acre parcel at Maui Business Park, 16 business parcels and 28 residential properties. Sales in 1999 included an office/research building in Seattle, two developed business parcels, three undeveloped parcels and 41 residential properties.

Food Products revenue of \$106,341,000 in 2000 compared with revenue of \$116,362,000 in 1999. Operating profit of \$7,522,000 in 2000 was 33 percent lower than the \$11,310,000 earned in 1999. The primary reasons for the declines were U.S. raw sugar prices, which were 20 percent below historical levels, lower raw sugar production that resulted from continuing drought conditions on the island of Maui, and the write down of certain assets associated with the closure of the Company's raw sugar processing factory in Paia, Maui, which consolidated the processing operation into one factory. These factors were offset partially by benefit plan settlement gains, insurance-related gains at Hawaiian Commercial & Sugar Company ("HC&S"), the Company's raw sugar producing unit on Maui, and a profit turnaround at Kauai Coffee.

Although HC&S harvested about the same number of acres, sugar production of approximately 210,000 tons in 2000 was eight percent lower than the prior year's production of 228,000 tons. Lower production was due to the drought conditions noted earlier. The average No. 14 domestic raw sugar price for 2000 was \$19.10/cwt. This was \$3.08/cwt. below 1999's price of \$22.18/cwt. and was the lowest level in 20 years.

Results from Kauai Coffee showed a small profit for 2000, following a successful business re-engineering in 1999, which included the write-down of its orchards and processing equipment to fair values and the implementation of

other business process improvements. In addition, sales and marketing efforts were improved during 2000.

#### ECONOMIC OUTLOOK

Although none of the Company's operations were directly affected by the East Coast terrorist attacks of September 11, 2001, the events compounded pre-existing concerns about the outlook for Hawaii's economy. They also created unprecedented uncertainty about how to assess the extent, pace and duration of the decline that continues to be felt throughout the United States. Pre-dating the terrorist attacks were a slowing of the United States' economy and the economic challenges in Asia. The combination of these events had a significant effect on 2001 fourth quarter tourism and, consequently, A&B's Ocean Transportation cargo volumes were lower than in previous quarters. The effect on real-estate activities was moderate and there was little effect on the Company's Food Products segment.

The performance of the Ocean Transportation segment for 2002 will depend on Matson's realizing the benefits of its Honolulu terminal improvement project, balancing its service levels and cost structure to shipper demand and improving returns from both its shipping investment in Puerto Rico and its stevedoring joint venture.

Even assuming continued economic recovery, Property Management & Development operating profit for 2002 is expected to be modestly lower than 2001 operating profit. Property leasing activity is forecast to continue at a steadily rising pace, due to properties acquired in 2001, rent rollovers and possible new acquisitions. Property sales revenue is expected to exceed 2001 sales revenue, but the contribution to operating profit is expected to be lower, due to the mix of higher basis property sales in 2002. Investment opportunities, in both development and income-producing properties, and especially in Hawaii, remain a primary growth focus.

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The 2002 outlook for Food Products includes stable raw sugar prices, greater raw-sugar production, as drought conditions reverse, and tight cost controls. These positive factors are expected to boost Food Products' operating profit in 2002.

In the aggregate, with the combination of operating profit growth from a low base in Ocean Transportation, stable growth in Property Leasing, the timing of real-estate sales, the normal seasonality of the Food Products segment, and economic growth in Hawaii, it is likely that operating profit during the first two, and possibly three, quarters of 2002 will be lower than comparable 2001 periods. It is expected that this would be followed by a return to more normal trends by the end of 2002.

#### FINANCIAL CONDITION AND LIQUIDITY

**Liquid Resources:** Liquid resources of the Company, comprising cash and cash equivalents, receivables, inventories and unused lines of credit, less accrued deposits to the Capital Construction Fund (CCF), totaled \$527,856,000 at December 31, 2001, an increase of \$282,784,000 from December 31, 2000. This net increase was due primarily to additional credit facilities (see next paragraph and Note 8), lower balances drawn on continuing facilities and higher cash balances, partially offset by the termination of a \$25,000,000 credit facility that had expired in late 2000 and lower trade receivable balances.

**New Financing Agreements:** During 2001, the Company increased its revolving credit and term loan agreement from \$140,000,000 to \$185,000,000 and extended the term of the facility for three years, entered into a \$50,000,000 private shelf agreement and withdrew from a \$25,000,000 uncommitted credit facility. In addition, the Company's subsidiary, Matson, added a new \$40,000,000 revolving credit agreement and entered into a \$50,000,000 private shelf agreement. This additional capacity is reflected in liquid resources and the nature of the facilities are described more fully in Note 8 to the consolidated financial statements. These new and increased credit facilities may be used for possible future real estate and ocean transportation related capital investments and acquisitions.

**Working Capital:** Working capital was \$24,445,000 at December 31, 2001, a decrease of \$31,416,000 from a year earlier. The lower working capital was due primarily to higher income taxes and accounts payable, and to lower trade receivables and prepaid assets, partially offset by higher other assets held for sale and cash balances. The higher amount of income taxes payable was due to the sale of BancWest Corporation shares in late December 2001. The lower trade receivables balance was due primarily to a decrease in ocean transportation revenue and to the timing of billing cycles that overlap year-end. Higher other assets held for sale was due primarily to the anticipated sale of two vessels, as described in Note 5 to the consolidated financial statements. The fluctuations in accounts payable and prepaid assets were in the ordinary course of business.

**Receivables:** At December 31, 2001, the Company had receivables totaling \$130,491,000, compared with \$141,553,000 a year earlier. These amounts are net of allowances for doubtful accounts of \$7,252,000 and \$6,579,000, respectively. The decline in receivables was mainly the result of lower Matson cargo during the fourth quarter of 2001. The Company's management believes that the quality of these receivables is good and that its reserves are adequate.

**Operating Cash Flows:** Net cash provided by operations was \$150,968,000 and \$104,278,000 for 2001 and 2000, respectively. Net operating cash flows were used principally for capital expenditures, payments of debt, dividends, repurchases of capital stock and deposits into the CCF. Withdrawals from the

CCF in 2001 were used principally for vessel modifications and equipment purchases. Approximately \$41,928,000 of taxes related to the December sales of marketable equity securities was accrued as a current liability at year-end. Although this improved 2001 operating cash flows, when the taxes are paid, 2002 operating cash flows will be comparably reduced.

**Capital Additions:** Capital additions comprise capital expenditures for property and capital expenditures for real property (including the re-deployment of non-cash tax deferred funds to purchase property) but excludes capital expenditures for real-estate developments held for sale, since this latter item is treated as inventory on the

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balance sheets. Capital additions during 2001 were \$141,440,000, compared with \$106,904,000 in 2000. Ocean transportation capital additions in 2001 of \$59,669,000 were primarily for terminal improvements, vessel modifications, technology investments and the acquisition of container and terminal equipment. Property development and management capital additions in 2001 of \$72,050,000 included \$42,257,000 for the redeployment of tax deferred sales proceeds into similar income producing assets and \$29,793,000 for the development of real estate, for improvements to leased properties, and for the purchase of developed commercial property. Food products capital additions in 2001 of \$9,454,000 were primarily for routine factory modifications and replacements.

**Other Financing Arrangements:** As described in Notes 5 and 13 to the consolidated financial statements, the Company or its subsidiaries guarantee \$31,500,000 of debt of an unconsolidated affiliate, guarantee up to \$15,000,000 of debt of an unconsolidated sugar marketing and transportation cooperative, and have \$26,019,000 of standby letters of credit. These amounts are not recorded on the Company's balance sheet. The Company does not currently expect that it will be called upon to advance funds under these commitments.

**Other Commitments:** Capital expenditures approved but not yet spent were \$77,633,000 at December 31, 2001. These expenditures are primarily for real estate developments held for investment purposes, containers and operating equipment and vessel modifications. For 2002, internal cash flows and short-term borrowing facilities are expected to be sufficient to finance working capital needs, dividends, capital expenditures and debt service.

**Contingencies:** The Company and certain subsidiaries are parties to various legal actions and are contingently liable in connection with claims and contracts arising in the normal course of business, the outcome of which, in the opinion of management after consultation with legal counsel, will not have a material adverse effect on the Company's financial position or results of operations.

#### OTHER MATTERS

**Tax-Deferred Real Estate Exchanges:** In 2001, the Company sold, on a tax-deferred basis, nine properties for \$31,854,000. These included the sales of a 14-acre industrial lot to Wal-Mart, three commercial properties in Bainbridge, Washington and a four-acre parcel on Maui and the sale under threat of condemnation of a 68-acre parcel on Maui for highway widening. During the year, the Company reinvested \$42,257,000 in four replacement properties. At December 31, 2001, \$2,200,000 of tax deferred proceeds had not been reinvested compared to \$12,900,000 at the end of 2000.

Funds received in tax-deferred sales of like-kind property are held by a third party agent and are included in other non-current assets on the Balance Sheets. These proceeds and the subsequent purchases of replacement property are reported in the Statements of Cash Flows under the caption "Non-cash Activities." Funds received for sales under threat of condemnation are not required to be held by a third party agent and are included in cash flows from investing activities.

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

**Dependence on Information Technology Systems:** The Company is partially dependent on information technology systems to support its ability to conduct business. These dependencies primarily include accounting, billing, payable, cargo booking, vessel scheduling and stowage, banking, payrolls and employee communications. All of these systems are vulnerable to reliability issues, integration and compatibility concerns, and security-threatening intrusions. The Company has had no significant instances of interruption to these systems.

Management believes that its information technology and systems are adequate to meet the requirements of its business and operations. It continues to make investments of capital for infrastructure, system development and

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maintenance, system security and staffing and staff development. However, there can be no assurances that future incidents, whether accidental or malicious, could not affect adversely the function of the Company's information systems and operations.

Significant Accounting Policies: The Company's significant accounting policies and the impacts of newly issued accounting standards are described in Notes 1 and 2 to the consolidated financial statements included in Item 8.

Management Changes: During 2001, the Company hired Raymond L. Smith as Matson's Chief Operating Officer, a newly created position, and hired Matthew J. Cox as Matson's Senior Vice President, Chief Financial Officer and Controller, the latter replacing Raymond J. Donohue, who retired. Also, in 2001, Christopher J. Benjamin joined A&B as Director of Corporate Development and Planning, and Michael G. Wright joined A&B Properties, Inc. as Vice President, Acquisitions and Investments.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A&B, in the normal course of doing business, is exposed to the risks associated with fluctuations in the market value of certain financial instruments. A&B maintains a portfolio of investments, pension fund investments and, through its Capital Construction Fund, an investment in mortgage-backed securities. Details regarding these financial instruments are described in Notes 4, 5, 7 and 10 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data."

A&B also is exposed to changes in U.S. interest rates, primarily as a result of its borrowing and investing activities used to maintain liquidity and to fund business operations. Details regarding these matters are described in Note 8 in Item 8, "Financial Statements and Supplementary Data." The Company does not use interest rate derivative instruments such as interest rate swaps, currency swaps, futures or options, to manage its exposure to interest rate risk or for speculative purposes but may choose to use such instruments to manage interest rate risk in the future.

A&B's sugar plantation, HC&S, has a contract to sell its raw sugar production to Hawaiian Sugar & Transportation Cooperative ("HS&TC"), an unconsolidated sugar and marketing cooperative, in which the Company has an ownership interest, until June 2003. Under that contract, the price paid will fluctuate with the New York Contract #14 settlement price for domestic raw sugar, less a fixed discount. The Company also has an agreement with C&H Sugar Company, Inc, the primary purchaser of sugar from HS&TC, which allows the Company to forward price, with C&H, a portion of its raw sugar deliveries to HS&TC.

The Company has no direct material exposure to foreign currency risks, although it is indirectly affected by changes in currency rates to the extent that this affects tourism in Hawaii.

A&B believes that, as of December 31, 2001, its exposure to market risk fluctuations for its financial instruments was not material.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Alexander & Baldwin, Inc. has the responsibility for preparing the accompanying consolidated financial statements and related notes accurately and objectively. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America, consistently applied, and necessarily include amounts based on judgments and estimates made by management. Management also prepared the other information in this annual report and is responsible for its accuracy and consistency with the

consolidated financial statements.

The Company maintains internal control systems, and related policies and procedures, designed to provide reasonable assurance that assets are safeguarded, that transactions are properly executed and recorded in accordance with management's authorization, and that underlying accounting records may be relied upon for the accurate preparation of the consolidated financial statements and other financial information. The design, monitoring and revision of internal control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures. The Company maintains an internal auditing function that evaluates and formally reports on the adequacy and effectiveness of internal controls, policies and procedures.

The Company's consolidated financial statements have been audited by Deloitte & Touche LLP, its independent auditors, who have expressed their opinion with respect to the fairness, in all material aspects, of the presentation of financial position, results of operations and cash flows under accounting principles generally accepted in the United States of America. Management has made available to Deloitte & Touche LLP all of the Company's financial records and related data. Furthermore, management believes that all representations made to Deloitte & Touche LLP during its audit were valid and appropriate.

The Board of Directors, through its Audit Committee (composed of non-employee directors), oversees management's responsibilities in the preparation of the consolidated financial statements and nominates the independent auditors, subject to shareholder election. The Audit Committee meets regularly with the external and internal auditors to evaluate the effectiveness of their work in discharging their respective responsibilities and to assure their independent and free access to the Committee.

/s/ W. Allen Doane

/s/ James S. Andrasick

W. Allen Doane  
President and Chief Executive Officer

James S. Andrasick  
Senior Vice President  
and Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALEXANDER & BALDWIN, INC.:

We have audited the accompanying consolidated balance sheets of Alexander & Baldwin, Inc. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Alexander & Baldwin, Inc. and subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company adopted a new accounting standard for reporting discontinued operations in 2001 and changed its method of accounting for vessel drydocking costs in 2000.

/s/ Deloitte & Touche, LLP  
Deloitte & Touche LLP  
Honolulu, Hawaii  
January 24, 2002

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ALEXANDER & BALDWIN, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per-share amounts)

Year Ended December 31,  
-----  
2001                      2000                      1999

Revenue:			
Ocean transportation.....	\$ 787,173	\$ 839,535	\$768,414
Property leasing.....	70,247	61,710	53,416
Property sales.....	88,911	46,158	47,894
Food products.....	105,976	102,229	113,680
Gain on sale of investments.....	125,478	--	--
Interest and dividends.....	12,288	19,014	16,594
Total revenue.....	1,190,073	1,068,646	999,998
Costs and Expenses:			
Cost of transportation services.....	656,795	687,223	628,104
Cost of property sales and leasing services.....	101,000	47,366	51,764
Cost of agricultural goods and services.....	98,718	98,820	105,052
Selling, general and administrative.....	99,097	88,270	86,354
Impairment loss on long-lived assets and investments.....	28,600	--	15,410
Interest expense.....	18,658	24,252	17,774
Total costs and expenses.....	1,002,868	945,931	904,458
Income From Continuing Operations Before Income Taxes and Cumulative			
Effect of Change in Accounting Method.....	187,205	122,715	95,540
Income taxes.....	67,392	44,391	32,961
Income From Continuing Operations Before Cumulative Effect of Change In			
Accounting Method.....	119,813	78,324	62,579
Discontinued operations, net of income taxes (See Notes 2 and 3).....	(9,185)	--	--
Cumulative effect of change in accounting method, net of income taxes			
(See Note 2).....	--	12,250	--
Net Income.....	110,628	90,574	62,579
Unrealized holding gains (losses) and reclassification of realized gains on securities (net of income taxes of \$36,371, \$7,525, and \$8,088).....	(61,937)	12,476	(13,868)
Comprehensive Income.....	\$ 48,691	\$ 103,050	\$ 48,711
Basic Earnings per Share of Common Stock:			
From continuing operations before cumulative effect of change in accounting	\$ 2.96	\$ 1.92	\$ 1.45
Discontinued operations.....	(0.23)	--	--
Accounting change.....	--	0.29	--
Net income.....	\$ 2.73	\$ 2.21	\$ 1.45
Diluted Earnings per Share of Common Stock:			
From continuing operations before cumulative effect of change in accounting	\$ 2.94	\$ 1.91	\$ 1.45
Discontinued operations.....	(0.22)	--	--
Accounting change.....	--	0.30	--
Net income.....	\$ 2.72	\$ 2.21	\$ 1.45
Average Common Shares Outstanding.....	40,535	40,898	43,206

See notes to consolidated financial statements.

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ALEXANDER & BALDWIN, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)

	Year Ended December 31,		
	2001	2000	1999
Cash Flows from Operations:			
Net income.....	\$ 110,628	\$ 90,574	\$ 62,579
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization.....	75,433	72,304	73,901
Deferred income taxes.....	(7,389)	17,358	8,465
Gains on disposal of assets.....	(142,567)	(26,495)	(13,170)
Equity in (income) loss of affiliates.....	13,166	(6,859)	(3,002)
Write-down of long-lived assets and investments.....	44,797	--	15,410
Change in accounting method.....	--	(12,250)	--
Changes in assets and liabilities:			
Accounts and notes receivable.....	2,250	(4,161)	(6,007)
Inventories.....	857	(1,219)	(1,326)
Prepaid expenses and other assets.....	7,823	(7,933)	(8,852)
Pension and post-retirement assets and obligations.....	(21,149)	(26,169)	(18,174)
Accounts and income taxes payable.....	62,205	9,305	10,436
Other liabilities.....	(2,766)	10,235	(3,408)
Real estate developments held for sale:			
Cost of real estate inventory sales.....	39,831	6,088	2,509
Expenditures for new real estate inventory.....	(32,151)	(16,500)	(9,982)
Net cash provided by operations.....	150,968	104,278	109,379
Cash Flows from Investing Activities:			
Capital expenditures for property and developments.....	(99,183)	(84,201)	(68,606)
Receipts from disposal of income producing property, investments and other			

assets.....	141,909	3,877	3,688
Deposits into Capital Construction Fund.....	(12,071)	(12,220)	(19,464)
Withdrawals from Capital Construction Fund.....	4,217	8,574	11,458
(Increase) decrease in investments--net.....	(1,700)	894	(3,285)
Net cash used in investing activities.....	33,172	(83,076)	(76,209)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt.....	6,000	98,500	39,500
Payments of long-term debt.....	(137,000)	(48,000)	(30,533)
Proceeds (payments) from short-term borrowings--net.....	(3,100)	10,500	(52,000)
Repurchases of capital stock.....	(2,270)	(48,260)	(34,824)
Proceeds from issuance of capital stock.....	4,558	2,961	101
Dividends paid.....	(36,488)	(36,785)	(38,899)
Net cash used in financing activities.....	(168,300)	(21,084)	(116,655)
Cash and Cash Equivalents:			
Net increase (decrease) for the year.....	15,840	118	(83,485)
Balance, beginning of year.....	3,451	3,333	86,818
Balance, end of year.....	\$ 19,291	\$ 3,451	\$ 3,333
Other Cash Flow Information:			
Interest paid, net of amounts capitalized.....	\$ (19,546)	\$(24,663)	\$(17,772)
Income taxes paid, net of refunds.....	(20,961)	(31,807)	(34,213)
Non-cash Activities:			
Tax-deferred property sales.....	29,963	35,569	34,883
Tax-deferred property purchases.....	(42,257)	(22,703)	(34,907)
Transfer of assets to joint venture.....	--	--	16,438

See notes to consolidated financial statements.

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ALEXANDER & BALDWIN, INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except per-share amount)

	December 31,	
	2001	2000
ASSETS		
-----		
Current Assets		
Cash and cash equivalents.....	\$ 19,291	\$ 3,451
Accounts and notes receivable, less allowances of \$7,252 and \$6,579	130,491	141,553
Sugar and coffee inventories.....	4,875	4,435
Materials and supplies inventories.....	11,405	12,702
Real estate and other assets held for sale.....	35,584	19,324
Deferred income taxes.....	9,324	13,186
Prepaid expenses and other assets.....	13,044	18,736
Accrued deposits to Capital Construction Fund.....	(4,000)	(4,520)
Total current assets.....	220,014	208,867
Investments.....	33,021	183,141
Real Estate Developments.....	47,840	62,628
Property--net.....	977,048	954,692
Capital Construction Fund.....	158,737	150,405
Pension Assets.....	63,300	50,476
Other Assets--net.....	44,459	55,803
Total.....	\$1,544,419	\$1,666,012
LIABILITIES AND SHAREHOLDERS' EQUITY		
-----		
Current Liabilities		
Notes payable and current portion of long-term debt.....	\$ 19,900	\$ 30,500
Accounts payable.....	78,911	63,075
Payrolls and vacation due.....	17,058	18,170
Uninsured claims.....	13,017	11,514
Income taxes payable.....	42,899	--
Post-retirement benefit obligations--current portion.....	2,317	2,213
Accrued and other liabilities.....	21,467	27,534
Total current liabilities.....	195,569	153,006
Long-term Liabilities		
Long-term debt.....	207,378	330,766
Deferred income taxes.....	338,709	387,139
Post-retirement benefit obligations.....	42,915	44,752
Uninsured claims and other.....	49,181	56,698
Total long-term liabilities.....	638,183	819,355
Commitments and Contingencies		
Shareholders' Equity		
Capital stock--common stock without par value; authorized, 150,000 shares (\$.75 stated value per share); outstanding,		



40,529 shares in 2001 and 40,353 shares in 2000.....	33,328	33,248
Additional capital.....	66,659	58,007
Unrealized holding gains on securities.....	--	61,937
Retained earnings.....	622,615	552,637
Cost of treasury stock.....	(11,935)	(12,178)
	-----	-----
Total shareholders' equity.....	710,667	693,651
	-----	-----
Total.....	\$1,544,419	\$1,666,012
	=====	=====

See notes to consolidated financial statements.

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ALEXANDER & BALDWIN, INC.  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
For the three years ended December 31, 2001  
(In thousands, except per-share amounts)

	Capital Stock				Additional Capital	Unrealized Holding Gains	Retained Earnings
	Issued		In Treasury				
	Shares	Stated Value	Shares	Cost			
Balance, December 31, 1998.....	48,132	\$36,098	4,104	\$(12,551)	\$51,946	\$ 63,329	\$555,820
Shares repurchased.....	(1,565)	(1,173)	--	--	--	--	(33,651)
Stock options exercised.....	5	4	--	--	97	--	--
Issued--incentive plans.....	7	4	(51)	147	1,081	--	--
Unrealized holding loss.....	--	--	--	--	--	(13,868)	--
Net income.....	--	--	--	--	--	--	62,579
Cash dividends.....	--	--	--	--	--	--	(38,899)
	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 1999.....	46,579	34,933	4,053	(12,404)	53,124	49,461	545,849
Shares repurchased.....	(2,378)	(1,783)	--	--	--	--	(46,477)
Stock options exercised.....	126	94	--	--	3,378	--	(524)
Issued--incentive plans.....	4	4	(75)	226	1,505	--	--
Unrealized holding gain.....	--	--	--	--	--	12,476	--
Net income.....	--	--	--	--	--	--	90,574
Cash dividends.....	--	--	--	--	--	--	(36,785)
	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 2000.....	44,331	33,248	3,978	(12,178)	58,007	61,937	552,637
Shares repurchased.....	(105)	(79)	--	--	--	--	(2,192)
Stock options exercised--net.....	207	155	--	--	6,908	--	(1,970)
Issued--incentive plans.....	4	4	(70)	243	1,744	--	--
Reversal of holding gains/1/.....	--	--	--	--	--	(61,937)	--
Net income.....	--	--	--	--	--	--	110,628
Cash dividends.....	--	--	--	--	--	--	(36,488)
	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 2001.....	44,437	\$33,328	3,908	\$(11,935)	\$66,659	\$ --	\$622,615
	=====	=====	=====	=====	=====	=====	=====

/1/ See Note 5 for discussion of marketable equity securities sold during 2001.

See notes to consolidated financial statements.

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ALEXANDER & BALDWIN, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Principles of Consolidation:** The consolidated financial statements include the accounts of Alexander & Baldwin, Inc. and all wholly owned subsidiaries ("Company"), after elimination of significant intercompany amounts. Significant investments in businesses, partnerships and joint ventures in which the Company does not have control are accounted for under the equity method. Generally, these are investments in businesses in which the Company's ownership is between 20 and 50 percent.

**Segment Information:** The Company has three operating segments: Ocean Transportation, Property Development and Management, and Food Products. The Company reports segment information in the same way that management assesses segment performance. Additional information regarding these segments is found in Note 14.

**Cash and Cash Equivalents:** Cash equivalents are composed of all highly liquid investments with an original maturity of three months or less and which have no significant risk of change in value.

**Inventories:** Raw sugar and coffee inventories are stated at the lower of cost (first-in, first-out basis) or market. Other inventories, composed principally of materials and supplies, are stated at the lower of cost (principally average cost) or market. Materials and supplies inventories are carried at historical cost, which is not greater than replacement cost.

Property: Property is stated at cost. Expenditures for major renewals and betterments are capitalized. Replacements, maintenance and repairs that do not improve or extend asset lives are charged to expense as incurred. Gains or losses from property disposals are included in the determination of net income. As discussed in Note 2, the Company changed its accounting for drydocking costs in 2000. Costs of regularly scheduled drydocking of vessels and planned major vessel repairs performed during drydocking are capitalized and amortized over the periods benefited.

Coffee Orchards: Costs of developing coffee orchards are capitalized during the development period and depreciated over the estimated productive lives. In 1999, following the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," the Company reduced the carrying value of its coffee orchards and field and factory processing equipment. This is described further in Note 4.

Capitalized Interest: Interest costs incurred in connection with significant expenditures for real estate developments or the construction of assets are capitalized. Interest expense is shown net of capitalized interest on the Statements of Income, because the amounts are not significant.

Construction Expenditures: Expenditures for real estate developments are capitalized during construction and are classified as Real Estate Developments on the Consolidated Balance Sheets. When construction is complete, the costs are reclassified as either Real Estate Held for Sale or Property, based upon the Company's intent to sell the completed asset or to hold it as an investment. Cash flows related to real estate developments are classified as either operating or investing activities, based upon the Company's intention to sell the property or to retain ownership of the property as an investment following completion of construction.

Depreciation: Depreciation is computed using the straight-line method. Estimated useful lives of property are as follows:

Classification -----	Range of Life (in years) -----
Buildings.....	10 to 50
Vessels.....	10 to 40
Marine containers.....	2 to 25
Terminal facilities.....	3 to 35
Machinery and equipment..	3 to 35
Utility systems and other	5 to 60

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Fair Value of Financial Instruments: The fair values of cash and cash equivalents, receivables and short-term and long-term borrowings approximate their carrying values.

Fair Value of Real-Estate Assets: Real estate is carried at the lower of cost or fair value. Fair values generally are determined using the expected market value for the property, less sales costs. For residential units and lots held for sale, market value is determined by reference to the sales of similar property, market studies, tax assessments and cash flows. For commercial property, market value is determined using recent comparable sales, tax assessments and cash flows. A large portion of the Company's real estate is undeveloped land located in Hawaii on the Islands of Maui and Kauai. This land has a cost basis that averages approximately \$150 per acre, a value much lower than fair value.

Impairments of Long-lived Assets: Long-lived assets are reviewed for possible impairment when events or circumstances indicate that the carrying value may not be recoverable. In such evaluation, the estimated future undiscounted cash flows generated by the asset are compared with the amount recorded for the asset to determine if a write-down may be required. If this review determines that the recorded value will not be recovered, the amount recorded for the asset is reduced to estimated fair value. (See Note 4.)

Voyage Revenue Recognition: Voyage revenue and variable costs and expenses associated with voyages are included in income at the time each voyage leg commences. This method of accounting does not differ materially from other acceptable accounting methods. Freight rates are provided in tariffs filed with the Surface Transportation Board of the U.S. Department of Transportation.

Real Estate Sales Revenue Recognition: Sales are recorded when the risks and benefits of ownership have passed to the buyers (generally on closing dates), adequate down payments have been received, and collection of remaining balances is reasonably assured.

Sugar and Coffee Revenue Recognition: Revenue from bulk raw sugar sales is recorded when delivered to the cooperative of Hawaiian producers based on the estimated net return to producers in accordance with contractual agreements. Revenue from coffee is recorded when the title to the product and risk of loss passes to third parties (generally this occurs when the product is shipped or delivered to customers) and when collection is reasonably assured.

Non-voyage Ocean Transportation Costs: Vessel depreciation, charter hire, terminal operating overhead and general and administrative expenses are charged to expense as incurred.

**Agricultural Costs:** Costs of growing and harvesting sugar cane are charged to the cost of production in the year incurred and to cost of sales as raw sugar is delivered to the cooperative of Hawaiian producers as allowed in Statement of Position No. 85-3. Costs of growing coffee are charged to inventory in the year incurred and to cost of sales as coffee is sold.

**Employee Benefit Plans:** Certain ocean transportation subsidiaries are members of the Pacific Maritime Association (PMA) and the Hawaii Stevedoring Industry Committee, which negotiate multi-employer pension plans covering certain shoreside bargaining unit personnel. The subsidiaries directly negotiate multi-employer pension plans covering other bargaining unit personnel. Pension costs are accrued in accordance with contribution rates established by the PMA, the parties to a plan or the trustees of a plan. Several trustee, noncontributory, single-employer defined benefit plans and defined contribution plans cover substantially all other employees.

**Stock-based Compensation:** As allowed by Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," the Company has elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as discussed in Note 12.

**Income Taxes:** Deferred tax assets and liabilities are established for temporary differences between the way certain income and expense items are reported for financial reporting and tax purposes. Deferred tax assets and

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liabilities are adjusted to the extent necessary to reflect tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is established for deferred tax assets for which realization is not likely.

**Basic and Diluted Earnings per Share of Common Stock:** Basic Earnings per Share is determined by dividing Net Income by the weighted-average common shares outstanding during the year. The calculation of Diluted Earnings per Share includes the effect of unexercised options to purchase the Company's stock.

**Comprehensive Income:** Comprehensive Income includes changes from either recognized transactions or other economic events, excluding capital stock transactions, which impact Shareholders' Equity. For the Company, the only difference between Net Income and Comprehensive Income is the unrealized holding gains on securities available for sale. Comprehensive Income is not used in the calculation of Earnings per Share. (See Note 5 for a discussion of the liquidation of marketable equity securities.)

**Environmental Costs:** Environmental expenditures that relate to current operations are expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations or events, and which do not contribute to current or future revenue generation, are charged to expense. Liabilities are recorded when environmental assessments or remedial efforts are probable and the costs can be estimated reasonably.

**Use of Estimates:** The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future actual amounts could differ from those estimates.

**Impact of Newly Issued Accounting Standards:** On January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which establishes the accounting and reporting standards for derivative instruments and hedging activities. The adoption of this standard did not have a material effect on the consolidated financial statements.

In 2000, the Company adopted SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." SFAS No. 140 provides standards for transfers and servicing of financial assets and extinguishments of liabilities using a financial-components approach that focuses on control. The adoption of this standard did not have a material effect on the consolidated financial statements.

SFAS No. 141 "Business Combinations" was issued in June 2001 and became effective in July 2001. This statement requires the purchase method of accounting for business combinations. This standard will affect how the Company accounts for new business combinations, but the adoption of the standard in 2001 had no effect on the Company's current year's consolidated financial statements.

SFAS No. 142 "Goodwill and Other Intangible Assets" was issued in June 2001 and is effective in January 2002. This statement addresses how intangible assets, including goodwill, should be accounted for in the consolidated financial statements. The new statement, which will be adopted by the Company in January, 2002, will not have a material effect on the consolidated financial statements.

SFAS No. 143 "Accounting for Asset Retirement Obligations" was issued in June 2001 and becomes effective in January 2003. This statement addresses accounting and reporting for obligations and costs which will occur when long-term assets are retired. Among other things, the statement requires that the present value of the liability associated with future asset retirements be recorded on the balance sheet when an obligation has been incurred and when it can be measured. The amortization of the capitalized cost and increases in the

present value of the obligation which result from the passage of time, are recorded as charges to earnings. The possible financial impacts of this standard, when it is adopted by the Company in January 2003, are not yet known, but are being assessed.

Reclassifications: Certain amounts in the 2000 and 1999 consolidated financial statements have been reclassified to conform with the 2001 presentation.

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## 2. CHANGES IN ACCOUNTING METHODS

2001--Adoption of New Accounting Standard for Reporting Discontinued Operations: SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" was issued in August 2001 and becomes effective in January 2002. However, as permitted by the standard, the Company adopted SFAS No. 144 effective January 1, 2001. This statement replaces previous accounting standards related to asset impairments and provides guidance concerning the recognition and measurement of impairment losses for certain types of long-term assets. The statement recommends the use of probability-weighted cash flow estimations, precludes accruing future operating losses prior to asset disposal, expands the scope of "discontinued operations" to include a component of an entity, and eliminates the current exemption to consolidation when control over a subsidiary is likely to be temporary. The statement changes how the Company analyzes and accounts for asset impairments and discontinued operations, but, upon adoption, it had no immediate financial impacts. During the fourth quarter of 2001, the Company recorded a loss from the abandonment of its panelboard manufacturing facility, which it classified as Discontinued Operations. This is described in Note 3 to the consolidated financial statements.

2000--Change in Accounting Method for Vessel Drydocking Costs: The Company changed its method of accounting for vessel drydocking costs, as of January 1, 2000, from the accrual method to the deferral method. Drydocking costs had been accrued as a liability and an expense on an estimated basis, in advance of the next scheduled drydocking. Subsequent payments for drydocking were charged against the accrued liability. Under the deferral method, actual drydocking costs are capitalized when incurred and amortized over the period benefited; generally, this is the period between scheduled drydockings. This method eliminates the uncertainty of estimating these costs. This change was made to conform with prevailing industry accounting practices. The cumulative effect of this accounting change, as of January 1, 2000, is shown separately in the Consolidated Statements of Income and increased net income by \$12,250,000 (net of income tax expense of \$7,668,000), or \$0.29 per basic share.

The effect of this change in accounting method on the balance sheets, as of December 31, 2000, was to increase other assets by \$4,765,000, eliminate drydocking reserves of \$15,153,000, increase deferred taxes by \$7,668,000, and increase shareholders' equity by \$12,250,000. Had this change been applied retroactively, the impact on net income for 1999 would not have been materially different from reported net income.

2000--Change in Accounting for Certain Revenues and Expenses: The Company changed its method of presentation for certain freight services that are performed by third parties and billed by the Company to its customers. The expenses and related revenue for these services previously were reported on a net basis and were not reflected in the Consolidated Statements of Income. Accordingly, operating revenue and expenses for 2000 and 1999 were increased by \$38,059,000 and \$31,874,000, respectively. For 2001, the amount billed for these services was approximately \$32,764,000.

The Company also changed its method of presentation for common area maintenance (CAM) costs. These costs, which are incurred by the Company but which are charged to tenants under various lease arrangements, previously were netted against Property Leasing Revenue. The Company now records CAM amounts in Costs of Leasing Services in the Consolidated Statements of Income. Accordingly, Property Leasing Revenue and Costs of Leasing Services for 2000 and 1999 were increased by \$11,246,000 and \$8,852,000, respectively. For 2001, the CAM costs totaled \$12,207,000.

These two changes were in response to the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," which provides guidance about the classification, on a gross basis, of revenues and expenses. These changes had no effect on earnings or segment operating profit.

## 3. DISCONTINUED OPERATIONS

The Company ceased the operations of and abandoned its panelboard manufacturing business operated by Hawaiian DuraGreen, Inc., a wholly-owned subsidiary ("DuraGreen"). This subsidiary constructed a production

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facility during 1999 and 2000 with an initial capital investment of approximately \$12,500,000. DuraGreen produced a panelboard product using bagasse, a byproduct in the production of raw cane-sugar, for use in various furniture and construction applications. After nearly a year of production issues, poor operating results and weaknesses in the panelboard market, management determined that the Company's investment in the business will not be recovered and profitability could not be achieved. The 2001 loss from Discontinued Operations includes operating losses and closure costs of

\$2,964,000 and a \$11,387,000 write-down of the production assets to their estimated salvage value, net of a total income tax benefit of approximately \$5,166,000. There were no operations in prior years. The Consolidated Balance Sheet at December 31, 2000 included assets of \$11,616,000 for DuraGreen. This amount principally was machinery and equipment.

#### 4. IMPAIRMENT OF LONG-LIVED ASSETS AND INVESTMENTS

2001--As described in Note 5, the Company holds common and preferred stock holdings in C&H Sugar Company, Inc. ("C&H"). As a result of operating losses and declining cash flows at C&H, combined with adverse market changes, the Company concluded that C&H's estimated future earnings and cash flows would not allow recovery of the carrying value of the Company's investments. This loss in value was considered an "other than temporary" impairment condition; accordingly, the carrying values of the investments were written down by \$28,600,000 during the fourth quarter of 2001. The loss includes a write-down of the common stock and junior preferred stock values to zero, and a write-down of the senior preferred stock to approximately \$11,500,000. The amount of the write-down was based on the valuation of the common, and junior and senior preferred stocks, as conducted by an independent valuation firm. Accepted valuation practices were utilized in determining these investments' fair values, including the market and income approaches, discounted cash flow method, and market yield analysis. The valuation considered the Company's minority position, the illiquidity of these types of investments in the public market, the ability of future cash flows to fund future debt and preferred obligations, and sugar industry conditions. The Company has no current plans to divest or sell its investments in C&H.

2001--The Company wrote off \$4,823,000 for power generation equipment that is being removed from service. This equipment was no longer needed in the Company's cane sugar refining operations on Maui, due to changes in factory and power generation processes.

1999--The Company began growing coffee in Hawaii in 1987 as an alternative crop to sugar cane. Since inception, the Company's coffee operation generated operating losses and negative cash flows. During the second half of 1999, the Company significantly reduced the coffee workforce and changed its coffee marketing and selling plans. To exacerbate the problem, coffee commodity prices dropped significantly in 1999, due to an oversupply of coffee in the marketplace. Because of continuing cash-flow losses, the ongoing viability of the coffee operation was evaluated again. As a result, the Company determined that the estimated future cash flows of the coffee operation were less than the carrying value of its productive assets, consisting mainly of orchards and field and processing equipment. Accordingly, a \$15,410,000 (pre-tax) charge was recorded to write down these productive assets to their fair value (i.e., present value of estimated future cash flows).

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#### 5. INVESTMENTS

At December 31, 2001 and 2000, investments consisted principally of marketable equity securities, equity in affiliated companies, limited partnership interests and purchase-money mortgages, as follows:

	2001	2000
	-----	-----
	(in thousands)	
Equity in Affiliated Companies:		
SSA Terminals, LLC (SSAT).....	\$16,033	\$ 21,867
C&H Sugar Company, Inc. (C&H).....	11,504	41,705
Sea Star Line, LLC (Sea Star).....	1,854	7,586
Other.....	300	300
Marketable Equity Securities.....	--	108,069
Limited Partnership Interests, Purchase-money Mortgages and Other	3,330	3,614
	-----	-----
Total Investments.....	\$33,021	\$183,141
	=====	=====

Marketable Equity Securities: The marketable equity securities are classified as "available for sale" and are stated at quoted market values as traded on national exchanges. The unrealized holding gains on these securities and the reclassification of gains previously included in Comprehensive Income, net of deferred income taxes, have been recorded as a separate component of Shareholders' Equity and are included in Comprehensive Income.

In May, 2001, BNP Paribas SA, France's largest bank, announced that, subject to regulatory, shareholder and other approvals, it would purchase the remaining 55 percent of BancWest Corporation ("BancWest") which it did not already own for \$35 per share. This offer was 40% higher than the market price of BancWest's stock at the time of the offer. When the offer was made, the Company owned 3,385,788 shares of BancWest. The transaction closed during the fourth quarter of 2001. As a result of the sale, the Company received cash of \$118,503,000, recorded a pre-tax gain of \$110,338,000, and recognized an after-tax gain of approximately \$68,410,000 (\$1.69 per basic share.)

During 2001, the Company also divested its holdings in Pacific Century Financial Corporation ("Pacific Century"). This was completed through the donation of 360,000 shares to the Company's charitable foundation and the sales of 749,000 shares of the stock. The fair value of the donated stock was approximately \$7,500,000 and the historical cost basis was approximately

\$500,000. The net expense related to this contribution was \$500,000 and is included in "Selling general and administrative expenses" in the 2001 consolidated financial statements. The Company received \$16,219,000 for the sales of the shares, recognized a pre-tax gain of \$15,140,000 and recorded an after-tax gain of \$9,378,000 (\$0.23 per basic share).

The changes in the net unrealized holding gains (losses) for the three years ended December 31, 2001 were as follows:

	2001	2000	1999
	-----		
	(in thousands)		
Holding gains (losses) arising during year, net of deferred income tax.....	\$ 15,851	\$12,476	\$(13,868)
Reclassification of gains previously included in Comprehensive Income, net of income tax..	(77,788)	--	--
	-----		
Total.....	\$(61,937)	\$12,476	\$(13,868)
	=====	=====	=====

As described above, the marketable equity investments were divested during 2001. Accordingly there was no balance in unrealized holdings at year-end 2001. The components of the net unrealized holding gains, as noted on the Consolidated Balance Sheet at December 31, 2000, were as follows:

	2000
	-----
	(in thousands)
Market value.....	\$108,069
Less historical cost.....	9,761
	-----
Unrealized holding gains....	98,308
Less deferred income taxes..	36,371
	-----
Net unrealized holding gains	\$ 61,937
	=====

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Equity in Affiliated Companies: In 1998, the Company sold a majority interest in C&H. Following the sale, the Company retained approximately 36 percent of the common stock, 40 percent of the junior preferred stock and all of the senior preferred stock of C&H. Dividends on the senior and junior preferred stocks are cumulative. Through December 2003, dividends on the senior preferred stock may be paid either in cash or by issuance of additional shares of senior preferred stock. C&H must redeem from the Company, at one thousand dollars per share, the outstanding senior preferred stock in December 2009 and outstanding junior preferred stock in December 2010. C&H was included in the consolidated results of the Company up to the date of the sale. The Company accounts for its investment in C&H under the equity method. See Note 4 for a discussion of the 2001 impairment loss related to this investment which resulted from an other than temporary decline in value. Financial information for C&H as of and for the years ended December 31, 2001 and 2000 follows:

Condensed Balance Sheets

	2001	2000
	-----	
	(in thousands)	
Assets:		
Current.....	\$103,699	\$125,735
Property and other.....	116,293	129,529
	-----	
Total.....	\$219,992	\$255,264
	=====	=====
Liabilities and Shareholders' Equity:		
Current.....	\$ 35,030	\$ 63,470
Long-term debt and other.....	139,737	124,941
Shareholders' equity, including preferred stock.	45,225	66,853
	-----	
Total.....	\$219,992	\$255,264
	=====	=====

Condensed Statements of Income

	2001	2000
	-----	
	(in thousands)	
Revenue.....	\$427,350	\$413,153
Cost and Expenses.	433,864	409,839
	-----	

Matson, a wholly owned subsidiary of the Company, has a minority interest investment in a limited liability corporation (LLC) with Saltchuk Resources, Inc. and International Shipping Agency, Inc., named Sea Star Line, LLC, which operates an ocean transportation service between Florida and Puerto Rico. Matson has guaranteed obligations of \$31,500,000 of this unconsolidated affiliate and chartered two vessels to Sea Star Line, LLC. Subsequent to 2001 year-end, Matson sold the two vessels to Sea Star for an aggregate sales price of \$17,000,000, which was the approximate carrying value of the vessels at 2001 year end. This amount is included in "Real estate and other assets held for sale" on the Consolidated Balance Sheet at December 31, 2001. This investment represents a minority interest and is accounted for under the equity method.

Matson is part owner of an LLC with Stevedoring Services of America, named SSA Terminals, LLC, which provides stevedoring and terminal services at six terminals in three West Coast ports to the Company and other shipping lines. This investment represents a minority interest and is accounted for under the equity method. During 1999, Matson contributed assets with a value of \$16,438,000 in connection with the formation of SSAT. The "Cost of transportation services" included approximately \$89,551,000, \$99,151,000 and \$46,856,000, for 2001, 2000 and 1999, respectively, paid to this unconsolidated affiliate for terminal services.

The Company's equity in income (loss) of unconsolidated affiliates for the three years ended December 31, 2001 was \$(8,778,000), \$6,859,000, and \$3,002,000, respectively.

Limited Partnership Interests and Purchase-money Mortgages: The investments in limited partnerships are recorded at the lower of cost or fair value and purchase-money mortgages are recorded at cost. The purchase-money mortgages are intended to be held to maturity. The values of the investments in limited partnerships are assessed annually.

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See Note 7 for a discussion of fair values of investments in the Capital Construction Fund.

6. PROPERTY

Property on the Consolidated Balance Sheets includes the following:

	2001	2000
	-----	
	(in thousands)	
Vessels.....	\$ 694,618	\$ 770,352
Machinery and equipment.....	545,298	534,894
Buildings.....	317,068	271,314
Land.....	104,135	95,195
Water, power and sewer systems.....	87,915	80,084
Other property improvements.....	67,645	56,355
	-----	
Total.....	1,816,679	1,808,194
Less accumulated depreciation and amortization	839,631	853,502
	-----	
Property--net.....	\$ 977,048	\$ 954,692
	=====	

7. CAPITAL CONSTRUCTION FUND

Matson is party to an agreement with the United States government which established a Capital Construction Fund (CCF) under provisions of the Merchant Marine Act, 1936, as amended. The agreement has program objectives for the acquisition, construction or reconstruction of vessels and for repayment of existing vessel indebtedness. Deposits to the CCF are limited by certain applicable earnings. Such deposits are federal income tax deductions in the year made; however, they are taxable, with interest payable from the year of deposit, if withdrawn for general corporate purposes or other non-qualified purposes, or upon termination of the agreement. Qualified withdrawals for investment in vessels and certain related equipment do not give rise to a current tax liability, but reduce the depreciable bases of the vessels or other assets for income tax purposes.

Amounts deposited into the CCF are a preference item for calculating federal alternative minimum taxable income. Deposits not committed for qualified purposes within 25 years from the date of deposit, will be treated as non-qualified withdrawals over the subsequent five years. As of December 31, 2001, the oldest CCF deposits date from 1994. Management believes that all amounts on deposit in the CCF at the end of 2001 will be used or committed for qualified purposes prior to the expiration of the applicable 25-year periods.

Under the terms of the CCF agreement, Matson may designate certain qualified earnings as "accrued deposits" or may designate, as obligations of the CCF, qualified withdrawals to reimburse qualified expenditures initially made with operating funds. Such accrued deposits to and withdrawals from the CCF are reflected on the Consolidated Balance Sheets either as obligations of the Company's current assets or as receivables from the CCF.

The Company has classified its investments in the CCF as "held-to-maturity" and, accordingly, has not reflected temporary unrealized market gains and losses on the Consolidated Balance Sheets or Consolidated Statements of Income. The long-term nature of the CCF program supports the Company's intention to hold these investments to maturity.

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At December 31, 2001 and 2000, the balances on deposit in the CCF are summarized as follows:

	2001			2000		
	(in thousands)					
	Amortized Cost	Fair Value	Unrealized Gain	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Mortgage-backed securities	\$ 26,180	\$ 26,983	\$ 803	\$ 32,302	\$ 32,281	\$(21)
Cash and cash equivalents	128,557	129,161	604	113,583	113,871	288
Accrued deposits	4,000	4,000	--	4,520	4,520	--
Total	\$158,737	\$160,144	\$1,407	\$150,405	\$150,672	\$267

Fair value of the mortgage-backed securities was determined by an outside investment management company, based on experience trading identical or substantially similar securities. No central exchange exists for these securities; they are traded over-the-counter. The Company earned \$2,476,000 in 2001, \$2,654,000 in 2000, and \$3,152,000 in 1999 on its investments in mortgage-backed securities. The fair values of other CCF investments are based on quoted market prices. These other investments mature no later than January 9, 2004. One security classified as "held to maturity" was sold during 2001 for a loss of \$42,800. In 2000, three securities classified as "held-to-maturity" were sold for a combined loss of \$48,400. These securities no longer met authorized credit requirements.

8. NOTES PAYABLE AND LONG-TERM DEBT

At December 31, 2001 and 2000, long-term debt consisted of the following:

	2001	2000
	(in thousands)	
Commercial paper, 2001 high 6.79%, low 1.88%	\$ 99,878	\$ 99,766
Bank variable rate loans, due after 2001, 2001 high 7.13%, low 2.17%	17,400	136,500
Term loans:		
7.38%, payable through 2007	45,000	52,500
7.42%, payable through 2010	20,000	20,000
7.43%, payable through 2007	15,000	15,000
7.57%, payable through 2009	15,000	15,000
7.55%, payable through 2009	15,000	15,000
7.65%, payable through 2001	--	7,500
Total	227,278	361,266
Less current portion	19,900	30,500
Long-term debt	\$207,378	\$330,766

Commercial Paper: At December 31, 2001, \$99,878,000 of commercial paper notes was outstanding under a commercial paper program used by a subsidiary to finance the construction of a vessel. Maturities ranged from 6 to 56 days. The borrowings outstanding under this program are classified as long-term because the subsidiary intends to continue the program and, eventually, to repay the borrowings with qualified withdrawals from the Capital Construction Fund.

Variable Rate Loans: The Company has a revolving credit and term loan agreement with six commercial banks, whereby it may borrow up to \$185,000,000 under revolving loans through November 2004, at market rates of interest. Any revolving loan outstanding on that date may be converted into a term loan, which would be payable in four equal quarterly installments. The agreement contains certain restrictive covenants, the most significant of which requires the maintenance of an interest coverage ratio of 2:1 and total debt to earnings before interest, depreciation, amortization and taxes of 3:1. At December 31, 2000, \$113,500,000 was outstanding under this agreement. No amount was drawn on this facility at December 31, 2001.

The Company has an uncommitted \$70,000,000 short-term revolving credit agreement with a commercial bank. The agreement extends through November 2002, but may be canceled by the bank or the Company at any time. The

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amount which the Company may draw under the facility is reduced by the amount



drawn against the bank under the previously referenced \$185,000,000 multi-bank facility, in which it is a participant, and by letters of credit issued under the \$70,000,000 uncommitted facility. At December 31, 2001 and 2000, \$5,000,000 and \$7,500,000, respectively, were outstanding under this agreement. Under the borrowing formula for this facility, the Company could have borrowed an additional \$59,477,000 at December 31, 2001.

Matson has two revolving credit agreements totaling \$90,000,000 with commercial banks. The first facility is a \$50,000,000 two-year revolving credit agreement which expires in September 2003. At December 31, 2001, no amounts were drawn on this facility. At December 31, 2000, \$15,500,000 was outstanding. The second facility is a two-year \$40,000,000 revolving credit agreement which was entered into during 2001 and which expires in January 2003. At December 31, 2001, \$12,400,000 was drawn on this new facility.

Matson also has a \$25,000,000 one-year revolving credit agreement with a commercial bank, expiring in November 2002, which serves as a commercial paper liquidity back-up line. At December 31, 2001 and 2000, no amounts were outstanding under this agreement.

Other Debt Agreements: During 2001, the Company completed a private shelf agreement for \$50,000,000, which expires in April 2004. At December 31, 2001, no amount had been drawn on this facility. Also in 2001, Matson entered into a \$50,000,000 private shelf offering which expires in June 2004. No amounts were drawn on that facility at year end. An uncommitted \$25,000,000 revolving credit agreement with a commercial bank expired in May 2001.

Long-term Debt Maturities: At December 31, 2001, maturities and planned prepayments of all long-term debt during the next five years are \$19,900,000 for 2002, \$9,643,000 for 2003, \$12,500,000 for 2004, \$17,500,000 for 2005 and \$17,500,000 for 2006.

Interest Rate Risk: The Company is exposed to changes in U.S. interest rates, primarily as a result of its borrowing and investing activities used to maintain liquidity and to fund business operations. In order to manage its exposure to changes in interest rates, the Company utilizes a balanced mix of debt maturities, along with both fixed-rate and variable-rate debt. The Company does not hedge its interest rate exposure. The nature and amount of the Company's long-term and short-term debt can be expected to fluctuate as a result of future business requirements, market conditions and other factors. The following table summarizes the Company's debt obligations at December 31, 2001, presenting principal cash flows and related interest rates by expected fiscal year of maturity. Variable interest rates represent the weighted-average rates of the portfolio at December 31, 2001. The Company estimates that the carrying value of its debt is not materially different from its fair value.

	Expected Fiscal Year of Maturity at December 31, 2001						
	2002	2003	2004	2005	2006	Thereafter	Total
	(dollars in thousands)						
Fixed rate.....	\$ 7,500	\$9,643	\$12,500	\$17,500	\$17,500	\$ 45,357	\$110,000
Average interest rate	7.17%	7.33%	7.38%	7.42%	7.45%	7.49%	--
Variable rate.....	\$12,400	--	--	--	--	\$104,878	\$117,278
Average interest rate	2.20%	--	--	--	--	2.04%	--

## 9. LEASES

The Company as Lessee: Principal operating leases include land, office and terminal facilities, containers and equipment, leased for periods which expire between 2003 and 2052. Management expects that, in the normal course of business, most operating leases will be renewed or replaced by other similar leases.

Rental expense under operating leases totaled \$19,748,000, \$19,741,000, and \$28,343,000 for the years ended December 31, 2001, 2000, and 1999, respectively.

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Future minimum payments under operating leases as of December 31, 2001 were as follows:

	Operating Leases
	----- (in thousands)
2002.....	\$ 12,843
2003.....	12,699
2004.....	12,556
2005.....	8,848
2006.....	7,814
Thereafter.....	91,761
	-----
Total minimum lease payments	\$146,521
	=====



Discount rate.....	7.25%	7.75%	7.75%	7.25%	7.75%	7.75%
Expected return on plan assets	9.00%	9.00%	9.00%	--	--	--
Rate of compensation increase.	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

For the 2001 post-retirement benefit measurement purposes, a ten percent annual rate of increase in the per capita cost of covered health care benefits was assumed through 2001. The rate was assumed to decrease by one percent per year through 2005 and then remain at five percent thereafter. For the 2000 measurement purposes, a ten percent annual rate of increase was assumed through 2001, after which a constant five percent rate was assumed. Unrecognized gains and losses of the post-retirement benefit plans are amortized over five years.

If the assumed health care cost trend rate were increased or decreased by one percentage point, the accumulated post-retirement benefit obligation, as of December 31, 2001, 2000, and 1999 and the net periodic post-retirement benefit cost for 2001, 2000 and 1999, would have increased or decreased as follows:

Other Post-retirement Benefits One Percentage Point					
Increase			Decrease		
2001	2000	1999	2001	2000	1999

(in thousands)

Effect on total of service and interest cost components	\$ 296	\$ 196	\$ 416	\$ (244)	\$ (226)	\$ (347)
Effect on post-retirement benefit obligation.....	\$3,856	\$1,664	\$4,062	\$(3,199)	\$(2,278)	\$(3,388)

The assets of the defined benefit pension plans consist principally of listed stocks and bonds. Contributions are determined annually for each plan by the Company's pension administrative committee, based upon the actuarially determined minimum required contribution under the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and the maximum deductible contribution allowed for tax purposes. For the plans covering employees who are members of collective bargaining units, the benefit formulas are determined according to the collective bargaining agreements, either using career average pay as the base or a flat dollar amount per year of service. The benefit formulas for the remaining defined benefit plans are based on final average pay.

The Company has non-qualified supplemental pension plans covering certain employees and retirees, which provide for incremental pension payments from the Company's general funds, so that total pension benefits would be substantially equal to amounts that would have been payable from the Company's qualified pension plans if it were

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not for limitations imposed by income tax regulations. The obligation, included with other non-current liabilities, relating to these unfunded plans, totaled \$13,807,000 and \$12,597,000 at December 31, 2001 and 2000, respectively.

Total contributions to the multi-employer pension plans covering personnel in shoreside and seagoing bargaining units were \$4,028,000 in 2001, \$3,027,000 in 2000, and \$4,367,000 in 1999. Union collective bargaining agreements provide that total employer contributions during the terms of the agreements must be sufficient to meet the normal costs and amortization payments required to be funded during those periods. Contributions are generally based on union labor paid or cargo volume. A portion of such contributions is for unfunded accrued actuarial liabilities of the plans being funded over periods of 25 to 40 years, which began between 1967 and 1976.

The multi-employer plans are subject to the plan termination insurance provisions of ERISA and are paying premiums to the Pension Benefit Guarantee Corporation (PBGC). The statutes provide that an employer who withdraws from, or significantly reduces its contribution obligation to, a multi-employer plan generally will be required to continue funding its proportional share of the plan's unfunded vested benefits.

Under special rules approved by the PBGC and adopted by the Pacific Coast longshore plan in 1984, the Company could cease Pacific Coast cargo-handling operations permanently and stop contributing to the plan without any withdrawal liability, provided that the plan meets certain funding obligations as defined in the plan. The estimated withdrawal liabilities under the Hawaii longshore plan and the seagoing plans aggregated approximately \$2,465,000 as of December 31, 2001, based on estimates by plan actuaries. Management has no present intention of withdrawing from and does not anticipate termination of any of the aforementioned plans.

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Pension Benefits			Other Post-retirement Benefits		
2001	2000	1999	2001	2000	1999

(in thousands)

Change in Benefit Obligation						
Benefit obligations at beginning of year.....	\$ 235,000	\$ 218,189	\$ 229,573	\$ 37,910	\$ 47,836	\$ 55,298
Service cost.....	4,844	4,877	5,705	443	504	892
Interest cost.....	17,549	16,882	15,013	2,720	2,939	3,460
Plan participants' contributions.....	--	--	--	1,137	1,165	1,423
Actuarial (gain) loss.....	13,130	(2,016)	(25,177)	2,314	(2,652)	(8,198)
Benefits paid.....	(14,094)	(13,146)	(12,109)	(3,452)	(3,635)	(4,320)
Amendments.....	498	1,137	10,129	--	--	--
Settlements.....	--	8,602	(1,304)	--	(8,247)	--
Curtailments.....	--	--	(3,823)	--	--	(719)
Special or contractual termination benefits...	--	475	182	--	--	--
Benefit obligation at end of year.....	256,927	235,000	218,189	41,072	37,910	47,836
Change in Plan Assets						
Fair value of plan assets at beginning of year	364,299	381,090	338,267	--	--	--
Actual return on plan assets.....	(35,747)	(3,645)	56,236	--	--	--
Settlements.....	--	--	(1,304)	--	--	--
Employer contribution.....	135	--	--	--	--	--
Benefits paid.....	(14,094)	(13,146)	(12,109)	--	--	--
Fair value of plan assets at end of year.....	314,593	364,299	381,090	--	--	--
Accrued Asset (Obligation)						
Plan assets less benefit obligation.....	57,666	129,299	162,901	(41,072)	(37,910)	(47,836)
Unrecognized net actuarial gain.....	(4,963)	(91,307)	(135,670)	(4,232)	(9,134)	(15,841)
Unrecognized transition asset.....	--	(63)	(183)	--	--	--
Unrecognized prior service cost.....	10,597	12,547	13,939	72	79	32
Accrued asset (obligation).....	\$ 63,300	\$ 50,476	\$ 40,987	\$(45,232)	\$(46,965)	\$(63,645)
Components of Net Periodic Benefit Cost/(Income)						
Service cost.....	\$ 4,844	\$ 4,877	\$ 5,705	\$ 443	\$ 504	\$ 892
Interest cost.....	17,549	16,882	15,013	2,720	2,939	3,460
Expected return on plan assets.....	(32,107)	(33,651)	(29,922)	--	--	--
Recognition of net gain.....	(5,360)	(9,083)	(4,251)	(2,522)	(2,872)	(2,644)
Amortization of prior service cost.....	2,448	2,528	905	7	7	8
Amortization of unrecognized transition asset.	(63)	(119)	(713)	--	--	--
Recognition of settlement (gain)/loss.....	--	8,602	(53)	--	(14,800)	--
Recognition of curtailment gain.....	--	--	(3,641)	--	--	(292)
Net periodic benefit cost/(income).....	\$ (12,689)	\$ (9,964)	\$ (16,957)	\$ 648	\$(14,222)	\$ 1,424
Cost of termination benefits recognized.....	\$ --	\$ 475	\$ 182	\$ --	\$ --	\$ --

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## 11. INCOME TAXES

The income tax expense for the three years ended December 31, 2001 consisted of the following:

	2001	2000	1999
	-----	-----	-----
	(in thousands)		
Current:			
Federal.....	\$65,881	\$26,186	\$21,035
State.....	8,900	847	3,461
Current.....	74,781	27,033	24,496
Deferred.....	(7,389)	17,358	8,465
Income tax expense	\$67,392	\$44,391	\$32,961
	=====	=====	=====

Income tax expense for the three years ended December 31, 2001 differs from amounts computed by applying the statutory federal rate to pre-tax income, for the following reasons:

	2001	2000	1999
	-----	-----	-----
	(in thousands)		
Computed federal income tax expense.....	\$65,522	\$42,950	\$33,439
State tax on income, less applicable federal tax	5,285	2,968	3,790
Low-income housing credits.....	(859)	(1,124)	(1,161)
Dividend exclusion.....	(867)	(954)	(860)
Prior years' tax settlement.....	--	--	(2,815)
Fair market value over cost of donations.....	(1,481)	--	--
Other--net.....	(208)	551	568
Income tax expense.....	\$67,392	\$44,391	\$32,961
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the net deferred tax liability at December 31, 2001 and 2000 were as follows:

	2001	2000
	-----	
	(in thousands)	
Property basis and depreciation.....	\$166,810	\$180,895
Tax-deferred gains on real estate transactions	106,993	104,033
Capital Construction Fund.....	61,998	58,704
Unrealized holding gains on securities.....	--	36,371
Pensions.....	24,720	19,447
Post-retirement benefits.....	(17,331)	(17,900)
Insurance reserves.....	(9,301)	(10,740)
Other--net.....	(4,504)	3,143
	-----	
Total.....	\$329,385	\$373,953
	=====	

The Internal Revenue Service (IRS) completed its examination of the Company's tax returns through 1997. The IRS is currently auditing the Company's tax returns for 1998 and 1999. Management believes that the outcome of the current audit will not have a material effect on the Company's financial position or results of operations.

## 12. STOCK OPTIONS

**Employee Stock Option Plans:** The Company has two stock option plans under which key employees are granted options to purchase shares of the Company's common stock. There are no longer any outstanding options under a third plan, which terminated in 1993.

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Adopted in 1998, the Company's 1998 Stock Option/Stock Incentive Plan ("1998 Plan") provides for the issuance of non-qualified stock options to employees of the Company. Under the 1998 Plan, option prices may not be less than the fair market value of the Company's common stock on the dates of grant, the options become exercisable over periods determined, at the dates of grant, by the committee that administers the plan (generally ratably over three years), and the options generally expire ten years from the date of grant. Payments for options exercised may be made in cash or in shares of the Company's stock. If an option to purchase shares is exercised within five years of the date of grant and if payment is made in shares of the Company's stock, the option holder may receive, under a reload feature, a new stock option grant for such number of shares as is equal to the number surrendered, with an option price not less than the greater of the fair market value of the Company's stock on the date of exercise or one and one-half times the original option price.

Adopted in 1989, the Company's 1989 Stock Option/Stock Incentive Plan ("1989 Plan") is substantially the same as the 1998 Plan, except that each option is generally exercisable in-full one year after the date granted. The 1989 Plan terminated in January 1999, but options granted through 1998 remain exercisable.

The 1998 and 1989 Plans also permit the issuance of shares of the Company's common stock as a reward for past service rendered to the Company or one of its subsidiaries or as an incentive for future service with such entities. The recipients' interest in such shares may be vested fully upon issuance or may vest in one or more installments, upon such terms and conditions as are determined by the committee which administers the plans. The number of incentive shares issued during 2001 or outstanding at the end of the year was not material.

**Director Stock Option Plans:** The Company has two Directors' stock option plans. Under the 1998 Non-Employee Director Stock Option Plan ("1998 Directors' Plan"), each non-employee Director of the Company, elected at an Annual Meeting of Shareholders, is automatically granted, on the date of each such Annual Meeting, an option to purchase 3,000 shares of the Company's common stock at the fair market value of the shares on the date of grant. Each option to purchase shares becomes exercisable in three successive annual installments of 1,000 shares beginning one year after the date granted.

The 1989 Non-Employee Directors Stock Option Plan ("1989 Directors' Plan") is substantially the same as the 1998 Directors' Plan, except that each option generally becomes exercisable in-full one year after the date granted. This plan terminated in January 1999, but options granted through termination remain exercisable.

Changes in shares and the weighted average exercise prices for the three years ended December 31, 2001, were as follows:

Employee Plans			Directors' Plans			Weighted Average Exercise Price
1998 Plan	1989 Plan	1983 Plan	1998 Directors' Plan	1989 Directors' Plan	Total Shares	
-----						
(shares in thousands)						
December 31, 1998	100	3,263	161	-	204	3,728
						\$26.69

Granted.....	515	-	-	24	-	539	\$20.65
Exercised.....	-	(4)	-	-	-	(4)	\$22.02
Canceled.....	(2)	(373)	(161)	-	(15)	(551)	\$29.16
-----							
December 31, 1999	613	2,886	-	24	189	3,712	\$25.43
Granted.....	511	-	-	24	-	535	\$21.70
Exercised.....	(7)	(139)	-	-	-	(146)	\$23.79
Canceled.....	(31)	(340)	-	-	(21)	(392)	\$29.49
-----							
December 31, 2000	1,086	2,407	-	48	168	3,709	\$24.52
Granted.....	590	-	-	24	-	614	\$27.23
Exercised.....	(35)	(244)	-	-	-	(279)	\$23.53
Canceled.....	(14)	(21)	-	-	(21)	(56)	\$25.81
-----							
December 31, 2001	1,627	2,142	-	72	147	3,988	\$24.99
-----							
Exercisable.....	550	2,142	-	24	147	2,863	\$25.19
-----							

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As of December 31, 2001, the Company had reserved 431,000 and 58,000 shares of its common stock for the exercise of options under the 1998 Plan and 1998 Directors' Plan, respectively. Additional information about stock options outstanding as of 2001 year-end is summarized below:

Range of Exercise Price	Shares Outstanding as of 12/31/2001	Weighted Average Remaining Contractual Years	Weighted Average Exercise Price	Shares Exercisable as of 12/31/2001	Weighted Average Price of Exercisable Options
(shares in thousands)					
\$0.00.....	16	9.1	\$ 0.00	--	--
\$20.01 - 22.00.....	1,170	6.3	\$21.31	682	\$21.31
\$22.01 - 24.00.....	445	4.3	\$23.07	360	\$23.05
\$24.01 - 26.00.....	382	1.6	\$24.37	378	\$24.36
\$26.01 - 28.00.....	1,025	3.3	\$27.05	1,025	\$27.05
\$28.01 - 30.00.....	852	5.7	\$28.33	320	\$28.35
\$30.01 - 34.88.....	98	0.8	\$33.51	98	\$33.51
-----					
\$ 0.00 - 34.88.....	3,988	4.7	\$24.99	2,863	\$25.19
-----					

Accounting Method for Stock-based Compensation: The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations, to account for its stock-based compensation plans. Accordingly, no compensation cost is recognized in the Company's income statement for stock option plans at the time grants are awarded. Pro forma information regarding net income and earnings per share is required, using the fair value method, by SFAS No. 123, "Accounting for Stock-based Compensation."

The fair value of options granted for each of the three years ended December 31, 2001, reported below, has been estimated using a Black-Scholes option pricing model. This model was developed for use in estimating the fair value of traded options which do not have vesting requirements and which are fully transferable. The Company's options have characteristics significantly different from those of traded options. The following assumptions were used in determining the pro forma amounts:

	2001	2000	1999
Stock volatility.....	25.2%	25.0%	24.8%
Expected term from grant date (in years)	6.2	6.7	6.5
Risk-free interest rate.....	4.5%	6.0%	5.0%
Forfeiture discount.....	2.6%	0.3%	0.2%
Dividend yield.....	3.3%	3.4%	4.0%

Based upon the above assumptions, the computed annual weighted average fair value of employee stock options granted during 2001, 2000, and 1999 was \$6.22, \$5.54, and \$4.63, respectively, per option.

Had compensation cost for the stock options granted during the past three years been based on the estimated fair value at grant dates, as prescribed by SFAS No. 123, the Company's pro forma net income and net income per share would have been as follows:

	2001	2000	1999
(in thousands, except per share amounts)			
Net Income:			
As reported.....	\$110,628	\$90,574	\$62,579

Pro forma.....	\$108,848	\$89,060	\$61,108
Net Income Per Share:			
Basic, as reported..	\$ 2.73	\$ 2.21	\$ 1.45
Basic, pro forma....	\$ 2.69	\$ 2.18	\$ 1.41
Diluted, as reported	\$ 2.72	\$ 2.21	\$ 1.45
Diluted, pro forma..	\$ 2.67	\$ 2.17	\$ 1.42

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The pro forma disclosures of net income and earnings per share are not likely to be representative of the pro forma effects on future net income or earnings per share, because the number of future shares which may be issued is not known, shares vest over several years, and assumptions used to determine the fair value can vary significantly.

Shareholder Rights Plan: The Company has a Shareholder Rights Plan, designed to protect the interests of shareholders in the event an attempt is made to acquire the Company. The rights initially will trade with the Company's outstanding common stock and will not be exercisable absent certain acquisitions or attempted acquisitions of specified percentages of such stock. If exercisable, the rights generally entitle shareholders (other than the acquiring party) to purchase additional shares of the Company's stock or shares of an acquiring company's stock at prices below market value.

### 13. RELATED PARTY TRANSACTIONS, COMMITMENTS AND CONTINGENCIES

At December 31, 2001, the Company and its subsidiaries had an unspent balance of total appropriations for capital expenditures of approximately \$77,633,000. However, there are no contractual obligations to spend this entire amount.

The Company has arranged for standby letters of credit totaling \$26,019,000. This includes letters of credit, totaling approximately \$13,959,000, which enable the Company to qualify as a self-insurer for state and federal workers' compensation liabilities. The amount also includes a letter of credit of \$6,112,000 for workers' compensation claims incurred by C&H employees, under a now-closed self-insurance plan, prior to December 24, 1998 (see Note 5). The Company only would be called upon to honor this letter of credit in the event of C&H's insolvency. The obligation to provide this letter of credit expires on December 24, 2003. The remaining letters of credit are for insurance-related matters, construction performance guarantees and other routine operating matters.

C&H is a party to a sugar supply contract with Hawaiian Sugar & Transportation Cooperative (HS&TC), a raw sugar marketing and transportation cooperative that the Company uses to market and transport its sugar to C&H. Under the terms of this contract, which expires in June 2003, C&H (an unconsolidated entity in which the Company has a minority ownership equity interest--see Notes 4 and 5) is obligated to purchase, and HS&TC is obligated to sell, all of the raw sugar delivered to HS&TC by the Hawaii sugar growers, at prices determined by the quoted domestic sugar market. The Company delivered to HS&TC raw sugar totaling \$70,149,000, \$64,455,000, and \$83,412,000, during 2001, 2000, and 1999, respectively. The Company has guaranteed up to \$15,000,000 of HS&TC's \$30,000,000 working capital line. The facility is fully collateralized by raw-sugar inventory. At December 31, 2001, HS&TC had borrowed \$2,500,000 under that facility.

The State of Hawaii, Department of Taxation (State) has informed the Company that it believes a portion of the Company's ocean transportation revenue is subject to the Public Service Company tax. The Company strongly disagrees with the State's tax position. If the State were to prevail fully, the amount of the claim could be material. Management believes, after consultation with legal counsel, that the ultimate disposition of this matter will not have a material adverse effect on the Company's results of operations or financial position.

Note 5 contains additional information about transactions with unconsolidated affiliates, which affiliates are also related parties, due to the Company's minority interest investments.

The Company and certain subsidiaries are parties to various legal actions and are contingently liable in connection with claims and contracts arising in the normal course of business, the outcome of which, in the opinion of management after consultation with legal counsel, will not have a material adverse effect on the Company's financial position or results of operations.

### 14. INDUSTRY SEGMENTS

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision-making group is

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made up of the president and lead executives of the Company and each of the Company's segments. The lead executive for each operating segment manages the profitability, cash flows and assets of his or her respective segment's various product or service lines and businesses. The operating segments are managed separately, because each operating segment represents a strategic business unit that offers different products or services and serves different markets.

The Company's reportable operating segments include Ocean Transportation, Property Development and Management and Food Products. The Ocean Transportation segment carries freight between various United States West Coast, Hawaii and other Pacific ports; holds investments in ocean transportation and terminal service businesses (see Note 5); and provides terminal and cargo logistics services. The Property Development and Management segment develops, manages and sells residential, commercial and industrial properties. The Food Products segment grows and processes raw sugar and molasses; invests in a sugar refining and marketing business (see Note 5); grows, mills and markets coffee; and generates and sells electricity.

The accounting policies of the operating segments are the same as those described in the summary of significant policies. Reportable segments are measured based on operating profit, exclusive of non-operating or unusual transactions, interest expense, general corporate expenses and income taxes.

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Industry segment information for each of the five years ended December 31, 2001 is summarized below:

	For the Year				
	2001	2000	1999	1998	1997
	(in thousands)				
<b>Revenue:</b>					
Ocean transportation.....	\$ 796,840	\$ 850,692	\$ 778,535	\$ 748,121	\$ 720,962
Property development and management:					
Leasing.....	70,685	62,105	53,910	44,433	43,606
Sales.....	89,156	46,322	48,036	82,382	35,916
Food products.....	104,376	106,341	116,362	465,661	486,912
Other.....	129,016	3,186	3,155	2,878	2,815
<b>Total revenue.....</b>	<b>\$1,190,073</b>	<b>\$1,068,646</b>	<b>\$ 999,998</b>	<b>\$1,343,475</b>	<b>\$1,290,211</b>
<b>Operating Profit:</b>					
Ocean transportation.....	\$ 62,264	\$ 93,732	\$ 83,778	\$ 66,298	\$ 80,385
Property development and management:					
Leasing.....	34,139	30,120	27,497	22,634	24,559
Sales.....	17,926	24,228	17,402	21,663	13,262
Food products.....	5,660	7,522	11,310	21,327	27,083
Other.....	127,635	2,974	2,944	2,696	2,639
<b>Total operating profit.....</b>	<b>247,624</b>	<b>158,576</b>	<b>142,931</b>	<b>134,618</b>	<b>147,928</b>
Write-down of long-lived assets.....	(28,600)	--	(15,410)	(20,216)	--
Loss on partial sale of subsidiary.....	--	--	--	(19,756)	--
Insurance settlement.....	--	--	--	--	19,965
Interest expense, net.....	(18,658)	(24,252)	(17,774)	(24,799)	(28,936)
General corporate expenses.....	(13,161)	(11,609)	(14,207)	(14,552)	(11,745)
<b>Income from continuing operations before income taxes and accounting changes.....</b>	<b>\$ 187,205</b>	<b>\$ 122,715</b>	<b>\$ 95,540</b>	<b>\$ 55,295</b>	<b>\$ 127,212</b>
<b>Identifiable Assets:</b>					
Ocean transportation.....	\$ 888,161	\$ 911,109	\$ 894,607	\$ 898,277	\$ 930,636
Property development and management.....	476,126	440,416	384,515	338,090	317,622
Food products.....	139,695	197,143	173,069	261,712	382,109
Other.....	40,437	117,344	109,269	107,561	74,431
<b>Total assets.....</b>	<b>\$1,544,419</b>	<b>\$1,666,012</b>	<b>\$1,561,460</b>	<b>\$1,605,640</b>	<b>\$1,704,798</b>
<b>Capital Expenditures:</b>					
Ocean transportation.....	\$ 59,669	\$ 40,190	\$ 19,232	\$ 60,403	\$ 20,828
Property development and management/1/.....	72,050	44,821	66,752	107,408	30,790
Food products.....	9,454	21,677	17,271	18,237	18,806
Other.....	267	216	258	441	242
<b>Total capital expenditures.....</b>	<b>\$ 141,440</b>	<b>\$ 106,904</b>	<b>\$ 103,513</b>	<b>\$ 186,489</b>	<b>\$ 70,666</b>
<b>Depreciation and Amortization:</b>					
Ocean transportation.....	\$ 55,359	\$ 54,586	\$ 56,174	\$ 61,543	\$ 62,192
Property development and management.....	10,486	8,972	7,299	6,357	6,281
Food products.....	9,118	8,285	9,962	20,086	19,538
Other.....	470	461	466	514	547
<b>Total depreciation and amortization.....</b>	<b>\$ 75,433</b>	<b>\$ 72,304</b>	<b>\$ 73,901</b>	<b>\$ 88,500</b>	<b>\$ 88,558</b>

See Note 2 for information regarding changes in presentation for certain revenues and expenses.

See Note 3 for information regarding discontinued operations.

See Note 4 for discussion of the write-down of long-lived assets and investments.

See Note 5 for discussion of the partial sale of California and Hawaiian Sugar Company, Inc.

/1/ Includes tax-deferred property purchases which are considered non-cash transactions in the Consolidated Statements of Cash Flows; excludes capital



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15. QUARTERLY INFORMATION (Unaudited)

Segment results by quarter for 2001 are listed below:

	2001			
	Q1	Q2	Q3	Q4
	-----			
	(in thousands, except per-share amounts)			
Revenue:				
Ocean transportation.....	\$196,609	\$203,212	\$207,828	\$189,191
Property development and management:				
Leasing.....	17,096	17,490	18,103	17,996
Sales.....	43,084	29,155	5,063	11,854
Food products.....	18,185	28,076	32,268	25,847
Other.....	857	16,188	803	111,168
	-----	-----	-----	-----
Total revenue.....	\$275,831	\$294,121	\$264,065	\$356,056
	=====	=====	=====	=====
Operating Profit (Loss):				
Ocean transportation.....	\$ 17,455	\$ 18,713	\$ 24,245	\$ 1,851
Property development and management:				
Leasing.....	8,740	8,679	8,704	8,016
Sales.....	12,216	3,551	(405)	2,564
Food products/1/.....	5,802	1,509	2,235	(3,886)
Other.....	840	16,107	767	109,921
	-----	-----	-----	-----
Total operating profit.....	45,053	48,559	35,546	118,466
Impairment loss on Investments/1/.....	--	--	--	(28,600)
Interest Expense.....	(5,779)	(4,870)	(4,330)	(3,679)
General Corporate Expenses.....	(3,791)	(3,191)	(2,878)	(3,301)
	-----	-----	-----	-----
Income From Continuing Operations before Income Taxes	35,483	40,498	28,338	82,886
Income taxes.....	(12,603)	(15,496)	(10,475)	(28,818)
	-----	-----	-----	-----
Income From Continuing Operations.....	22,880	25,002	17,863	54,068
Discontinued Operations (net of income taxes)/2/.....	(446)	(488)	(551)	(7,700)
	-----	-----	-----	-----
Net Income.....	\$ 22,434	\$ 24,514	\$ 17,312	\$ 46,368
	=====	=====	=====	=====
Earnings Per Share:				
Basic.....	\$ 0.55	\$ 0.61	\$ 0.42	\$ 1.15
Diluted.....	\$ 0.55	\$ 0.60	\$ 0.42	\$ 1.15

/1/ See Note 4 for discussion of the write-down of the Company's investment in C&H and certain power equipment.

/2/ See Note 3 for discussion of discontinued operations.

Fourth quarter 2001 results include the sale of the Company's BancWest stock holdings (see Note 5; amount included in the "Other" segment), the impairment loss related to the Company's investment in C&H (see Note 4) and a write-off of power generation assets (see Note 4). In addition, the Company discontinued and abandoned its panelboard business and restated previously reported quarters (see Notes 2 and 3).

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Segment results by quarter for 2000 are listed below:

	2000			
	Q1	Q2	Q3	Q4
	-----			
	(in thousands, except per-share amounts)			
Revenue:				
Ocean transportation/1/.....	\$200,225	\$213,584	\$220,759	\$216,124
Property development and management:				
Leasing/1/.....	14,518	15,287	15,522	16,778
Sales.....	3,052	24,987	14,435	3,848
Food products.....	13,666	34,504	34,294	23,877
Other.....	764	798	776	848
	-----	-----	-----	-----
Total revenue.....	\$232,225	\$289,160	\$285,786	\$261,475
	=====	=====	=====	=====
Operating Profit (Loss):				
Ocean transportation.....	\$ 19,893	\$ 27,914	\$ 26,106	\$ 19,819
Property development and management:				
Leasing.....	7,184	7,606	7,467	7,863
Sales.....	701	18,917	5,472	(862)
Food products.....	2,068	(2,060)	2,901	4,613
Other.....	709	764	745	756
	-----	-----	-----	-----

Total operating profit.....	30,555	53,141	42,691	32,189
Interest Expense.....	(5,347)	(5,959)	(6,661)	(6,285)
General Corporate Expenses.....	(3,502)	(2,706)	(2,392)	(3,009)
Income Before Income Taxes and Accounting Change.....	21,706	44,476	33,638	22,895
Income taxes.....	(7,525)	(16,233)	(12,284)	(8,349)
Change in accounting method (net of income taxes of \$7,668)/1/...	12,250	--	--	--
Net Income.....	\$ 26,431	\$ 28,243	\$ 21,354	\$ 14,546
Earnings Per Share:				
Basic.....	\$ 0.63	\$ 0.69	\$ 0.53	\$ 0.36
Diluted.....	\$ 0.63	\$ 0.69	\$ 0.52	\$ 0.36

/1/ See Note 2 for discussion of changes in presentation and accounting method

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16. PARENT COMPANY CONDENSED FINANCIAL INFORMATION

Set forth below are the unconsolidated condensed financial statements of Alexander & Baldwin, Inc. (Parent Company). The significant accounting policies used in preparing these financial statements are substantially the same as those used in the preparation of the consolidated financial statements as described in Note 1, except that, for purposes of the tables presented in this footnote, subsidiaries are carried under the equity method.

The following table presents the Parent Company's condensed Balance Sheets as of December 31, 2001 and 2000:

	2001	2000
	(in thousands)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents.....	\$ 15,509	\$ 126
Accounts and notes receivable, net.....	11,971	10,065
Prepaid expenses and other.....	13,157	1923,432
Total current assets.....	40,637	23,623
Investments:		
Subsidiaries consolidated, at equity.....	545,819	678,636
Other.....	1,630	110,714
Total investments.....	547,449	789,350
Property, at Cost.....	367,332	348,774
Less accumulated depreciation and amortization..	167,445	161,246
Property--net.....	199,887	187,528
Due from Subsidiaries.....	162,118	46,706
Other Assets.....	31,592	27,973
Total.....	\$ 981,683	\$1,075,180
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Current portion of long-term debt.....	\$ 7,500	\$ 7,500
Accounts payable.....	4,157	2,784
Income taxes payable.....	55,034	1,000
Other.....	15,572	22,693
Total current liabilities.....	82,263	33,977
Long-term Debt.....	107,500	231,000
Other Long-term Liabilities.....	16,184	14,762
Deferred Income Taxes.....	65,069	101,790
Commitments and Contingencies		
Shareholders' Equity:		
Capital stock.....	33,328	33,248
Additional capital.....	66,659	58,007
Unrealized holding gains on securities.....	--	61,937
Retained earnings.....	622,615	552,637
Cost of treasury stock.....	(11,935)	(12,178)
Total shareholders' equity.....	710,667	693,651
Total.....	\$ 981,683	\$1,075,180

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The following table presents the Parent Company's condensed Statements of Income for the years ended December 31, 2001, 2000 and 1999:

	2001	2000	1999
	(in thousands)		
<b>Revenue:</b>			
Food products.....	\$ 84,428	\$ 77,190	\$ --
Property leasing.....	16,422	14,397	10,999
Property sales.....	15,569	19,732	803
Interest, dividends and other.....	131,672	5,055	3,180
<b>Total revenue.....</b>	<b>248,091</b>	<b>116,374</b>	<b>14,982</b>
<b>Costs and Expenses:</b>			
Cost of agricultural goods and services.....	78,491	77,302	--
Cost of property sales and leasing services.....	16,764	8,194	4,808
Selling, general and administrative.....	13,160	11,609	9,686
Interest and other.....	20,852	20,220	1,770
Income taxes.....	42,272	(1,273)	(3,271)
<b>Total costs and expenses.....</b>	<b>171,539</b>	<b>116,052</b>	<b>12,993</b>
<b>Income Before Equity in Net Income of Subsidiaries Consolidated.....</b>	<b>76,552</b>	<b>322</b>	<b>1,989</b>
<b>Equity in Net Income of Subsidiaries Consolidated.....</b>	<b>43,261</b>	<b>90,252</b>	<b>60,590</b>
<b>Equity in Net Loss from Discontinued Operations of Subsidiaries Consolidated.....</b>	<b>(9,185)</b>	<b>--</b>	<b>--</b>
<b>Net Income.....</b>	<b>110,628</b>	<b>90,574</b>	<b>62,579</b>
Unrealized holding gains (losses) and reclassification of realized gains on securities, net of income taxes.....	(61,937)	12,476	(13,868)
<b>Comprehensive Income.....</b>	<b>\$ 48,691</b>	<b>\$103,050</b>	<b>\$ 48,711</b>

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The following table presents the Parent Company's condensed Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999:

	2001	2000	1999
	(in thousands)		
<b>Cash Flows from Operations.....</b>	<b>\$ 6,180</b>	<b>\$ (5,634)</b>	<b>\$ 3,579</b>
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures.....	(22,800)	(18,107)	(1,346)
Proceeds from disposal of property and investments.....	138,222	3,705	--
Dividends received from subsidiaries.....	40,000	50,000	50,000
<b>Net cash provided by investing activities.....</b>	<b>155,422</b>	<b>35,598</b>	<b>48,654</b>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in intercompany payable.....	11,481	(8,507)	20,757
Proceeds from (repayments of) long-term debt, net..	(123,500)	60,500	--
Proceeds from issuance of capital stock.....	4,558	2,961	101
Repurchases of capital stock.....	(2,270)	(48,260)	(34,824)
Dividends paid.....	(36,488)	(36,785)	(38,899)
<b>Net cash used in financing activities.....</b>	<b>(146,219)</b>	<b>(30,091)</b>	<b>(52,865)</b>
<b>Cash and Cash Equivalents:</b>			
Net increase (decrease) for the year.....	15,383	(127)	(632)
Balance, beginning of year.....	126	253	885
<b>Balance, end of year.....</b>	<b>\$ 15,509</b>	<b>\$ 126</b>	<b>\$ 253</b>
<b>Other Cash Flow Information:</b>			
Interest paid, net of amounts capitalized.....	\$ (14,386)	\$ (16,485)	\$ (303)
Income taxes paid.....	(20,961)	(31,807)	(34,213)
<b>Other Non-cash Information:</b>			
Depreciation expense.....	(12,216)	(11,037)	(2,550)
Tax-deferred property sales.....	12,415	18,692	--
Tax-deferred property purchases.....	(12,076)	(18,459)	--

General Information and Principles of Consolidation: Alexander & Baldwin, Inc. ("Parent Company"), headquartered in Honolulu Hawaii, is engaged in the operations that are described in Note 14, "Industry Segments." Due to a merger, one of the Company's wholly owned subsidiaries, A&B-Hawaii, Inc., is included in the Parent Company's financial statements effective January 1, 2000. Previously, A&B-Hawaii, Inc. was accounted for in the Parent Company financial statements using the equity method.

Investments: Other investments on the Parent Company Balance Sheet at December 31, 2000, consisted primarily of marketable equity securities that were liquidated during 2001 (see Note 5).

Long-term Debt: The Parent Company's long term debt at December 31, 2001 consisted of all the debt that is described in Footnote 8, with the exceptions of \$99,878,000 of commercial paper notes and \$12,400,000 of variable rate loans. At December 31, 2001, maturities and planned prepayments of all long-term debt during the next five years are \$7,500,000 for 2002, \$9,643,000 for 2003, \$12,500,000 for 2004, \$17,500,000 for 2005 and \$17,500,000 for 2006.

Other Long-term Liabilities: Other Long-term Liabilities at December 31, 2001 and 2000 consisted principally of deferred compensation, executive benefit plans and self-insurance liabilities.

Additional Information: Additional information related to the Parent Company is described in the foregoing notes to the consolidated financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A. Directors

For information about the directors of A&B, see the section captioned "Election of Directors" in A&B's proxy statement dated March 11, 2002 ("A&B's 2002 Proxy Statement"), which section is incorporated herein by reference.

B. Executive Officers of the Registrant

The name of each executive officer of A&B (in alphabetical order), age (in parentheses) as of March 31, 2002, and present and prior positions with A&B and business experience for the past five years are given below.

Generally, the term of office of executive officers is at the pleasure of the Board of Directors. For a discussion of compliance with Section 16(a) of the Securities Exchange Act of 1934 by A&B's directors and executive officers, see the subsection captioned "Section 16(a) Beneficial Ownership Reporting Compliance" in A&B's 2002 Proxy Statement, which subsection is incorporated herein by reference. For a discussion of severance agreements between A&B and certain of A&B's executive officers, see the subsection captioned "Severance Agreements" in A&B's 2002 Proxy Statement, which subsection is incorporated herein by reference.

James S. Andrasick (58)

Senior Vice President, Chief Financial Officer and Treasurer of A&B, 6/00-present; President and Chief Operating Officer, C. Brewer and Company, Limited, 9/92-3/00.

Meredith J. Ching (45)

Vice President (Government & Community Relations) of A&B, 10/92-present; Vice President of A&B-Hawaii, Inc. ("ABHI") (Government & Community Relations), 10/92-12/99; first joined A&B or a subsidiary in 1982.

Matthew J. Cox (40)

Senior Vice President, Chief Financial Officer and Controller of Matson, 6/01-present; Executive Vice President and Chief Financial Officer, Distribution Dynamics, Inc., 8/99-6/01; Vice President, American President Lines, Ltd., 12/86-7/99.

W. Allen Doane (54)

President and Chief Executive Officer of A&B, and Director of A&B and Matson, 10/98-present; Vice Chairman of Matson, 12/98-present; Executive Vice President of A&B, 8/98-10/98; Director of ABHI, 4/97-12/99; Chief Executive Officer of ABHI, 1/97-12/99; President of ABHI, 4/95-12/99; first joined A&B or a subsidiary in 1991.

John F. Gasher (68)

Vice President (Human Resources) of A&B, 12/99-present; Vice President (Human Resources Development) of ABHI, 1/97-12/99; first joined A&B or a subsidiary in 1960.

G. Stephen Holaday (57)

Vice President of A&B, 12/99-present; Senior Vice President of ABHI, 4/89-12/99; Vice President and Controller of A&B, 4/93-1/96; first joined A&B or a subsidiary in 1983.

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John B. Kelley (56)

Vice President (Investor Relations) of A&B, 8/01-present; Vice President (Corporate Planning & Investor Relations) of A&B, 10/99-8/01; Vice President (Investor Relations) of A&B, 1/95-10/99; Vice President of ABHI, 9/89-12/99; first joined A&B or a subsidiary in 1979.

Stanley M. Kuriyama (48)

Vice President (Properties Group) of A&B, 2/99-present; Chief Executive Officer and Vice Chairman of A&B Properties, Inc., 12/99-present; Executive

Vice President of ABHI, 2/99-12/99; Vice President of ABHI, 1/92-1/99; first joined A&B or a subsidiary in 1992.

Michael J. Marks (63)

Vice President and General Counsel of A&B, 9/80-present; Secretary of A&B, 8/84-1/99; Senior Vice President and General Counsel of ABHI, 4/89-12/99; first joined A&B or a subsidiary in 1975.

C. Bradley Mulholland (60)

Executive Vice President of A&B, 8/98-present; President of Matson, 5/90-present; Chief Executive Officer of Matson, 4/92-present; Director of A&B, 4/91-present; Director of Matson, 7/89-present; Director of ABHI, 4/91-12/99; first joined Matson in 1965.

Alyson J. Nakamura (36)

Secretary of A&B, 2/99-present; Assistant Secretary of A&B, 6/94-1/99; Secretary of ABHI, 6/94-12/99; first joined A&B or a subsidiary in 1994.

Raymond L. Smith (47)

Chief Operating Officer of Matson, 11/01-present; Chief Executive Officer, Ampent, 3/01-10/01; Chief Executive Officer, Fritz Companies, Inc., 1/99-11/00; President, United States Fleet Leasing, 2/93-1/99.

Thomas A. Wellman (43)

Controller of A&B, 1/96-present; Assistant Treasurer, 1/96-12/99, 6/00-present; Treasurer of A&B, 1/00-5/00; Vice President of ABHI, 1/96-12/99; Controller of ABHI, 11/91-12/99; first joined A&B or a subsidiary in 1989.

#### ITEM 11. EXECUTIVE COMPENSATION

See the section captioned "Executive Compensation" in A&B's 2002 Proxy Statement, which section is incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the section captioned "Security Ownership of Certain Shareholders" and the subsection titled "Security Ownership of Directors and Executive Officers" in A&B's 2002 Proxy Statement, which section and subsection are incorporated herein by reference.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See the subsection captioned "Certain Relationships and Transactions" in A&B's 2002 Proxy Statement, which subsection is incorporated herein by reference.

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#### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

##### A. Financial Statements

The financial statements are set forth in Item 8 ("Financial Statements and Supplementary Data") above.

##### B. Financial Statement Schedules

The financial schedules for Alexander & Baldwin, Inc. (Parent Company) are set forth in Note 16 of Item 8 ("Financial Statements and Supplementary Data") above. All other schedules are omitted because of the absence of the conditions under which they are required or because the information called for is included in the financial statements or notes thereto.

##### C. Exhibits Required by Item 601 of Regulation S-K

Exhibits not filed herewith are incorporated by reference to the exhibit number and previous filing shown in parentheses. All previous exhibits were filed with the Securities and Exchange Commission in Washington, D.C. Exhibits filed pursuant to the Securities Exchange Act of 1934 were filed under file number 0-565. Shareholders may obtain copies of exhibits for a copying and handling charge of \$0.15 per page by writing to Alyson J. Nakamura, Secretary, Alexander & Baldwin, Inc., P. O. Box 3440, Honolulu, Hawaii 96801.

#### 3. Articles of incorporation and bylaws.

3.a. Restated Articles of Association of Alexander & Baldwin, Inc., as restated effective May 5, 1986, together with Amendments dated April 28, 1988 and April 26, 1990 (Exhibits 3.a.(iii) and (iv) to A&B's Form 10-Q for the quarter ended March 31, 1990).

3.b. Revised Bylaws of Alexander & Baldwin, Inc. (as Amended Effective February 22, 2001) (Exhibit 3.b.(i) to A&B's Form 10-K for the year ended December 31, 2000).

#### 4. Instruments defining rights of security holders, including indentures.

##### 4.a. Equity.

4.a. Rights Agreement, dated as of June 25, 1998 between Alexander & Baldwin, Inc. and ChaseMellon Shareholder Services, L.L.C. and Press Release of Alexander & Baldwin, Inc. (Exhibits 4 and 99 to A&B's Form 8-K dated June 25, 1998).

4.b. Debt.

4.b. Third Amended and Restated Revolving Credit and Term Loan Agreement, dated November 19, 2001, among Alexander & Baldwin, Inc. and First Hawaiian Bank, Bank of America, N.A., Bank of Hawaii, The Bank of New York, Wells Fargo Bank, National Association, American Savings Bank, F.S.B., and First Hawaiian Bank, as Agent.

10. Material contracts.

10.a. (i) Issuing and Paying Agent Agreement between Matson Navigation Company, Inc. and U.S. Bank National Association, as successor-in-interest to Security Pacific National Trust (New York), with respect to Matson Navigation Company, Inc.'s \$150 million commercial paper program dated September 18, 1992 (Exhibit 10.b.1.(xxviii) to A&B's Form 10-Q for the quarter ended September 30, 1992).

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(ii) Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, effective as of December 20, 1990 (Exhibit 10.b.(ix) to A&B's Form 10-K for the year ended December 31, 1990).

(iii) Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of June 4, 1993 (Exhibit 10.a.(xiii) to A&B's Form 8-K dated June 4, 1993).

(iv) Amendment dated as of May 20, 1994 to the Note Agreements among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of December 20, 1990 and June 4, 1993 (Exhibit 10.a.(xiv) to A&B's Form 10-Q for the quarter ended June 30, 1994).

(v) Amendment dated January 23, 1995 to the Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of December 20, 1990 (Exhibit 10.a.(xvi) to A&B's Form 10-K for the year ended December 31, 1994).

(vi) Amendment dated as of June 30, 1995 to the Note Agreements, among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of December 20, 1990 and June 4, 1993 (Exhibit 10.a.(xxvii) to A&B's Form 10-Q for the quarter ended June 30, 1995).

(vii) Amendment dated as of November 29, 1995 to the Note Agreements among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of December 20, 1990 and June 4, 1993 (Exhibit 10.a.(xvii) to A&B's Form 10-K for the year ended December 31, 1995).

(viii) Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xx) to A&B's Form 10-Q for the quarter ended September 30, 1994).

(ix) Amendment dated August 31, 1994 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank dated December 30, 1993 (Exhibit 10.a.(xxi) to A&B's Form 10-Q for the quarter ended September 30, 1994).

(x) Second Amendment dated March 29, 1995 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xxiii) to A&B's Form 10-Q for the quarter ended March 31, 1995).

(xi) Third Amendment dated November 30, 1995 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xvii) to A&B's Form 10-K for the year ended December 31, 1996).

(xii) Fourth Amendment dated November 25, 1996 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xviii) to A&B's Form 10-K for the year ended December 31, 1996).

(xiii) Fifth Amendment dated November 28, 1997 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xix) to A&B's Form 10-K for the year ended December 31, 1997).

(xiv) Sixth Amendment dated November 30, 1998 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xiv) to A&B's Form 10-K for the year ended December 31, 1998).

(xv) Seventh Amendment dated November 23, 1999 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xv) to A&B's Form 10-K for the year ended December 31, 1999).

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(xvi) Eighth Amendment dated May 3, 2000 to the Revolving Credit Agreement ("Agreement") between Alexander & Baldwin, Inc. and First Hawaiian Bank, dated December 30, 1993 (A&B-Hawaii, Inc., an original party to the Agreement, was merged into Alexander & Baldwin, Inc. effective December 31, 1999) (Exhibit 10.a.(xxvii) to A&B's Form 10-Q for the quarter ended June 30, 2000).

(xvii) Ninth Amendment dated November 16, 2000 to the Revolving Credit Agreement between Alexander & Baldwin, Inc. and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xvii) to A&B's Form 10-K for the year ended December 31, 2000).

(xviii) Tenth Amendment dated November 30, 2001 to the Revolving Credit Agreement between Alexander & Baldwin, Inc. and First Hawaiian Bank, dated December 30, 1993.

(xix) Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996 (Exhibit 10.a.(xxxiii) to A&B's Form 10-Q for the quarter ended September 30, 1996).

(xx) First Amendment, dated as of February 5, 1999, to the Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996 (Exhibit 10.a.(xxii) to A&B's Form 10-K for the year ended December 31, 1998).

(xxi) Private Shelf Agreement between Alexander & Baldwin, Inc. and Prudential Insurance Company of America, dated as of April 25, 2001 (Exhibit 10.a.(xlvii) to A&B's Form 10-Q for the quarter ended June 30, 2001).

(xxii) Amendment, dated as of April 25, 2001, to the Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and The Prudential Insurance Company of America, dated as of June 4, 1993, and the Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996 (Exhibit 10.a.(xlviii) to A&B's Form 10-Q for the quarter ended June 30, 2001).

(xxiii) Private Shelf Agreement between Matson Navigation Company, Inc. and Prudential Insurance Company of America, dated as of June 29, 2001 (Exhibit 10.a.(xlix) to A&B's Form 10-Q for the quarter ended June 30, 2001).

(xxiv) Amended and Restated Asset Purchase Agreement, dated as of December 24, 1998, by and among California and Hawaiian Sugar Company, Inc., A&B-Hawaii, Inc., McBryde Sugar Company, Limited and Sugar Acquisition Corporation (without exhibits or schedules) (Exhibit 10.a.1.(xxxvi) to A&B's Form 8-K dated December 24, 1998).

(xxv) Amended and Restated Stock Sale Agreement, dated as of December 24, 1998, by and between California and Hawaiian Sugar Company, Inc. and Citicorp Venture Capital, Ltd. (without exhibits) (Exhibit 10.a.1.(xxxvii) to A&B's Form 8-K dated December 24, 1998).

(xxvi) Pro forma financial information relative to the Amended and Restated Asset Purchase Agreement, dated as of December 24, 1998, by and among California and Hawaiian Sugar Company, Inc., A&B-Hawaii, Inc., McBryde Sugar Company, Limited and Sugar Acquisition Corporation, and the Amended and Restated Stock Sale Agreement, dated as of December 24, 1998, by and between California and Hawaiian Sugar Company, Inc. and Citicorp Venture Capital, Ltd. (Exhibit 10.a.1.(xxxviii) to A&B's Form 8-K dated December 24, 1998).

\*10.b.1. (i) Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (Exhibit 10.c.1.(ix) to A&B's Form 10-K for the year ended December 31, 1988).

(ii) Amendment No. 1 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(xxvi) to A&B's Form 10-Q for the quarter ended June 30, 1992).

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\* All exhibits listed under 10.b.1. are management contracts or compensatory plans or arrangements.

(iii) Amendment No. 2 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(iv) to A&B's Form 10-Q for the quarter ended March 31, 1994).

(iv) Amendment No. 3 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(ix) to A&B's Form 10-K for the year ended December 31, 1994).

(v) Amendment No. 4 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(v) to A&B's Form 10-K for the year ended December 31, 2000).

(vi) Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan (Exhibit 10.c.1.(x) to A&B's Form 10-K for the year ended December

31, 1988).

(vii) Amendment No. 1 to the Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan (Exhibit 10.b.1.(xxiv) to A&B's Form 10-K for the year ended December 31, 1991).

(viii) Amendment No. 2 to the Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan (Exhibit 10.b.1.(xxvii) to A&B's Form 10-Q for the quarter ended June 30, 1992).

(ix) Amendment No. 3 to the Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan (Exhibit 10.b.1.(ix) to A&B's Form 10-K for the year ended December 31, 2000).

(x) Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(xxxii) to A&B's Form 10-Q for the quarter ended March 31, 1998).

(xi) Amendment No. 1 to the Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(xi) to A&B's Form 10-K for the year ended December 31, 2000).

(xii) Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan (Exhibit 10.b.1.(xxxiii) to A&B's Form 10-Q for the quarter ended March 31, 1998).

(xiii) Amendment No. 1 to the Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan (Exhibit 10.b.1.(xiii) to A&B's Form 10-K for the year ended December 31, 2000).

(xiv) Alexander & Baldwin, Inc. Non-Employee Director Stock Retainer Plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxiv) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xv) Amendment No. 1 to Alexander & Baldwin, Inc. Non-Employee Director Stock Retainer Plan, effective December 9, 1999 (Exhibit 10.b.1.(xi) to A&B's Form 10-K for the year ended December 31, 1999).

(xvi) Second Amended and Restated Employment Agreement between Alexander & Baldwin, Inc. and R. J. Pfeiffer, effective as of October 25, 1990 (Exhibit 10.c.1.(xiii) to A&B's Form 10-K for the year ended December 31, 1990).

(xvii) A&B Deferred Compensation Plan for Outside Directors (Exhibit 10.c.1.(xviii) to A&B's Form 10-K for the year ended December 31, 1985).

(xviii) Amendment No. 1 to A&B Deferred Compensation Plan for Outside Directors, effective October 27, 1988 (Exhibit 10.c.1.(xxix) to A&B's Form 10-Q for the quarter ended September 30, 1988).

(xix) A&B Life Insurance Plan for Outside Directors (Exhibit 10.c.1.(xix) to A&B's Form 10-K for the year ended December 31, 1985).

(xx) A&B Excess Benefits Plan, Amended and Restated effective February 1, 1995 (Exhibit 10.b.1.(xx) to A&B's Form 10-K for the year ended December 31, 1994).

(xxi) Amendment No. 1 to the A&B Excess Benefits Plan, dated June 26, 1997 (Exhibit 10.b.1.(xxx) to A&B's Form 10-Q for the quarter ended June 30, 1997).

(xxii) Amendment No. 2 to the A&B Excess Benefits Plan, dated December 10, 1997 (Exhibit 10.b.1.(xx) to A&B's Form 10-K for the year ended December 31, 1997).

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(xxiii) Amendment No. 3 to the A&B Excess Benefits Plan, dated April 23, 1998 (Exhibit 10.b.1.(xxxv) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xxiv) Amendment No. 4 to the A&B Excess Benefits plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxvi) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xxv) Amendment No. 5 to the A&B Excess Benefits Plan, dated December 9, 1998 (Exhibit 10.b.1.(xxii) to A&B's Form 10-K for the year ended December 31, 1998).

(xxvi) Amendment No. 6 to the A&B Excess Benefits Plan, dated October 25, 2000 (Exhibit 10.b.1.(xxviii) to A&B's Form 10-K for the year ended December 31, 2000).

(xxvii) Restatement of the A&B Executive Survivor/Retirement Benefit Plan, effective February 1, 1995 (Exhibit 10.b.1.(xxii) to A&B's Form 10-K for the year ended December 31, 1994).

(xxviii) Amendment No. 1 to the A&B Executive Survivor/Retirement Benefit Plan, dated October 25, 2000 (Exhibit 10.b.1.(xxx) to A&B's Form 10-K for the year ended December 31, 2000).

(xxix) Restatement of the A&B 1985 Supplemental Executive Retirement Plan, effective February 1, 1995 (Exhibit 10.b.1.(xxiv) to A&B's Form 10-K for the year ended December 31, 1994).



(xxx) Amendment No. 1 to the A&B 1985 Supplemental Executive Retirement Plan, dated August 27, 1998 (Exhibit 10.b.1.(xliii) to A&B's Form 10-Q for the quarter ended September 30, 1998).

(xxxii) Amendment No. 2 to the A&B 1985 Supplemental Executive Retirement Plan, dated October 25, 2000 (Exhibit 10.b.1.(xxxiii) to A&B's Form 10-K for the year ended December 31, 2000).

(xxxiii) Restatement of the A&B Retirement Plan for Outside Directors, effective February 1, 1995 (Exhibit 10.b.1.(xxvi) to A&B's Form 10-K for the year ended December 31, 1994).

(xxxiv) Amendment No. 1 to the A&B Retirement Plan for Outside Directors, dated August 27, 1998 (Exhibit 10.b.1.(xlii) to A&B's Form 10-Q for the quarter ended September 30, 1998).

(xxxv) Amendment No. 2 to the A&B Retirement Plan for Outside Directors, dated October 25, 2000 (Exhibit 10.b.1.(xxxvi) to A&B's Form 10-K for the year ended December 31, 2000).

(xxxvi) Form of Severance Agreement entered into with certain executive officers, as amended and restated effective August 24, 2000 (Exhibit 10.b.1.(xli) to A&B's Form 10-Q for the quarter ended September 30, 2000).

(xxxvii) Alexander & Baldwin, Inc. One-Year Performance Improvement Incentive Plan, as restated effective October 22, 1992 (Exhibit 10.b.1.(xxi) to A&B's Form 10-K for the year ended December 31, 1992).

(xxxviii) Amendment No. 1 to the Alexander & Baldwin, Inc. One-Year Performance Improvement Incentive Plan, dated December 13, 2001.

(xxxix) Alexander & Baldwin, Inc. Three-Year Performance Improvement Incentive Plan, as restated effective October 22, 1992 (Exhibit 10.b.1.(xxii) to A&B's Form 10-K for the year ended December 31, 1992).

(xl) Alexander & Baldwin, Inc. Deferred Compensation Plan effective August 25, 1994 (Exhibit 10.b.1.(xxv) to A&B's Form 10-Q for the quarter ended September 30, 1994).

(xli) Amendment No. 1 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, effective July 1, 1997 (Exhibit 10.b.1.(xxxii) to A&B's Form 10-Q for the quarter ended June 30, 1997).

(xlii) Amendment No. 2 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxvii) to A&B's Form 10-Q for the quarter ended June 30, 1998).

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(xliii) Amendment No. 3 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, dated October 25, 2000 (Exhibit 10.b.1.(xliv) to A&B's Form 10-K for the year ended December 31, 2000).

(xlv) Alexander & Baldwin, Inc. Restricted Stock Bonus Plan, as restated effective April 28, 1988 (Exhibit 10.c.1.(xi) to A&B's Form 10-Q for the quarter ended June 30, 1988).

(xlvi) Amendment No. 1 to the Alexander & Baldwin, Inc. Restricted Stock Bonus Plan, effective December 11, 1997 (Exhibit 10.b.1.(ii) to A&B's Form 10-K for the year ended December 31, 1997).

(xlvii) Amendment No. 2 to the Alexander & Baldwin, Inc. Restricted Stock Bonus Plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxviii) to A&B's Form 10-Q for the quarter ended June 30, 1998).

11. Statement re computation of per share earnings.

21. Subsidiaries.

21. Alexander & Baldwin, Inc. Subsidiaries as of February 14, 2002.

23. Consent of Deloitte & Touche LLP dated March 11, 2002 (included as the last page of A&B's Form 10-K for the year ended December 31, 2001).

D. Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended December 31, 2001.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 11, 2002

/s/ W. ALLEN DOANE

By \_\_\_\_\_  
W. Allen Doane, President  
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ W. ALLEN DOANE ----- W. Allen Doane	President and Chief Executive Officer and Director	March 11, 2002
/s/ JAMES S. ANDRASICK ----- James S. Andrasick	Senior Vice President, Chief Financial Officer and Treasurer	March 11, 2002
/s/ THOMAS A. WELLMAN ----- Thomas A. Wellman	Controller and Assistant Treasurer	March 11, 2002
/s/ CHARLES M. STOCKHOLM ----- Charles M. Stockholm	Chairman of the Board and Director	March 11, 2002
/s/ MICHAEL J. CHUN ----- Michael J. Chun	Director	March 11, 2002
/s/ LEO E. DENLEA, JR. ----- Leo E. Denlea, Jr.	Director	March 11, 2002
/s/ WALTER A. DODS, JR. ----- Walter A. Dods, Jr.	Director	March 11, 2002
/s/ CHARLES G. KING ----- Charles G. King	Director	March 11, 2002

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Signature -----	Title -----	Date -----
/s/ CARSON R. MCKISSICK ----- Carson R. McKissick	Director	March 11, 2002
/s/ C. BRADLEY MULHOLLAND ----- C. Bradley Mulholland	Director	March 11, 2002
/s/ LYNN M. SEDWAY ----- Lynn M. Sedway	Director	March 11, 2002
/s/ MARYANNA G. SHAW ----- Maryanna G. Shaw	Director	March 11, 2002

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#### INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements 33-31922, 33-31923, 33-54825, and 333-69197 of Alexander & Baldwin, Inc. and subsidiaries on Form S-8 of our report dated January 24, 2002, appearing in the Annual Report on Form 10-K of Alexander & Baldwin, Inc. and subsidiaries for the year ended December 31, 2001.

/s/ Deloitte & Touche, LLP

Deloitte & Touche LLP  
Honolulu, Hawaii  
March 11, 2002

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\$185,000,000

THIRD AMENDED AND RESTATED

REVOLVING CREDIT

AND

TERM LOAN AGREEMENT

among

ALEXANDER & BALDWIN, INC.,

and

FIRST HAWAIIAN BANK  
BANK OF AMERICA, N.A.  
BANK OF HAWAII  
THE BANK OF NEW YORK  
WELLS FARGO BANK, NATIONAL ASSOCIATION  
AMERICAN SAVINGS BANK, F. S. B.

and

FIRST HAWAIIAN BANK, as Agent

Dated November 19, 2001

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THIRD AMENDED AND RESTATED  
REVOLVING CREDIT  
AND TERM LOAN AGREEMENT  
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THIS THIRD AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (the "Agreement"), effective as of November 30, 2001 (the "Effective Date"), at Honolulu, Hawaii, between ALEXANDER & BALDWIN, INC., a Hawaii corporation (the "Borrower"), the undersigned Banks (herein called, individually, a "Bank" and, collectively, the "Banks"), and FIRST HAWAIIAN BANK, as agent for the Banks (the "Agent") under this Agreement. Certain other capitalized terms used herein, unless otherwise defined, are defined in Article IX hereof.

PRELIMINARY STATEMENTS  
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A. The Borrower, certain of the Banks and other institutions were parties to the Revolving Credit and Term Loan Agreement dated as of December 1, 1982. Such Revolving Credit and Term Loan Agreement was amended on nine occasions by the First through the Ninth Amendments to Revolving Credit and Term Loan Agreement.

B. The Borrower, with the consent of certain of the Banks and other institutions, transferred from the Borrower to A & B-Hawaii, Inc., a Hawaii corporation ("A & B-Hawaii") the bulk of its assets excluding the stock of Matson, First Hawaiian, Inc., Bancorp Hawaii, Inc., Hawaii Western Steel, and its aircraft and certain less material assets (the "Transferred Assets"). A & B-Hawaii was a wholly owned subsidiary of the Borrower.

C. The Borrower and A & B-Hawaii, certain of the Banks and other institutions were parties to an Amended and Restated Revolving Credit and Term Loan Agreement dated as of April 1, 1989 pursuant to which borrowings became the joint and several obligations of the Borrower and A&B-Hawaii. Such Amended and Restated Revolving Credit and Term Loan Agreement was amended on eight

occasions by those certain First through Eighth Amendments to Amended and Restated Revolving Credit and Term Loan Agreement.

D. The Borrower and A & B-Hawaii, certain of the Banks and other institutions were parties to that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of December 31, 1996. Such Second Amended and Restated Revolving Credit and Term Loan Agreement was amended on four occasions by those certain First through Fourth Amendments to Second Amended and Restated Revolving Credit and Term Loan Agreement. The Second Amended and Restated Revolving Credit and Term Loan Agreement, as amended, is hereinafter referred to as the "Existing Agreement."

E. Pursuant to that certain Third Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of November 30, 1999, due to A & B-Hawaii's merger into the Borrower, A & B-Hawaii ceased to be a borrower under the Existing Agreement.

F. The Borrower, the Banks, and the Agent desire to amend and restate the Existing Agreement in its entirety all as provided herein.

ARTICLE I - AMOUNT AND TERMS OF THE LOANS AND LETTERS OF CREDIT  
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Section 1.1 Revolving Credit.  
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A. Subject to and upon the terms and conditions herein set forth, each Bank agrees to lend to the Borrower from time to time, until the Termination Date, amounts hereunder up to an aggregate principal amount not to exceed at any one time outstanding its Commitment hereunder. The total amount of the Revolving Loans and Letters of Credit issued and outstanding shall not exceed \$185,000,000.00 (the "Total Commitment"). Within the limits of each Bank's Commitment, the Borrower may borrow, prepay pursuant to Section 1.11, and reborrow under this Section 1.1. Each Borrowing under this Article I (a "Revolving Loan," and, collectively, the "Revolving Loans") shall be, (i) in the case of Eurodollar Loans, not less than \$500,000 and an integral multiple of \$50,000 from each Bank and, (ii) in the case of Prime Loans, in an aggregate principal amount from all the Banks of not less than \$1,000,000 and an integral multiple of \$100,000, and shall be made simultaneously from the Banks ratably according to their respective Commitments. Upon the Effective Date, all Revolving Loans (as defined in the Existing Agreement) outstanding under the Existing Agreement shall become Revolving Loans hereunder and Borrower shall thereby have liability for such outstanding amounts.

B. If the Borrower wishes to extend the then applicable Termination Date for an additional 12-month period and so long as no Event of Default or Unmatured Event of Default shall have occurred and be continuing the Borrower shall, no later than six (6) months prior to the Termination Date, give Notice to the Agent of such request. Upon receipt of such Notice, the Agent shall transmit the same to the Banks, which shall, not later than three (3) months prior to the Termination Date, give the Agent Notice as to whether each such Bank consents to the proposed extension. If all of the Banks consent, the then applicable Termination Date shall be extended for 12 months. If any Bank does not consent, the then applicable Termination Date shall remain in full force and effect. Notwithstanding the foregoing provisions of this Section 1.1B, if the Termination Date has not been so extended, such additional lender(s) (the "Replacement Lenders") as agree at the election and invitation of the Borrower to become parties to this Agreement shall have the option to purchase from the Bank(s) that did not so consent (the "Departing Bank(s)"), and the Departing Bank(s) shall be required to sell, prior to the Termination Date, all or any portion of the Note(s) then held by the Departing Bank(s); provided however that the Commitment of any Replacement Lender, after such

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purchase, shall not be less than \$5,000,000. To the extent the Replacement Lenders elect to purchase less than 100% of the Note(s) of the Departing Bank(s), those Banks that would have elected to extend the Termination Date (the "Continuing Banks") shall have the option to purchase, and the Departing Bank(s) shall be required to sell, prior to the Termination Date, all or any of the remaining portion of such Note(s), without recourse to or warranty by (other than a warranty from each Departing Bank as to the principal amount of the Loans being purchased from such Departing Bank), or expense to, such Departing Bank(s).

In the case of any purchase of 100% of such Notes, (i) the Departing Banks shall no longer have any obligations hereunder (other than those, if any, as have been accrued before the date of such purchase) and shall no longer constitute Banks for purposes of this Agreement, and (ii) this Agreement shall continue in full force and effect, and the Continuing Banks and such Replacement Lenders shall then constitute the Banks hereunder, and (iii) the then applicable Termination Date shall be extended for 12 months. Each Continuing Bank's Commitment shall be increased in, and each Replacement Bank's Commitment shall be, an amount equal to the pro rata share of the Departing Banks' Commitments represented by the Note(s) or portion(s) thereof purchased by such Continuing Bank or Replacement Bank. Upon completing any purchase pursuant to this Section 1.1B and upon executing an appropriate Amendment to this Agreement, each Replacement Lender shall become a Bank hereunder to the extent of their respective Commitment. If the Continuing Banks and/or such Replacement Lenders elect to purchase less than 100% of the Notes then held by the Departing Banks, then no purchase shall be deemed to have occurred and each Departing Bank shall make a Term Loan, as of the Termination Date, pursuant to Sections 1.5 and 1.6, in the amount of their respective Commitments. In the case of the issuance of such Term Note, this Agreement shall continue in full force and effect and the Continuing Banks, any Replacement Lenders and any Departing Banks holding such Term Notes shall then constitute the Banks hereunder.

The purchase price of Notes held by Departing Banks shall be the outstanding principal amount thereof as of the date of purchase. Interest accrued on such Notes and accrued Facility Fees shall remain payable as provided in this Agreement and upon receipt thereof by the Agent shall be apportioned among the sellers and purchasers of such Notes pro rata according to the period each has held such Note or any portion thereof and the applicable interest rates during such period.

Section 1.2 Revolving Credit Notes. The obligation of the Borrower

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to repay the amount of its Revolving Loans to each Bank is and shall be evidenced by a promissory note (a "Revolving Credit Note") in substantially the form of Exhibit A hereto, executed and delivered by the Borrower pursuant to this Agreement, with appropriate insertions, which shall mature on the Termination Date, and shall bear interest on the daily unpaid principal amount at the rate(s) specified in Section 1.7. Upon the execution and delivery of a Revolving Credit Note by the Borrower in favor of each of the Banks as stated herein, any prior Revolving Credit Note under the Existing Agreement shall be deemed replaced and canceled. All outstanding Revolving Loans on such replaced and canceled Revolving Credit Notes (all acknowledged to be Eurodollar Loans) shall be transferred to the corresponding new Revolving Credit Note executed concurrently herewith and the interest rate on such outstanding Eurodollar Loans shall remain in effect until the end of the current Eurodollar Interest Period for each such outstanding Eurodollar Loan. The date and amount of each Revolving Loan made by such Bank to the Borrower and the date and amount of each payment of principal and interest on such Revolving Loans shall be recorded by such Bank at the time of each such Revolving Loan or payment, as the case may be, on the schedule annexed to the Revolving Credit Note; provided, however, that failure to make such a notation with respect to any

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Revolving Loan shall not limit or otherwise affect (a) the obligation of the Borrower hereunder or under such Revolving Credit Note, and (b) recognition of payments of principal or interest on such Revolving Credit Note by the Borrower.

Section 1.3 Fees. The Borrower agrees to pay the Agent, for

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distribution to the Banks ratably according to their respective Commitments, the following:

A. A "Facility Fee" computed on the basis of the actual number of days elapsed and a 365-day year, payable from time to time at the rate of one-eighth of one percent (0.125%) per annum on the full amount of each Bank's Commitment. The Facility Fee shall be determined at the aforesaid rate from the Effective Date of the Third Amended and Restated Revolving Credit and Term Loan Agreement to and including the Termination Date. Except as otherwise provided in Section 1.4 below, the Facility Fee will be payable quarterly in arrears not later than the fifteenth day of each January, April, July and October, for the quarter ending on the last day of the previous month, commencing October 15, 2001.

B. A "Restructuring Fee" equal to one-twentieth of one percent (0.05%) of the amount of the Total Commitment. The Restructuring Fee shall be due and payable upon the Effective Date of this Third Amended and Restated Revolving Credit and Term Loan Agreement.

C. A "Renewal Fee" on any future extension of the Termination Date of the Total Commitment equal to three-one hundredth of one percent (0.03%) of the amount of the Total Commitment. The Renewal Fee shall be due and payable upon the Effective Date of any future extension of the Termination Date. Such Renewal Fee shall be imposed solely as part of the consideration for the extension of the Termination Date, for any minor adjustments of the Interest Rate and Fees, and for the normal ordinary course of due diligence necessary for the Agent to obtain the Banks consent therefor. Except for the minor adjustments to the matters described in the prior sentence, any further or other modification, amendment or restructuring of the Total Commitment in connection with any future extension of the Termination Date shall be subject to such further renewal fees as negotiated between the Agent and the Borrower. Such Renewal Fee shall not be due for the extension of the Termination Date in effect under the Existing Agreement, effected pursuant to this Third Amended and Restated Revolving Credit and Term Loan Agreement.

D. A Letter of Credit Fee due and payable in accordance with and as specified in Section 1.14 hereinbelow.

Section 1.4 Termination or Reduction of Commitment. Except as

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specifically provided below, the Borrower shall have the right, upon Notice to the Agent (which shall give prompt Notice thereof to each of the other Banks), to reduce permanently in an aggregate principal amount of \$5,000,000 or an integral multiple thereof, or terminate, the Total Commitment without premium or penalty therefor, provided that (i) any permanent partial reduction of the Total Commitment shall be accompanied first, by a prepayment of so much of the

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Revolving Loans necessary to reduce the aggregate amount of all remaining outstanding Revolving Loans and the aggregate amount of all outstanding Letters of Credit to the amount of the Total Commitment as so reduced, and second, if

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necessary, by a pledge and deposit with the Agent, for the benefit of the Agent and the Banks, cash or deposit account balances sufficient to fully collateralize so much of the Letters of Credit outstanding as necessary to reduce the aggregate amount of all outstanding Letters of Credit not so collateralized to the amount of the Total Commitment as so reduced, and (ii) in the case of a termination, the Revolving Loans then outstanding shall be paid in full, together in each case with all interest accrued thereon and all Fees due hereunder, and if there are any Letters of Credit outstanding at the

time of such termination, the Borrower shall, no later than thirty (30) days prior to the date of termination of the Total Commitment, either (a) make arrangements satisfactory to the Agent for a credit facility to support all Letters of Credit that may be outstanding as of the date of termination of the Total Commitment), or (b) pledge and deposit with the Agent, for the benefit of the Agent and the Banks, cash or deposit account balances sufficient to fully collateralize all Letters of Credit outstanding as of the date of termination of the Total Commitment. From the effective date of any such termination or reduction of the Total Commitment, and provided that the Borrower shall have paid all amounts due as described herein to effectuate such termination or reduction, the obligation of the Borrower to pay further Fees shall correspondingly cease or be proportionately reduced.

Section 1.5 Term Credit. Subject to and upon the terms and

conditions herein set forth, each Bank agrees to make a term loan (a "Term Loan," and, collectively, the "Term Loans") to the Borrower on each Bank's applicable Termination Date in an amount up to an aggregate principal amount not exceeding the amount of such Bank's Commitment on the applicable Termination Date. The proceeds of the Term Loan shall be immediately applied by each Bank, to the extent necessary, to the repayment in full of the Revolving Credit Note then held by such Bank. On each Bank's Termination Date, the commitment of each Bank shall terminate and any facility fee then outstanding shall be paid in full.

Section 1.6 Term Notes. The obligation of the Borrower to repay the

amount of its Term Loan to each Bank shall be evidenced by a promissory note of the Borrower (a "Term Note," and collectively, the "Term Notes"), in substantially the form of Exhibit B hereto, with appropriate insertions, dated the date of such Term Loan, which shall bear interest on the unpaid principal amount of each installment thereof at the rate provided in Section 1.7, and shall be payable in four substantially equal quarterly installments, each equal to one-fourth of the original principal balances of such Term Note, on the last Business Day of September, December, March and June of any year commencing the first such day after the date of the Term Note, all as set forth in such Term Note; provided, however, that the fourth such installment shall be in an amount sufficient to repay in full the unpaid principal amount thereof.

Section 1.7 Interest.

A. Interest on Each Loan. Each Loan shall bear interest,

determined as herein provided, on its unpaid principal amount from the date on which such Loan is made to the date on which the full amount thereof is repaid. Interest on each Prime Loan shall be payable quarterly in arrears on the first Domestic Business Day of each calendar quarter commencing the first such date after such Prime Loan is made, and at maturity (whether by acceleration or otherwise), at the applicable Interest Rate computed on the basis of the actual number of days elapsed and a 365-day or 366-day year. Accrued interest on each Eurodollar Loan shall be payable in arrears on (i) the last day of the applicable Eurodollar Interest Period, and (ii) at maturity (whether by acceleration or otherwise), at the applicable Interest Rate computed on the basis of the actual number of days elapsed and a 360-day year. Notwithstanding any other provision of this Agreement, the Borrower agrees to repay the principal amount of each Eurodollar Loan on the last day of the applicable Eurodollar Interest Period and upon maturity (whether by acceleration or otherwise), which repayment may be accomplished with the proceeds of a Prime Loan or Eurodollar Loan to the extent otherwise permitted hereunder.

B. Extensions of Eurodollar Loans. Not later than three (3)

Eurodollar Business Days prior to the end of each Eurodollar Interest Period, the Borrower shall, if it elects to extend the related Eurodollar Loans, give the Agent a Notice specifying the proposed Extension Date and the duration of the next succeeding Eurodollar Interest Period. The Agent shall advise each Bank of each above Notice promptly after its receipt thereof.

Any Notice given by the Borrower under this Section 1.7B, shall be irrevocable. If no such Notice (or Notice of Conversion pursuant to Section 1.8) is so received by the Agent, the relevant Eurodollar Loans of the Borrower shall automatically be converted into Prime Loans on the last day of the relevant Eurodollar Interest Period.

C. Interest Rates on Revolving Loans. Except as otherwise provided

in Section 1.7F:

(i) The Interest Rate in respect of each Prime Loan shall be the Prime Rate;

(ii) For each Revolving Loan that is a Eurodollar Loan, the Interest Rate in respect of each Eurodollar Loan during its related Eurodollar Interest Period shall be the Eurodollar Rate for such Eurodollar Interest Period plus eleven-twentieths of one percent (0.55%);

D. Interest Rates on Term Loans. Except as otherwise provided in

Section 1.7F:

(i) The Interest Rate in respect of each Term Loan that is a Prime Loan shall be the Prime Rate;

(ii) The Interest Rate in respect of each Term Loan that is a Eurodollar Loan during its related Eurodollar Interest Period shall be the Eurodollar Rate for such Eurodollar Interest Period plus seven-tenths of one percent (0.70%).

E. Notice of Prime Rate and Eurodollar Rate. The relevant Interest

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Rates for Prime Loans and Eurodollar Loans shall be determined by the Agent as herein provided. Notice of Eurodollar Rates shall be given by the Agent to the Borrower on or before the first day of the relevant Interest Period, and to each Bank promptly thereafter, and Notice of changes in the Prime Rate shall be given by the Agent to the Borrower within a reasonable time after such change is made.

F. Interest Rates After Maturity. If the Borrower defaults in the

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payment when due (whether by acceleration or otherwise) of any principal amount of any loan, or of any other amount (other than interest) due under this Agreement, the Borrower shall pay interest on such unpaid amount, payable on demand, from the date such amount shall have become due to the date of actual payment, for each day from and including the date such amount is payable to but excluding the date such amount is paid, at a rate equal to the Prime Rate from time to time in effect, plus two percent (2%).

Section 1.8 Conversions. Subject to the terms and conditions of

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this Agreement, the Borrower shall have the option to convert at any time any Loans into Prime Loans or Eurodollar Loans, provided, however, that Eurodollar  
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Loans may be converted only on the last day of the relevant Eurodollar Interest Period (except as otherwise required by Section 2.4). The Borrower shall give a Notice to the Agent of each proposed Conversion, on the day which is, in the case of a proposed Conversion into Eurodollar Loans, three (3) Eurodollar Business Days, prior to the proposed Conversion Date. Such Notice shall specify the proposed Conversion Date (which shall be a Domestic Business Day in the event of a Conversion into Prime Loans and a Eurodollar Business Day in the event of a Conversion into Eurodollar Loans). If the Conversion is to be into Eurodollar Loans, such Notice shall also specify the duration of the initial Eurodollar Interest Period. Any Notice given by the Borrower under this Section shall, subject to the provisions of Article II, be irrevocable and shall constitute a representation by the Borrower of the matters set forth in Section 3.1A(i) and 3.1A(ii). The Agent shall advise each Bank of a conversion promptly after receiving such Notice from the Borrower.

Section 1.9 Lending Office for Eurodollar Loans. As to any

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Eurodollar Loan, each Bank may fulfill its commitment to make any Loan by causing any of its foreign branches or foreign affiliates to make such Loan (whether or not such branch or affiliate is named as a lending office on the signature pages hereof); provided, however, that in such event the obligation

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of the Borrower to repay such Loan shall nevertheless be to such Bank and shall, for all purposes of this Agreement (including, without limitation, for purposes of the definition of the term "Majority Banks") be deemed held by it, to the extent of such Loan, for the account of such branch or affiliate; and provided, further, that, as of the time of the making of such election, such

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election does not increase the amounts which would have been payable by the Borrower to such Bank under this Agreement and such Bank's Note in the absence of such election.

Section 1.10 Notice and Manner of Borrowing. The Borrower shall

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give a Notice to the Agent of each proposed Prime Loan Borrowing not less than four (4) Domestic Business Days prior to the proposed Borrowing Date, specifying the aggregate principal amount of Prime Loans the Borrower then desires the Banks to make, and the proposed Borrowing Date thereof (which date shall be a Domestic Business Day). The Borrower shall give a Notice to the Agent of each proposed Eurodollar Loan Borrowing not less than four (4) Eurodollar Business Days prior to the proposed Borrowing Date, specifying the aggregate principal amount of Eurodollar Loans the Borrower then desires the Banks to make, the proposed Borrowing Date and Maturity Date (which dates shall be Eurodollar Business Days) and the duration of the initial Eurodollar Interest Period with respect thereto. Any Notice given by the Borrower under this Section 1.10 shall, subject to the provisions of Article II, be irrevocable. The Agent shall advise each Bank of each such Notice promptly after the Agent's receipt thereof. Not later than 12:00 noon, San Francisco time, on each proposed Borrowing Date, each Bank shall provide the Agent at its office specified in Section 12.4, with immediately available funds in Dollars covering such Bank's Proportional Share of the Borrowing, and the Agent shall promptly pay over to the Borrower such funds as it has received from the Banks pursuant to this section by depositing the same in the general deposit account of the Borrower maintained with the Agent; provided, however, that if

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such Loan is a refinancing of a Eurodollar Loan having a Maturity Date on such Borrowing Date, each Bank shall on behalf of the Borrower on such Borrowing Date repay in full or in part such Eurodollar Loans theretofore outstanding from the proceeds of the Loans made on such Borrowing Date.

Section 1.11 Voluntary Prepayments. The Borrower shall have the

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right at any time and from time to time upon at least one full Business Day's Notice to the Agent (which shall promptly advise the Banks) to prepay, without premium or penalty, either the Revolving Credit Notes or the Term Notes, as the Borrower shall specify, in whole or in part, in the amount of \$500,000, or an integral multiple thereof, provided that (i) any such prepayment on the Term Notes shall be applied, first to the last maturing installment or installments of said Notes, (ii) the amount of each prepayment on the Revolving Credit Notes shall again become available for borrowing pursuant to Section 1.1 on the date of such prepayment, and (iii) any repayment of Eurodollar Loans shall be made only on the expiration date(s) of the related Eurodollar Interest Period(s).



Section 1.12 Place and Manner of Payment. All amounts payable by

the Borrower to the Banks pursuant to the provisions of this Agreement shall be paid in Dollars and in immediately available funds. All such amounts payable by the Borrower to the Banks shall be paid to the Agent at its office specified in Section 12.4 for the account of the Banks ratably, and the Agent shall concurrently pay to the Banks such amounts as and when received by it for the account of the Banks, in the same funds in which such amounts were received. Any payment received by the Agent after 12:00 noon San Francisco time shall be deemed to have been received on the next Domestic Business Day and interest thereon shall accrue until, and be payable on, such next Domestic Business Day. Any payment made by the Borrower to the Agent pursuant to the terms of this Agreement or the Notes for the Account of any Bank shall constitute payment to such Bank. Until the Borrower gives the Agent a Notice to the contrary, the Borrower hereby authorizes the Agent to debit the Borrower's deposit account maintained at said office of the Agent for all payments of principal and interest when due hereunder. The Agent shall promptly furnish the Borrower a written debit advice after each such debit.

Section 1.13 Pro Rata Treatment. Each Borrowing from, and change in

the Commitments of, the Banks hereunder, shall be made pro rata in accordance with their respective Commitments, except as provided in Section 2.5. If any Notes or any payment required to be made thereon becomes due and payable on a day other than a Domestic or Eurodollar Business Day, as the case may be, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the then applicable rate during such extension, unless, in the case of interest on a Eurodollar Loan, the next succeeding Eurodollar Business Day falls in another calendar month, in which case the applicable Eurodollar Interest Period shall expire on the next preceding Eurodollar Business Day. Each payment and prepayment on the Term Notes and on the Revolving Credit Notes shall be made to the Banks pro rata in accordance with the unpaid principal amount of the Term Notes and Revolving Credit Notes, respectively, held by each of them at the time of such payment. The Banks agree among themselves that, if a Bank shall obtain payment of any obligation held by it through the exercise of a right of setoff, banker's lien or counterclaim, or from any other source, it shall promptly purchase from the other Banks participations in the obligations held by the other Banks in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all the Banks shall share the benefit of such payment pro rata as specified in the preceding sentence, provided, however, that if all

or any portion of such excess payment is thereafter recovered from such purchasing Bank, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. The Banks further agree that for the purpose of this Section 1.13, all exercises of right of setoff, banker's lien or counterclaim by any Bank shall be deemed to have been made against and in respect of the Note or Notes held by such Bank and not against any other obligation of the Borrower to it. The Borrower agrees that any Bank so purchasing a participation in obligations held by the other Banks may exercise all rights of setoff, banker's lien or counterclaim with respect to such participation as fully as if such Bank were a direct holder of said Note or other Obligations in the amount of such participation.

Section 1.14 Borrower's Ability to Obtain Letters of Credit. The

Banks agree, subject to the terms and conditions contained herein, to allow standby letters of credit ("Letters of Credit") to be issued by the Agent for the account of the Borrower. The Agent agrees, in reliance upon the agreement of the Banks set forth herein, from time to time on any Domestic Business Day for the period from the Effective Date of this Agreement until the date ten (10) Domestic Business Days prior to the Termination Date (the "Letters of Credit Expiration Date"), to issue Letters of Credit for the account of the Borrower and to honor drafts under the Letters of Credit. The Banks agree to participate in the Letters of Credit according to each Bank's Proportional Share, and the responsibility for the payment thereon, upon drawing by a beneficiary, shall be made by the Banks as specified in sub-part J of this Section 1.14. The Letters of Credit shall be issued for general corporate purposes and for such other purposes as the Banks may approve.

A. Conditions to Agent's Obligation to Issue Letters of Credit.

The Agent's obligation to issue Letters of Credit hereunder is subject to all of the conditions precedent described in Section 3.1 of this Agreement. Additionally, the Agent shall be under no obligation to issue any Letter of Credit if: (i) any order, judgment or decree of any governmental authority or arbitrator shall by its terms purport to enjoin or restrain the Agent from issuing such Letter of Credit, or (ii) any law applicable to the Agent or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over the Agent shall prohibit, or request that the Agent refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Agent with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Agent is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Agent any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Agent in good faith deems material to it.

B. Notice of Issuance of Letter of Credit. Notice of each desired

Letter of Credit under this Agreement shall be made by the Borrower to the Agent on the Agent's standard form, a copy of which is attached hereto as Exhibit D (the "Letter of Credit Application"). The Letter of Credit Application shall specify, among other matters required by the Agent, (a) the proposed date of issuance of the Letter of Credit (which date shall be a Domestic Business Day), (b) the face amount of the Letter of Credit, (c) the

proposed expiration date of the Letter of Credit (which date shall not be later than the Letters of Credit Expiration Date), (d) the name and address of the beneficiary, and (e) a summary of the purpose of the Letter of Credit. The Borrower shall also provide to the Agent the precise terms and conditions, including a description of any and all documents and/or certificates required thereunder, which, if strictly complied with by the beneficiary on or before the expiration date of the Letter of Credit, would require the Agent to make payment under the Letter of Credit. The Letter of Credit Application shall be delivered to the Agent no later than four (4) Domestic Business Days prior to the date the Letter of Credit is desired. The terms, conditions and obligations under the Letter of Credit Application shall be deemed to supplement the terms, conditions and obligations of this Agreement, however, in the event of any conflict or inconsistency between this Agreement and the Letter of Credit Application, this Agreement shall control.

The Agent shall notify each Bank of the issuance of any Letter of Credit, and thereafter, the amendment, cancellation or extension of all such issued Letters of Credit.

C. Examination of Letter of Credit. The Borrower shall, within

three (3) Domestic Business Days, examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will notify the Agent prior to the end of the third Business Day after receipt of such Letter of Credit. The Borrower shall be conclusively deemed to have waived any such claim against the Agent and its correspondents unless such notice is given as aforesaid.

D. Applicability of ISP98 and UCP. Unless otherwise expressly

agreed by the Agent and the Borrower when a Letter of Credit is issued (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "ICC") at the time of issuance (including the ICC decision published by the Commission on Banking Technique and Practice on April 6, 1998 regarding the European single currency (euro)) shall apply to each commercial Letter of Credit.

E. Limitation on Amounts. Each Letter of Credit shall be for an

amount which is at least FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00). The expiry date of any Letter of Credit shall be no later than the Letters of Credit Expiration Date. The aggregate amount of all Letters of Credit issued and outstanding at any one time may not exceed the amount available under the Total Commitment after subtracting all outstanding Revolving Loans and in no event shall it exceed FIFTY MILLION AND NO/100 DOLLARS (\$50,000,000.00). The amount of the Total Commitment available to the Borrower for Revolving Loans shall be reduced by the aggregate amount of all Letters of Credit issued and outstanding at any one time.

F. Drawing of Letter of Credit; Interest; Obligations Absolute.

Upon the drawing of any Letter of Credit and the payment by each Bank of the amount drawn thereunder in accordance with each Bank's Proportional Share, the amount so drawn shall become and be deemed a Revolving Loan, the principal amounts due to each Bank being deemed part of the principal amount due under each Bank's Revolving Credit Note. For interest purposes, the amount due under such drawn Letter of Credit shall be considered a Prime Loan subject to Conversion by the Borrower under Section 1.8 herein. Upon the occurrence of an Event of Default hereunder, the full amount of any outstanding Letter of Credit shall become and be deemed a Revolving Loan, the principal amount of which shall be deemed proportionally a part of the principal balance due under each Banks' Revolving Credit Note. Interest shall not accrue on any Letters of Credit until the same has been drawn by the beneficiary and paid by the Agent, or if an Event of Default occurs. The obligation of the Borrower to repay each drawing under any Letter of Credit, whether or not any such drawing under a Letter of Credit becomes a Revolving Loan, shall be, absent the gross negligence or wilful misconduct of the Agent or the failure of the Agent to act in good faith as described in the first sentence of Section 1.14 L with respect to the honoring of any drawing under any Letter of Credit, absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and the Letter of Credit Application.

G. Evergreen Letters of Credit. If the Borrower so requests in any

Notice for issuance of a Letter of Credit, the Agent may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an "Evergreen Letter of Credit"); provided, however,

that (1) no such Evergreen Letter of Credit shall have any provision extending its expiration date beyond the Letters of Credit Expiration Date; and (2) that any Evergreen Letter of Credit must permit the Agent to prevent any such automatic renewal at least once in each twelve-month period (commencing with the date of issuance of such Evergreen Letter of Credit) by giving prior notice to the Borrower and the beneficiary thereof not later than a date (the "Nonrenewal Notice Date") in each such twelve-month period to be agreed upon at the time such Evergreen Letter of Credit is issued. Once an Evergreen Letter of Credit has been issued, the Banks shall be deemed to have authorized (but may not require) the Agent to permit the renewal of an Evergreen Letter of Credit beyond its expiration date at any time to a date not later than the Letters of Credit Expiration Date; provided, however, that the Agent shall not

permit such automatic renewal if (A) the Agent would have no obligation at such

time to issue such Evergreen Letter of Credit in its renewed form, or any other Letter of Credit, under the terms hereof, or (B) it has received notice (which may be by telephone, telecopier, facsimile or in writing) on or before the Business Day immediately preceding the Nonrenewal Notice Date that the Majority Banks have elected not to permit such renewal. Notwithstanding anything to the contrary contained herein, nothing in this Section 1.14F shall be construed to impose any obligation on the Agent to permit the renewal of any Evergreen Letter of Credit at any time.

H. Letter of Credit Fee. The Borrower agrees to pay the Agent, for

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distribution to the Banks pro rata according to their respective Commitments, for each Letter of Credit issued and outstanding, a "Letter of Credit Fee" which shall be equal to a percentage of the amount of the Letter of Credit issued, such percentage to be agreed upon by the Banks for each Letter of Credit at the time it is issued. No formal approval by the Banks is necessary if the Letter of Credit Fee is equal to or greater than 55 basis points (0.55%) of the amount of the Letter of Credit issued. If, however, the proposed Letter of Credit Fee is proposed to be less than 55 basis points (0.55%) of the amount of the proposed Letter of Credit, unanimous agreement of all Banks is necessary to set such Letter of Credit Fee at such rate. If the Banks cannot unanimously agree as to such rate, the Letter of Credit Fee shall be 55 basis points (0.55%) of the amount of the proposed Letter of Credit. The Letter of Credit Fee shall be aggregated quarterly, such payment to be made quarterly in advance, based on a year of 360 days and the actual days elapsed.

I. Letter of Credit Issuance Fee. The Borrower also agrees, at the

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time of issuance of any Letter of Credit, to pay the Agent, for its own account and not for distribution to Banks, a "Letter of Credit Issuance Fee" equal to \$500.00.

J. Banks' Obligation. The Banks' obligation to pay their

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proportionate share of any drawn Letter of Credit issued by the Agent in accordance with the terms of this Agreement shall be absolute, unconditional and irrevocable regardless of whether there has been an Event of Default. The Agent shall advise each Bank of the impending drawing of any outstanding Letter of Credit, and the corresponding date of payment of such Letter of Credit (such payment date shall be deemed a Borrowing Date as defined herein), promptly after the Agent's receipt thereof. Not later than 12:00 noon, Hawaii Standard Time, on such Borrowing Date, each Bank shall provide the Agent at its office specified in Section 12.4, with immediately available funds in Dollars covering such Bank's Proportional Share of the drawn Letter of Credit, and the Agent shall promptly pay over to the beneficiary of such Letter of Credit all such funds necessary to pay the amount of the drawn Letter of Credit as such beneficiary directs.

In the event that a Bank fails to make available funds in Dollars covering such Bank's Proportional Share of the drawn Letter of Credit on the Borrowing Date, such Bank shall forfeit any interest accruing on its Proportional Share to the Agent and such Bank shall on the next Business Day following the Borrowing Date make such amount available to the Agent, together with interest at the federal funds rate for and determined as of each day during such period that the Agent is without such funds from such Bank.

K. Indemnification. The Borrower hereby agrees to protect,

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indemnify, pay and save harmless the Agent and the Banks from and against any and all third party claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel) which the Agent or Banks may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit by the Agent, other than as a result of (a) the gross negligence or willful misconduct of the Agent or the failure of the Agent to act in good faith as described in the first sentence of Section 1.14 L with respect to the honoring of any drawing under any Letter of Credit or (b) the wrongful dishonor (so long as such wrongful dishonor is not a result of an occurrence under the following clause (ii)) by the Agent of a proper demand for payment made under any Letter of Credit issued by it or (ii) the failure of the Agent to honor a drawing under any such Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions herein called "Governmental Acts").

L. Responsibility of Agent With Respect to Payment Under a Letter

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of Credit; Nature of Agent's Duties. In determining whether to honor any

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drawing under any Letter of Credit by the beneficiary thereof, the Agent shall be responsible only to use reasonable care (the degree of care reasonably expected of similar issuers of letters of credit) to determine that the terms and conditions of such drawing, including the delivery of such documents, instruments and certificates required therefor, have been complied with by the beneficiary and the Agent shall not have any liability for or responsibility for the correctness, validity, genuineness, sufficiency, or falsification of any such documents, instruments or certificates or for the failure of any person to comply with the terms any Letter of Credit or for any other error, neglect, or omission if done in good faith and absent the gross negligence or wilful misconduct of the Agent, and any action taken in good faith by Agent and absent the gross negligence or wilful misconduct of the Agent shall be binding on the Borrower. As between the Borrower and the Agent, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by the Agent, by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, and absent the gross negligence or wilful misconduct of the Agent or the failure of the Agent to act in good faith as described in the first sentence of Section 1.14 L with respect

to the honoring of any drawing under any Letter of Credit, the Agent shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of such Letter of Credit to strictly comply with any conditions required in order to draw upon such Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of such Issuing Lender, including limitation any Governmental Acts, and none of the above shall affect or prevent the vesting of, any of the Agent's rights or powers hereunder.

In furtherance and extension and not in limitation of the specific provisions set forth in the first paragraph of this Subsection 1.14L, any action taken by the Agent under or in connection with a Letter of Credit by it or any documents and certificates delivered thereunder, if taken or omitted in good faith and without gross negligence, shall not put the Agent under any resulting liability to the Borrower.

Notwithstanding anything to the contrary contained in this Section 1.14L, the Borrower shall retain any and all rights it may have against the Agent for any liability arising solely out of (a) the gross negligence or willful misconduct of the Agent or the failure of the Agent to act in good faith as described in the first sentence of Section 1.14 L with respect to the honoring of any drawing under any Letter of Credit or (b) the wrongful dishonor by the Agent of a proper demand for payment made under any Letter of Credit issued by it except where such dishonor results from Governmental Acts.

## ARTICLE II - YIELD PROTECTION; CHANGED CIRCUMSTANCES

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### Section 2.1 Unavailability or Impracticability of Eurodollar Loans.

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If (i) with respect to any Eurodollar Interest Period, the Agent reasonably determines that Dollar deposits in the principal amount requested in the relevant Notice of Borrowing for periods equal to the relevant Eurodollar Interest Period are not available in the London Interbank Eurodollar Market, or (ii) the Majority Banks in any Borrowing reasonably determine, and give Notice to the Agent, that the making of Eurodollar Loans in such Borrowing has become impracticable because the related Eurodollar Rate does not adequately and accurately reflect the cost of maintaining or funding such Eurodollar Loans, then the Agent shall forthwith give Notice of such determination to the Borrower and the Banks in such Borrowing. Thereafter, and so long as either conditions specified in clause (i) or (ii) of this Section 2.1 continues, no Bank shall have any obligation to make or extend Eurodollar Loans (or to convert Loans into Eurodollar Loans) in such Borrowing (and any outstanding Notice requesting any such Borrowing, Extension or conversion pertaining to such Borrowing shall be deemed to be revoked), and the Borrower shall convert any Eurodollar Loans in such Borrowing into Prime Loans in accordance with Section 1.8, or prepay such Eurodollar Loans upon four (4) Domestic Business Days' prior Notice to the Agent, which prepayment shall be made without premium or penalty and on the expiration date of the related existing Eurodollar Interest Period.

### Section 2.2 Increased Costs. If any Bank reasonably determines

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that, because of any Regulatory Requirement (including, but not limited to, those affecting Taxes or reserve or special deposit or similar requirements), or because of actions permitted by Section 1.9, the cost to such Bank of making or maintaining any Loans has increased (which increased cost shall be deemed to include any decrease in any amount receivable by such Bank in connection with any Loans), then such Bank shall forthwith give Notice of such determination to the Borrower and the Agent. Thereafter, the Borrower shall pay to each such Affected Bank, fifteen (15) Domestic Business Days after written demand to the Borrower with a copy to the Agent (which demand shall show the basis for the calculation of the increased cost), such additional amounts as shall be required to compensate such Affected Bank for such increased costs. If as a result the Borrower elects to prepay or convert Loan(s) pursuant to Section 2.5, the Borrower shall pay fifteen (15) Domestic Business Days after written demand the increased costs of the Affected Bank(s) accruing for the period prior to such date of prepayment or Conversion.

If after the Effective Date the implementation of or any change in any Regulatory Requirement imposes, modifies or deems applicable any capital adequacy or similar requirement (including without limitation a request or requirement which affects the manner in which any Bank allocates capital resources to its commitments, including its obligations hereunder) and as a result thereof, in the sole opinion of such Bank, the rate of return on such Bank's capital as a consequence of its obligations hereunder is reduced to a level below that which such Bank could have achieved but for such circumstances, then and in each such case upon demand from time to time the Borrower shall pay to such Bank such additional amount or amounts as shall compensate such Bank for such reduction in rate of return; provided, however,

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that such amounts shall be computed solely on a prospective basis from the date such Bank notifies the Borrower of such circumstances. A certificate of such Affected Bank as to any such additional amount or amounts, in the absence of

manifest error, shall be final and conclusive. In determining such amount, the Affected Bank may use any reasonable averaging and attribution methods.

Section 2.3 Reserve Requirements. In addition to all other amounts

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payable by the Borrower hereunder, the Borrower shall pay to each Bank that is subject to a Eurodollar Reserve Requirement an amount equal to the difference between (i) the interest payable to such Bank on each Eurodollar Loan at the applicable Eurodollar Rate and (ii) the interest that would have been so payable if such Eurodollar Rate had been multiplied by the following fraction:

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100% - Eurodollar Reserve Requirement

Each Bank which has such a reserve requirement imposed on it shall forthwith give Notice of such requirement to the Borrower and the Agent. Within fifteen (15) Domestic Business Days after the date of such Notice, the Borrower shall pay to each such Bank such additional amount as shall be required to compensate such Bank for such reserve requirement; provided, however, to the extent such

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additional amounts relate to a Eurodollar Loan that has not yet matured, the Borrower shall pay such amount upon the maturity of that Eurodollar Loan concurrently with the payment of interest thereon; and provided further, that

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the Borrower shall not be liable to a Bank for amounts under this Section 2.3 that are allocable to any time more than sixty (60) days before such Bank gives the Notice of imposition of a reserve requirement described above.

Section 2.4 Illegality of Eurodollar Loans. If any Bank reasonably

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determines that it has become unlawful, because of any Regulatory Requirement, for such Bank (i) to make Eurodollar Loans hereunder, or (ii) to maintain Eurodollar Loans hereunder, then such Bank shall give Notice of such determination to the Borrower and the Agent. Thereupon, in the case of clause (i), the obligation of such Affected Bank to make or extend Eurodollar Loans or to convert Loans into Eurodollar Loans shall be suspended until such time as it is once again lawful for such Affected Bank to make Eurodollar Loans, and, in the case of clause (ii), the Borrower shall prepay each Eurodollar Loan of such Affected Bank either (x) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Bank may lawfully continue to fund and maintain such Eurodollar Loan to such day or (y) immediately if such Bank may not lawfully continue to fund and maintain such Eurodollar Loan to such day. Any such prepayment of an Affected Bank's Eurodollar Loan(s) or any such conversion of all Borrowings of which the Affected Bank's Eurodollar Loans are a part shall be subject to the payment of the indemnity referred to in Section 2.6.

Section 2.5 Substitution of Banks. If any Affected Bank has given

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Notice pursuant to Section 2.2 or 2.4, the Borrower shall, at its election, take one of the following actions: (i) revoke (subject to payment of any amounts required under Section 2.6) any then pending Notice of proposed Borrowing or Conversion and give another Notice for a Borrowing or a Conversion to be made up of, and/or prepay or convert each existing Borrowing made up of Loans subject to such Notice into a Borrowing consisting of, Loans not subject to such increased costs or not claimed to be illegal; (ii) if any Affected Bank has given Notice of increased costs, agree to pay such increased costs, on terms and conditions mutually satisfactory to the Borrower and such Affected Bank; (iii) instruct the Affected Bank to make such Affected Bank's Loan as a Prime Loan, which shall be converted to a Eurodollar Loan at such time as such Notice is no longer applicable; (iv) request the non-Affected Banks to take over all (but not part) of such Affected Bank's Loans; provided, however, that

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the non-Affected Banks may elect to take over fewer than all of the Affected Bank's Loans; or (v) if and only if the non-Affected Banks have elected to take over less than all of the Affected Bank's Loans, designate a Replacement Lender or Lenders to take over all of the Loans of the Affected Bank not being taken over by the non-Affected Banks subject, in the case of (v), to the requirement that no Replacement Lender may have a Commitment of less than \$5,000,000.

If one or more non-Affected Banks shall so agree in writing, such non-Affected Banks (pro rata according to their outstanding Loans) shall make Loans to the Borrower in an aggregate amount equal to the portion of the outstanding Loans of the Affected Bank being replaced pursuant to this sentence (and in the same admixture of Prime Loans and Eurodollar Loans as all the outstanding Loans of the Affected Bank) on a date mutually acceptable to such non-Affected Banks and the Borrower. The proceeds of such Loans shall be used to repay the outstanding principal amount of the Loans of the Affected Bank being taken over by the non-Affected Banks. If the Borrower designates a Replacement Lender or Lenders in respect of all or a portion of the outstanding Loans of the Affected Bank, such Replacement Lenders shall purchase such Loans or portion, without recourse to or warranty by (other than a warranty from the Affected Bank as to the principal amount of the Loans being purchased), or expense to, such Affected Bank, and such Affected Bank shall sell such Loans, for a purchase price equal to the outstanding principal amount of the Loans of such Affected Bank being purchased. Thereafter, the Commitment of such Affected Bank shall be allocated pro rata among such non-Affected Banks and/or such Replacement Lender(s). Any purchase of Eurodollar Loans by non-Affected Banks or Replacement Lenders shall take place only on the last day of the relevant Eurodollar Interest Period, or as otherwise required by Section 2.4.

Upon accomplishment of the foregoing, the Affected Bank shall no longer have any obligations hereunder (except for obligations, if any, accrued

before and not discharged as of such accomplishment) and shall no longer constitute a Bank for the purposes of this Agreement.

Upon completing any purchase pursuant to this Section 2.5 and upon executing a counterpart of this Agreement, each Replacement Lender shall become a Bank hereunder. The Borrower shall provide replacement Notes to each Replacement Lender and to any non-Affected Bank making Loans pursuant to this Section 2.5 to reflect the identity of, and/or the increased or new, respectively, Commitment of, each such non-Affected Bank or Replacement Lender, respectively.

Section 2.6 Indemnity. The Borrower shall compensate each Bank,

fifteen (15) Domestic Business Days after Notice by such Bank (which Notice shall set forth the basis for requesting such amounts), for all reasonable losses and expenses in respect of any interest paid or premium or penalty incurred by such Bank (or its lending branch or affiliate) to lenders or otherwise in respect of the funds borrowed by or deposited with it to make or maintain its Eurodollar Loans which such Bank (or its lending branch or affiliate) may sustain, to the extent not otherwise compensated for under this Agreement (under Section 2.2 or otherwise) and not mitigated by the re-employment of such funds: (i) if for any reason (other than a default by such Bank or the operation of Section 2.1) a Borrowing, Conversion or Extension of any Loan does not occur on a date specified therefor in a Notice of Borrowing, Conversion or Extension given by the Borrower, including, without limitation, because a Notice is revoked pursuant to Section 2.5(i), or (ii) if a Eurodollar Loan is repaid other than on the expiration date of the related Eurodollar Interest Period. A statement as to such loss or expense (including calculations, in reasonable detail, showing how such Bank computed such loss or expense) shall be promptly submitted by such Bank to the Borrower (with a copy to the Agent).

Section 2.7 Payments of Accrued Amounts. On the date of any Loan

prepayment made in accordance with this Article II, the Borrower shall also pay, to the Bank being prepaid, interest accrued on the amount of such Loan being prepaid. The Borrower shall also make timely payment of all other amounts owing to such Bank hereunder with respect to the amount of such Loan being prepaid.

Section 2.8 Banks' Obligation to Mitigate. Each Bank agrees that as

promptly as practicable after it becomes aware of the occurrence of an event that would entitle it to give Notice pursuant to Section 2.2 or 2.4, it will, prior to the date of any prepayment or Conversion of an affected Loan, use reasonable efforts to make, fund or maintain such Loan through another lending office of such Bank if as a result thereof the increased costs would be avoided or materially reduced or the illegality would thereby cease to exist and if, as determined by such Bank, the making, financing or maintenance of such Loan through such other lending office does not otherwise materially adversely affect such Loan or Bank. The Borrower hereby agrees to pay all reasonable expenses incurred by any Bank in utilizing another lending office of such Bank pursuant to this Section 2.8.

Section 2.9 Funding Assumptions. Solely for purposes of calculating

amounts payable by the Borrower to the Banks under this Article II, (i) each Eurodollar Loan made by a Bank (and each related reserve, special deposit similar requirement) shall be conclusively deemed to be funded at the Libor Rate used in determining the relevant Eurodollar Rate by such Bank (or its branch or affiliate) by a matching deposit in the London Interbank Eurodollar Market, whether or not such Loan is in fact so funded.

### ARTICLE III - CONDITIONS PRECEDENT

Section 3.1 All Loans and Letters of Credit. The obligations of each

of the Banks to make any Loan hereunder, and of the Agent to issue any Letter of Credit hereunder, are subject to the following conditions precedent:

A. Receipt by the Agent from the Borrower of the Notice of Borrowing specified in Section 1.10 or a Notice for Letter of Credit as specified in Section 1.14. Each such Notice received by the Agent hereunder shall be deemed to be a representation and warranty by the Borrower as of the Borrowing Date in such Notice that, after giving effect to the requested Loan or Letter of Credit:

(i) the material representations and warranties contained herein, on and as the date of such Loan or Letter of Credit, or made in any writing delivered or furnished pursuant to this Agreement or to induce and Banks to amend or waive any provisions of this Agreement or extend the Termination Date on and as of the date as of which made, are or were, as the case may be, true and correct in all material respects, and provided the representations and warranties contained in Section 4.5 shall be deemed to be made with respect to the most recent financial statements delivered to the Banks; and

(ii) no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

Section 3.2 Effectiveness of the Agreement. This Agreement shall

not be effective until the following conditions have been satisfied, all of which shall be deemed either satisfied or waived upon delivery by the Agent of the certificate attached as Exhibit C:

A. The Revolving Credit Notes. The Borrower shall have delivered  
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to the Agent for the account of each Bank duly executed Revolving Credit Notes.

B. Certificate of Authority. The Borrower shall have delivered to  
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the Agent a certificate of an officer of the Borrower concerning the authority of the officers executing this Agreement in form and substance satisfactory to the Agent.

C. Required Acts and Conditions. All acts and conditions  
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(including, without limitation, the obtaining of any necessary regulatory approvals and the making of any required filings, recordings or registrations) required to be done and performed, and to have happened precedent to the execution, delivery and performance of this Agreement and the Notes, and to constitute the same legal, valid and binding obligations enforceable in accordance with their respective terms, shall have been done and performed and shall have happened in due and strict compliance with all applicable laws.

D. Documentation and Proceedings. All corporate and legal  
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proceedings and all instruments in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Banks and their counsel, Watanabe, Ing & Kawashima, and the Banks and such counsel shall have received any and all further information and documents, including records of corporate proceedings, which the Banks and such counsel may reasonably have requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

Section 3.3 Certificate of Agent. When the conditions enumerated  
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under Section 3.2 have been fulfilled, the Agent, on behalf of the Banks, shall execute and deliver to the Borrower a certificate substantially in the form of Exhibit C attached hereto.

Section 3.4 Loan Under Term Credit. In the case of the Term Loans  
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pursuant to Section 1.5 above, the Borrower shall have delivered to the Agent for the account of the Banks Term Notes complying with the requirements of Section 1.6 above.

#### ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF THE BORROWER -----

As an inducement to the Banks to enter into this Agreement and to make the Loans, and to the Agent to issue the Letters of Credit, both as provided for herein, the Borrower represents and warrants to the Banks and the Agent as follows:

Section 4.1 Due Incorporation, Qualification, Etc. The Borrower and  
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each of the Significant Subsidiaries are corporations duly organized, validly existing and in good standing under the law of the jurisdiction in which they are incorporated and each are authorized to do business in the jurisdictions in which its ownership of property or conduct of business legally requires such authorization and where failure to do so would have a material adverse effect on the Borrower or any such Significant Subsidiary, and has full power and authority to own its properties and assets and to conduct its business as presently conducted.

Section 4.2 Capacity. The Borrower has full power and authority to  
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execute and deliver, and to perform and observe the provisions of, this Agreement and the Notes and to carry out the transactions contemplated hereby and thereby.

Section 4.3 Authority and Enforceability. The execution, delivery  
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and performance by the Borrower of this Agreement and the Notes have been duly authorized by all necessary corporate action, and do not and will not require any registration with, consent or approval of, notice to, or any action by, any Person, except such, if any, as have been obtained in writing, copies of which consents have been furnished to the Banks. This Agreement constitutes, and the Notes when or as delivered by the Borrower hereunder will or do constitute, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights generally and by the effect of rules of law governing specific performance, injunctive relief or other equitable remedies.

Section 4.4 Compliance with other Instruments. The execution and  
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delivery of this Agreement and compliance with its terms, and the issuance of the Notes as contemplated herein, will not result in a material breach of any of the terms or conditions of, or result in the imposition of any lien, charge or encumbrance upon any properties of the Borrower or its Subsidiaries pursuant to, or constitute a default (with due notice or lapse of time or both) or result in an occurrence of an event for which any holder or holders of Funded Indebtedness with any unpaid principal balance of \$1,000,000 or more may declare the same due and payable under, any indenture, agreement, order, judgment or instrument under which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries or its or their

property may be bound or affected, or under the charter documents or bylaws of the Borrower or any its Subsidiaries, and will not violate any existing provision of law applicable to the Borrower.

Section 4.5 Financial Statements. The consolidated financial

statements of the Borrower as of and for the year ended December 31, 2000, as audited by Deloitte & Touche, LLP, and the consolidated unaudited financial statements of the Borrower as of June 30, 2001, which statements are duly certified by the Chief Financial Officer of the Borrower, are complete, correct and present fairly the financial position and results of operations as of or for the periods indicated, all in accordance with GAAP applied on a consistent basis, except as set forth in the notes thereto.

Section 4.6 Material Adverse Events. Since December 31, 2000, there

has been no material adverse change in the business, financial position or results of operations of the Borrower and its Subsidiaries, considered as a whole.

Section 4.7 Litigation, Etc. Except as reflected in the financial

statements referred to in Section 4.5 or as otherwise disclosed to the Banks in writing, (including, without limitation, for such purposes, any document furnished to the Banks pursuant to Section 6.1) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Borrower) pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower or any of its Subsidiaries, at law or in equity, which, if adversely determined, could have a material adverse effect on the business, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole. Any action, suit or proceeding as to which the Borrower and/or the relevant Subsidiary or Subsidiaries have received, from the counsel representing the Borrower and/or the relevant Subsidiary or Subsidiaries therein, a written opinion that the likelihood of the successful assertion of any liability that could have a material adverse effect as described in the preceding sentence is remote, shall not be deemed an action, suit or proceeding which could have such a material adverse effect. After due inquiry, to the knowledge of the Borrower, neither the Borrower nor any of its Subsidiaries is in violation or default with respect to any applicable laws and/or regulations which materially affect the operations and/or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole nor are they, or any of them, in violation or default with respect to any order, writ, injunction, demand or decree of any court or any governmental agency or in violation or default in any material respect under any indenture, agreement or other instrument under which the Borrower or any of its Subsidiaries is a party or may be bound, default under which there might be consequences that would materially and adversely affect the business, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole.

Section 4.8 Title. The Borrower and its Subsidiaries have good and

marketable title to its properties reflected in the consolidated balance sheet and related notes referred to in Section 4.5 (except (i) those properties disposed of since the date of such accounts in the ordinary course of business or as are no longer used or useful in the conduct of its business, (ii) title defects and encumbrances which either individually or in the aggregate are of no material consequence to the Borrower and its Subsidiaries taken as a whole, (iii) such vessels and other assets of Matson, title to which is held in the name of owner trusts or similar entities pursuant to the requirements of the transactions by which the construction and/or purchase of the same were financed, and (iv) property leased pursuant to finance leases) and all properties and assets acquired by the Borrower or a Subsidiary thereafter and prior to the Effective Date; and all such properties and assets are not subject to any lien (including any encumbrance or security interest), except liens permitted under Section 7.3 hereof and those which are reflected in the most recent balance sheet (referred to in Section 4.5) and the related notes.

Section 4.9 Patent and Other Rights. The Borrower and its

Subsidiaries either possess or have applied for all material patents, licenses, trademarks, trade names, trade secrets, copyrights and all rights with respect thereto, which are required to conduct their business as now conducted without known conflict with the rights of others which would materially affect the business, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole.

Section 4.10 Adverse Contracts and Orders. Except as heretofore

publicly disclosed or disclosed in writing to the Banks, neither the Borrower nor any of its Subsidiaries is a party to or is bound by, or subject to, any contract, instrument, charter, bylaw or other corporate restriction or any order, decree or judgment of any Person (the "Restrictive Documents") which materially and adversely affects the business, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or is in material default in the performance, observance, or fulfillment of any of the material obligations or conditions contained in any of such Restrictive Documents.

Section 4.11 Taxes. The Borrower has filed or caused to be filed

all material tax returns which are required to be filed by it and any of its Subsidiaries, pursuant to the laws, regulations or orders of each Person with taxing power over the Borrower or any of its Subsidiaries or the assets of any thereof. The Borrower and each of its Subsidiaries has paid, or made provision for the payment of, all material taxes, assessments, fees and other governmental charges which have or may have become due pursuant to said returns, or otherwise, or pursuant to any assessment received by the Borrower or any of its



Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves (determined in accordance with generally accepted accounting principles) have been provided. Federal income tax returns of the Borrower have been audited by and settled with the Internal Revenue Service or the statute of limitations has expired for all years to and including the fiscal year ended December 31, 1998, and the results of such settlement are or will be properly reflected in the financial statements referred to in Section 4.5 and Section 6.1. The charges, accruals and reserves in respect of taxes on the books of the Borrower are sufficient to comply with generally accepted accounting principles. The Borrower knows of no proposed material tax assessment against it or any of its Subsidiaries, and no extension of time for the assessment of federal, state or local taxes of the Borrower or any of its Subsidiaries is in effect or has been requested except in either case as disclosed in the financial statements furnished to the Banks pursuant to Sections 4.5 and 6.1A, and except for extensions obtained in the ordinary course of business.

Section 4.12 Lawful Use of Proceeds; Compliance with Federal Reserve

Board Regulations. All proceeds of the Revolving Loans shall be used by the

Borrower for its general working capital purposes or to make Friendly Acquisitions or by the Borrower to repurchase shares of the capital stock of the Borrower. No part of the proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying or trading in any securities under such circumstances as to involve the Borrower in a violation of Regulation X of the Federal Reserve Board or the Banks in a violation of Regulation U of the Federal Reserve Board. If requested by the Banks, the Borrower will furnish to the Banks in connection with the Loans a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in said Regulation U.

Section 4.13 Employee Retirement Income Security Act of 1974.

A. To the best of the Borrower's knowledge, after due inquiry, no material Reportable Event has occurred and is continuing with respect to any Plan.

B. No accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan (other than a Multiemployer Plan). No liability to the PBGC has been or is expected by the Borrower or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Borrower, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Borrower and its Subsidiaries taken as a whole. Neither Borrower, any of its Subsidiaries nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV or ERISA with respect to any Multi-employer Plan which is or would be materially adverse to the Borrower and its Subsidiaries taken as a whole. The execution and delivery of this Agreement and of the Notes will be exempt from, or will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be imposed pursuant to section 4975 of the Code. The representation by the Companies in the next preceding sentence is made in reliance upon and subject to the accuracy of each Bank's representation in Article V.

Section 4.14 Investment Borrower(s) Act of 1940. Neither the

Borrower nor any of its Subsidiaries is an "investment borrower(s)" within the meaning of the Investment Borrower Act of 1940.

Section 4.15 Subsidiaries. Exhibit E is a complete and correct list

of all present Subsidiaries of the Borrower, which list shows for each Subsidiary, its state or jurisdiction of incorporation, its principal business, and the number and percentage of its outstanding securities owned of record and/or beneficially by the Borrower. Except as disclosed in Exhibit E, Borrower directly or indirectly owns, free and clear of all liens, charges, encumbrances and rights of others whatsoever, all shares of such Subsidiaries shown on Exhibit E, and all shares of Significant Subsidiaries are validly issued and fully paid.

Section 4.16 Solvency. The fair value of the property of Borrower

is greater than the total amount of liabilities, including without limitation contingent liabilities, of Borrower; the present fair salable value of the assets of Borrower is not less than the amount that will be required to pay the probable liability of Borrower on its debts as they become absolute and matured; Borrower does not intend to, nor does it believe that it will, incur debts or liabilities beyond its abilities to pay as such debts and liabilities mature; and Borrower is not engaged in a business or a transaction, or about to engage in a business or a transaction, for which Borrower's property would constitute an unreasonably small capital.

ARTICLE V - REPRESENTATION OF THE BANKS

Each Bank represents that it is its present intention to make the Loans for its own account and not to make any public offering or to effect any distribution of the Notes, subject nevertheless to any requirement of law that the disposition of its Notes should remain within the control of such Bank. Each Bank further represents and warrants that no Loan made by it will be made out of the assets of any separate account maintained by it in which any Plan (or any individual account plan maintained for employees of the Borrower or any

Subsidiary) has an interest, nor will such Bank assign or otherwise transfer any of its Loans or Notes to any Plan.

ARTICLE VI - AFFIRMATIVE COVENANTS OF THE BORROWER

During the term of this Agreement and until payment in full of the obligations, unless compliance shall have been waived in accordance with Section 12.10 by the Majority Banks, the Borrower agrees that:

Section 6.1 Financial Records, Statements and Reports and

Inspection.

A. The Borrower at all times will keep, and will cause each of its Subsidiaries to keep, books of record and account in which proper entries will be made of its financial transactions in accordance with generally accepted accounting principles and will furnish to the Banks:

(i) as soon as possible and in any event within ten days after any officer of the Borrower has knowledge of the occurrence of each Event of Default, or each Unmatured Event of Default which is continuing on the date of such statement, the statement of the chief financial officer of the Borrower setting forth details of such Event of Default or Unmatured Event of Default and the action which the Borrower propose to take with respect thereto;

(ii) as soon as available and in any event within 45 days after the close of each of the first three quarters of the Borrower's fiscal year, (a) a consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and comparative consolidated statements of income for such quarter and year to date, and (b) a statement that, to the best of the Borrower's knowledge, after due inquiry, no event which constitutes an Event of Default or Unmatured Event of Default hereunder has occurred and is continuing, each certified by the chief financial officer of the Borrower;

(iii) as soon as available and in any event within 90 days after the close of the Borrower's fiscal year, (a) a copy of the annual report for such year for the Borrower and its Subsidiaries, including therein an audited consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and audited consolidated statements of income and shareholders' equity of the Borrower and its Subsidiaries for such fiscal year, in the case of each of the audited statements, covered by the opinions of Deloitte & Touche, LLP or other independent public accountants of recognized standing reasonably acceptable to the Banks; and (b) a letter of the chief financial officer of the Borrower, dated as of the end of such year, stating that, to the best of the Borrower's knowledge, after due inquiry, no event which constitutes an Event of Default or Unmatured Event of Default hereunder has occurred and is continuing;

(iv) within 45 days after the close of each of the first three quarters of the Borrower's fiscal year, and within 90 days after the close of the Borrower's fiscal year, a "Compliance Certificate" in form reasonably satisfactory to the Banks comparing the required quantitative covenants set forth in Section 7.1, 7.2, 7.4, 7.5 and 7.8 hereof and certified as correct by the chief financial officer of the Borrower;

(v) prompt notice of any Reportable Condition reported to the Borrower, or to the Borrower's Board of Directors, by the Borrower's independent public accountants;

(vi) promptly after the sending or filing thereof, copies of all proxy statements, financial statements, and reports which the Borrower sends to its stockholders, and copies of all regular, periodic and special reports, and all registration statements under the Securities Act of 1933, as amended, which the Borrower or any Subsidiary files with the Securities and Exchange commission, with any governmental authority successor thereto, or with any national securities exchange;

(vii) promptly after the furnishing thereof, copies of any statement or report furnished to any other holder of the securities of the Borrower pursuant to the terms of any indenture, loan or credit, or similar agreement, and not otherwise required to be furnished to the Bank pursuant to any other clause of this Section 6.1A;

(viii) prompt notice of any condition or event which has resulted in (a) a material adverse change in the Borrower's consolidated financial condition or (b) a material breach of or noncompliance with any material term, condition or covenant of any material contract to which the Borrower or any Significant Subsidiary is a party or by which it or its property may be bound;

(ix) prompt written notice of any claims, proceedings or disputes (whether or not purportedly on behalf of the Borrower) against, or to the knowledge of the Borrower, threatened against or affecting, the Borrower and/or any of its Subsidiaries not fully covered by insurance (other than usual and customary deductibles), which, if adversely determined, would have a material adverse effect on the business, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole (without in any way limiting the foregoing, claims, proceedings, or disputes involving monetary amounts the uninsured portion of which is in excess of \$5,000,000 shall be deemed to be

material, other than claims for personal injury brought by seamen and longshoremen against Matson unless there exists a substantial probability that the uninsured liability of Matson thereunder will be in excess of \$5,000,000), or any material labor controversy resulting in a strike against the Borrower or any Significant Subsidiary that is likely to have a material adverse effect on the condition (financial or otherwise) of the Borrower or such Significant Subsidiary, or any proposal by any public authority to acquire any material amount of the assets or business of the Borrower or any Significant Subsidiary;

(x) (a) and will cause each of its Subsidiaries to furnish to the Banks, as soon as possible, and in any event, within thirty (30) days after the Borrower or any of its Subsidiaries knows that any material Reportable Event with respect to any Plan has occurred, a statement of the chief financial officer of the affected Borrower or Subsidiary setting forth details as to such material Reportable Event and the action which the affected Borrower or Subsidiary proposes to take with respect thereto, together with a copy of the notice of such material Reportable Event given to the PBGC, if a copy of such notice is available to the affected Borrower or Subsidiary, (b) prompt written Notice of any decision by the Borrower, any Subsidiary or any member of the Controlled Group to terminate or withdraw from any Plan, and (c) promptly after receipt thereof a copy of any notice of intent to terminate any Plan or to appoint a trustee to administer any Plan which the Borrower, any Subsidiary or any member of the Controlled Group may receive from the PBGC or the Internal Revenue Service with respect to any Plan; and

(xi) at any time the value of all Margin Stock and Publicly Traded Securities owned by the Borrower and its Subsidiaries exceeds (or following application of the proceeds of an intended Borrowing hereunder to a Friendly Acquisition would exceed) 25% of the value of the total assets of the Borrower and its Subsidiaries, in each case as reasonably determined by the Borrower, the Borrower shall give prompt Notice of such fact to the Agent.

B. So long as the Borrower is required to file periodic reports with the Securities and Exchange Commission (or any successor agency thereto) under the Securities Exchange Act of 1934 (or any successor statute thereto), the Borrower shall be deemed to have fulfilled their obligations under Sections 6.1A(ii)(a) and 6.1A(iii)(a) to provide consolidated financial statements if they timely furnish the Banks the Borrower's quarterly report on Form 10-Q and its annual report on Form 10-K, respectively (or any successor forms required to be filed under such Act if they contain substantially the same information).

C. The Borrower will, upon request, furnish to the Banks and will cause any of its Subsidiaries to furnish such information as the Banks may reasonably request with respect to the business, affairs or condition (financial or otherwise) of the Borrower or any of its Subsidiaries, and will permit and will cause its Subsidiaries to permit the Banks or representatives thereof, with reasonable prior Notice, at any reasonable time or times, to inspect the properties of the Borrower or its Subsidiaries, and to inspect and examine the books or records of the Borrower and its Subsidiaries and to take extracts therefrom, in each case while accompanied by an officer or representative of the Borrower, provided that the information obtained pursuant to this Section 6.1C, to the extent not otherwise publicly available, shall remain confidential, but shall be available to the Agent and the other Banks (until such time, if any, as it otherwise becomes publicly available), subject, however, to any laws, regulations or orders of any court or governmental agency requiring the Banks to divulge any of such information.

Section 6.2 Insurance. The Borrower will maintain, and will cause

its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or Subsidiary operates. Notwithstanding the foregoing, the Borrower or any of its Subsidiaries may maintain a plan or plans of self-insurance to such extent and covering such risks as is usual for companies of comparable size engaged in the same or similar business, and, on request, the Borrower will advise the Banks concerning any such plan or plans for self-insurance.

Section 6.3 Other Debt. The Borrower will promptly pay and

discharge, and will cause its Subsidiaries to promptly pay and discharge, any and all Indebtedness, liens, charges, taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any of its properties prior to the date on which penalties accrue thereon, and lawful claims which, if unpaid, might become a lien or charge upon the property of the Borrower or such Subsidiary, except such as may in good faith be contested or disputed, or for which arrangements for deferred payment have been made, provided appropriate reserves are maintained to the reasonable satisfaction of the Majority Banks.

Section 6.4 Maintenance of Existence; Conduct of Business. The

Borrower will preserve and maintain, and will cause each of its Significant Subsidiaries to preserve and maintain, its corporate existence, and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and will conduct its business in an orderly and efficient manner, keep the properties which are useful or necessary in its business in good working order and condition, and will comply with all applicable laws and regulations of any governmental authority and the terms of any indenture, contract or other instrument to which it may be a party or under which it or its properties may be bound, if noncompliance will have a material adverse effect upon its consolidated financial condition, except where contested in good faith and by proper proceedings; provided, however, that nothing herein

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contained shall prevent the Borrower or any of its Subsidiaries from exercising any of their rights under Sections 7.4 and 7.5 of this Agreement.

Section 6.5 Expenses. The Borrower will pay all reasonable out-of-

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pocket expenses of the Agent (including, but not limited to, reasonable fees and disbursements of the Agent's special counsel) incident to the preparation, execution and delivery of, and the making of the Loans or Letters of Credit under this Agreement, the administration of the Loans or Letters of Credit, any amendments to or waivers of this Agreement, the protection of the rights of the Banks under this Agreement and the enforcement of payment of the Obligations, whether by judicial proceedings or otherwise; provided, however, that upon and

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after the occurrence of an Event of Default under Section 8.1F, the Borrower shall pay the reasonable fees and disbursements of each Bank's counsel incurred by such Bank in its dealings with the Borrower after the occurrence of such Event of Default. The billing rates usually and customarily charged by the counsel referred to in the above proviso in the jurisdiction in which it maintains its principal offices shall be deemed reasonable under the provisions of this Section 6.5 even if such rates are greater than the billing rates usually and customarily charged by counsel whose principal offices are located in a different jurisdiction where a proceeding to enforce the rights of the Banks or any Bank under this Agreement may be pending. The Obligations of the Borrower under this Section 6.5 shall survive payment of the Loans or Letters of Credit and cancellation of the Notes.

Section 6.6 Advice of Acquisition. Not later than five (5) Business

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Days before the proposed Borrowing Date of any Borrowing, the proceeds of which are proposed to be used to make an Acquisition or to replenish any portion of the Borrower's working capital that is proposed to be or has been expended to make an Acquisition, the Borrower shall give a Notice to the Agent (which shall promptly transmit the same to the Banks) specifying: (a) the identity of the Person the securities or assets of which were or are to be acquired in the Acquisition, (b) the nature of the Acquisition, (c) the tentative principal amount of Loans or Letters of Credit to be outstanding at any one time with respect to such Acquisition; and (d) with respect to a proposed Acquisition, whether or not the Borrower believes it will be a Friendly Acquisition and the

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basis for such belief. It is understood and agreed that notwithstanding the provisions of this Section 6.6, the Banks shall make any Loan the proceeds of which are to be used to make a Friendly Acquisition if the requirements of Article I hereof have been fulfilled with respect to the proposed Borrowing and if the conditions of Section 3.1 hereof have been met. Any Acquisition other than a Friendly Acquisition for which the proceeds of a Borrowing shall be used shall require the consent of the Majority Banks.

#### ARTICLE VII - NEGATIVE COVENANTS OF THE BORROWER

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During the term of this Agreement and until the payment in full of any and all Obligations of the Borrower, without the consent of the Majority Banks given in accordance with Section 12.10:

Section 7.1 Financial Covenants. The Borrower agrees that it will

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not:

A. Commencing with the fiscal year beginning January 1, 2001, permit the Borrower's Consolidated Tangible Net Worth to be less than the sum of (x) \$530,000,000 plus (y) 25% of the Borrower's Consolidated Cumulative Net Income after December 31, 2000 (such required minimum net worth not to be reduced by any consolidated net loss during any such period).

B. (i) At any time that the aggregate principal balance of Loans and Letters of Credit outstanding hereunder is less than \$75,000,000, permit the Borrower's Consolidated Current Assets plus the amount available to the Borrower under committed (subject only to conditions precedent that are or could promptly be satisfied) but unfunded lines of credit (including amounts available hereunder) to be less than 130% of the Borrower's Consolidated Current Liabilities, and (ii) at any time that the aggregate principal balance of Loans and Letters of Credit outstanding hereunder is \$75,000,000 or more, permit the Borrower's Consolidated Current Assets plus the amount available to the Borrower under committed (subject only to conditions precedent that are or could promptly be satisfied) but unfunded lines of credit (including amounts available hereunder) to be less than 100% of the Borrower's Consolidated Current Liabilities.

C. Permit the Borrower's consolidated Contingent Liabilities to be more than 20% of its Consolidated Tangible Net Worth.

D. Permit the Borrower's Interest Coverage Ratio for any fiscal quarter (measured at the end of such fiscal quarter) to be less than 2.0 to 1.0.

Section 7.2 Indebtedness. The Borrower agrees that it will not, and

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will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist, or otherwise become or be liable in respect of any Funded Indebtedness, other than Funded Indebtedness which, together with all other Funded Indebtedness of the Borrower and its Subsidiaries, does not exceed 300% of Consolidated Net Income Before Interest, Taxes, Depreciation and Amortization.

Section 7.3 Liens. The Borrower agrees that it will not, and will

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not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any lien (including any encumbrance or security interest) of any kind upon any of its assets, whether now owned or hereafter acquired, except:

A. liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being contested in good faith, and liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being contested in good faith, provided provision is made to the satisfaction of the Banks for the eventual payment thereof in the event it is found that such is payable by the Borrower or any of its Subsidiaries;

B. liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders and statutory obligations entered into in the ordinary course of business or to secure obligations on surety or appeal bonds, or easements, rights of way, restrictions and similar encumbrances incurred in the ordinary course of business and not interfering with the ordinary conduct of the business of the Borrower or any of its Subsidiaries nor materially and adversely affecting the value of the properties encumbered;

C. material judgment liens in existence less than thirty (30) days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full by insurance;

D. liens existing on the Effective Date reflected in the latest balance sheet furnished to the Banks pursuant to Section 6.1A or any mortgage or lien which replaces an existing mortgage or other lien, provided the principal amount of the debt secured by the replacing mortgage or lien does not exceed the principal amount at the time of replacement of the existing mortgage or lien, or cover property different from the property covered by the existing mortgage or lien;

E. liens and mortgages on the vessels owned or to be owned or chartered, or any shoreside facilities or equipment to be owned or leased by Matson or its Subsidiaries;

F. the giving, simultaneously with or within ninety (90) days after the acquisition or construction of real property or tangible personal property, of any purchase money lien (including vendor's rights under purchase contracts under an agreement whereby title is retained for the purpose of securing the purchase price thereof) on real property or tangible personal property hereafter acquired or constructed and not heretofore owned by the Borrower or any of its Subsidiaries, or the acquiring hereafter of real property or personal tangible property not heretofore owned by the Borrower or any of its Subsidiaries subject to any then existing lien (whether or not assumed); provided, however, that in each such case (i) such lien is limited to such

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acquired or constructed real or tangible personal property, and (ii) the principal amounts of the Indebtedness secured by each such lien, together (without duplication) with the principal amount of all other Indebtedness secured by liens on such property, shall not exceed 100% of the cost (which shall be deemed to include the amount of Indebtedness secured by liens, including existing liens, on such property) of such property to the Borrower or any of its Subsidiaries;

G. liens incurred in the ordinary course of the Borrower's property development activities not in excess, in the aggregate, of eighty-five million dollars (\$85,000,000) plus an additional five million dollars (\$5,000,000) for each completed calendar year commencing with the year ended December 31, 2001, provided that each lien permitted by this Section 7.3G shall be limited to such real and personal property secured thereby and the aggregate principal amounts of the debt secured by each such lien, together with the principal amount of all other debt secured by liens on such property, shall not exceed one-hundred percent (100%) of the cost (which cost shall be deemed to include the amount of debt secured by liens, including existing liens, on such property) of such property to the Borrower;

H. other liens, charges or encumbrances incidental to the conduct of the business of the Borrower and its Subsidiaries or the ownership of their property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances of credit and which do not in the aggregate materially detract from the value of their property or assets or materially impair the use thereof in the operation of their businesses.

Section 7.4 Sale of Assets. The Borrower agrees that it will not,

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and Borrower agrees that it will not permit Matson or any Subsidiary of Matson to, sell the accounts, contract rights or receivables pertaining to its business or sell, lease, abandon or otherwise dispose of, directly or indirectly, its assets or any portion thereof except in the ordinary course of business; provided, however, that the Borrower, Matson or any Subsidiary of

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Matson may discontinue or sell the operations of any division of its business (other than discontinuing or selling the Borrower's HC&S division substantially in its entirety), or otherwise may dispose of any operation, right, privilege or property, if management shall deem the same advisable in the interest of the business of the Borrower and of Matson and Matson's Subsidiaries, subject to the provisions of Section 7.5 hereof, and subject to the further provisions that, (i) in any fiscal year, the aggregate value of all such dispositions not in the ordinary course of business shall not exceed twenty percent (20%) of Consolidated Total Assets, and (ii) from and after September 30, 1996, the aggregate value of all such dispositions not in the ordinary course of business shall not exceed three hundred sixty million dollars (\$360,000,000), provided

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that at any time such assets disposed of since the beginning of the most recently ended fiscal year shall not have contributed more than an average of twenty percent (20%) of Borrower's Consolidated Net Income during the two most recently ended fiscal years and, provided further that the proceeds of any such

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dispositions in excess of one hundred million dollars (\$100,000,000) after September 30, 1996 shall be applied to the repayment of Funded Indebtedness. Sales of assets from the Borrower's property management and development activities, and sales of marketable securities owned by the Borrower and that are not securities issued by a Subsidiary shall be deemed within the ordinary course of business.

Section 7.5 Consolidation, Merger, Etc. The Borrower agrees that it

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will not, and agrees it will not permit either Matson or any Subsidiary of Matson to, consolidate or merge with, or sell (whether in one transaction or in a series of transactions) all or substantially all of its assets to any Person, except that Matson and any Subsidiary of Matson may merge with or transfer assets to one another, the Borrower, or any other Subsidiary; provided, that after such merger or transfer such other Subsidiary shall be subject to the provisions of Article VII hereof.

Section 7.6 Investment, Advances and Guarantees. The Borrower

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agrees that it will not, and Borrower agrees it will not permit Matson or any Subsidiary of Matson to, advance funds to (by way of loan) or to incur any Indebtedness with respect to the obligations of, any Person (other than (i) the Borrower, or a Subsidiary, (ii) employees thereof in connection with customary employee benefit arrangements, (iii) owner trusts and similar title holding entities used in transactions to finance vessels, shoreside facilities or equipment and other facilities to be operated by the Borrower, Matson or any Subsidiary of Matson or (iv) partnerships or joint ventures in which the Borrower and/or any Subsidiary is a partner or joint venturer), or make any Acquisition other than a Friendly Acquisition.

Section 7.7 Subsidiary Ownership. The Borrower agrees that it will

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not, except for directors' qualifying shares (if required), directly or indirectly sell, assign, pledge or otherwise transfer (except to a subsidiary) any indebtedness of or claim against Matson or any Subsidiary of Matson or any shares of stock or securities of Matson or any Subsidiary of Matson; and Borrower will not permit Matson or any Subsidiary of Matson to sell, assign, pledge or otherwise transfer (except to the Borrower, Matson or a Subsidiary of Matson) any Indebtedness of or claim against the Borrower, Matson or any Subsidiary of Matson or any shares of stock or securities of Matson or any Subsidiary of Matson, except pursuant to a transaction permitted under Section 7.4 or 7.5 of this Agreement.

Section 7.8 Dividends, Redemptions. The Borrower agrees that it

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will not, and will not permit any of its Subsidiaries to, directly or indirectly:

A. Declare or pay any dividend or other distribution on any class of its capital stock or other equity interests, redeem or repurchase any such interests or make any other distribution on account of any such interests (all of the foregoing being "Restricted Payments"), except that the Borrower may make Restricted Payments in any amount so long as (i) no Event of Default or Unmatured Event of Default shall then be existing or be existing after giving effect to any such Restricted Payment, and (ii) any such Restricted Payment will not violate any applicable law or regulation, including Regulation U of the Board of Governors of the Federal Reserve System.

B. Redeem, retire, purchase or otherwise acquire beneficially any shares of any class of its own stock, or any stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, or set apart any sum for any such purposes, except that the Borrower may redeem, retire, or repurchase its own shares, if such shares are immediately retired and canceled, or if the Borrower delivers to the Agent an opinion of counsel in form and substance reasonably satisfactory to the Majority Banks that failure to retire and cancel such shares will not result in the Banks being involved in a violation of Regulation U of the Board of Governors of the Federal Reserve System; provided,

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however, that the preceding requirements pertaining to cancellation or

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retirement or the provision of an opinion of counsel shall not apply to shares being redeemed, retired or repurchased pursuant to an employee benefit plan, or to options granted employees in the ordinary course of business.

On and after the date, if any, on which Consolidated Tangible Net Worth declines to an amount equal to \$50,000,000 below the amount then permitted under Section 7.1A(i), the Borrower shall be prohibited from reacquiring such shares as aforesaid. Notwithstanding the provisions of the preceding sentence, the Borrower may reacquire shares as aforesaid when Consolidated Tangible Net Worth has declined to an amount more than \$50,000,000 below the amount then permitted under Section 7.1A(i), but the aggregate net consideration paid by the Borrower for such reacquisitions shall not exceed \$1,000,000 and each such reacquisition shall be only pursuant to an employee benefit plan or to options granted employees in the ordinary course of business. When Consolidated Tangible Net Worth has once again increased to the amount then permitted under Section 7.1A(i), the Borrower may reacquire such shares as aforesaid, in any amount that will not result in Consolidated Tangible Net Worth declining to more than \$50,000,000 below the amount then permitted under Section 7.1A(i). Upon any such reacquisition, in any amount, the Borrower shall once again become subject to the provisions of the first sentence of this paragraph.

7.3 and 7.4 shall not apply to any Margin Stock or Publicly Traded Securities owned by the Borrower or its Subsidiaries to the extent the value of such Margin Stock and Publicly Traded Securities exceeds 25% of the value of the total assets of the Borrower and its Subsidiaries.

ARTICLE VIII - EVENTS OF DEFAULT

Section 8.1 Events of Default. If one or more of the following described events shall occur ("Event of Default"):

A. The Borrower shall fail to pay interest or any part thereof within three (3) days of the same becoming due or shall fail to pay any principal or any part thereof on the day the same becomes due; or

B. The Borrower shall fail to perform or observe any of the provisions contained in Article VII hereof; or

C. The Borrower shall fail to perform or observe any of the provisions contained in any other Article of this Agreement and such failure shall continue for more than thirty (30) days after the Agent gives the Borrower Notice of such failure; or

D. Any material representation or warranty made herein or in any writing delivered or furnished pursuant to this Agreement or to induce the Banks to amend or waive any provisions of this Agreement or to extend the Termination Date, shall prove to have been false or incorrect in any material respect, or omits to state a material fact required to be stated therein in order to make the statements contained therein, in the light of the circumstances under which made, not misleading, on the date as of which made; or

E. The Borrower shall (i) cause a default in any required payment to be made, beyond any applicable grace period, or cause a material default in the performance of any other term, covenant or condition, beyond any applicable grace period, such default in any required payment or such material default in the performance of any other term, covenant or condition being as defined in any evidence of Funded Indebtedness, with a remaining unpaid principal amount of \$5,000,000 or more made or issued by the Borrower or under any indenture, agreement or other instrument under which the same may be issued, or (ii) permit any Significant Subsidiary to cause a default in any required payment to be made, beyond any applicable grace period, as defined in any evidence of Funded Indebtedness, with a remaining unpaid principal amount of \$5,000,000 or more made or issued by any Significant Subsidiary or under any indenture, agreement or other instrument under which the same may be issued, or (iii) cause, or permit any Significant Subsidiary to cause, any event which may result in the holder or holders of any Funded Indebtedness, with a remaining unpaid principal amount of \$5,000,000 or more made or issued by the Borrower or any Significant Subsidiary or under any indenture, agreement or other instrument under which the same may be issued, to declare the same due and payable before its stated maturity, whether or not such acceleration occurs or such default shall be waived, except where the Borrower or such Significant Subsidiary is contesting or disputing in good faith that such a default has occurred, provided that with respect to any such event caused by a Significant Subsidiary other than a default in a required payment, acceleration of the Funded Indebtedness shall have occurred; or

F. The Borrower or any Significant Subsidiary shall be the subject of an order for relief entered by any United States Bankruptcy Court, or shall be adjudicated a bankrupt or insolvent, or shall fail to pay its debts as they generally come due, or make an assignment for the benefit of creditors; or the Borrower or any Significant Subsidiary shall apply for or consent to the appointment of a receiver, trustee, or similar officer for it or for all or any substantial part of its property; or such receiver, trustee or similar officer shall be appointed without the application or consent of the Borrower or any Significant Subsidiary, as the case may be, and such appointment shall continue undischarged for a period of sixty (60) days; or the Borrower or any Significant Subsidiary shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or otherwise) against the Borrower or any Significant Subsidiary and shall remain undischarged for a period of ninety (90) days; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the property of the Borrower or any Significant Subsidiary and such judgment, writ, or similar process shall not be released, vacated or fully bonded within sixty (60) days after its issue or levy; or

G. A final judgment for money, in excess of \$5,000,000 not covered by insurance where the insurer has admitted coverage in writing and the insurer is reasonably satisfactory to the Majority Banks, shall be rendered against the Borrower or any Significant Subsidiary and if, within sixty (60) days after entry thereof, such judgment shall not have been discharged, satisfied or execution thereof stayed pending appeal, or if, within sixty (60) days after the expiration of any such stay, such judgment shall not have been discharged or satisfied; or

H. (i) Any material Reportable Event, which the Majority Banks determine in good faith constitutes grounds for the termination of any Plan or Plans by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer or liquidate any Plan or Plans, shall have occurred and be continuing thirty (30) days after written notice of such

determination by the Majority Banks shall have been given to the Borrower, or (ii) a decision shall have been made by either Borrower, any of their respective Subsidiaries or any member of the Controlled Group to terminate, file a notice of termination with respect to, or withdraw from, any Plan or Plans, or (iii) a trustee shall be appointed by the appropriate United States District Court to administer any Plan or Plans, or (iv) the PBGC shall institute proceedings to terminate any Plan or Plans or to appoint a trustee to administer any Plan or Plans, and in case of the occurrence of any event described in the preceding clauses (i), (ii), (iii) and (iv) of this subsection 8.1H, the aggregate amount of either or both Borrower's liability to the PBGC under Sections 4062, 4063 and 4064 of ERISA as determined in good faith by the Majority Banks could exceed 5% of Consolidated Tangible Net Worth of the Borrower, and such liability is not covered in full, for the benefit of the Borrower, by insurance;

THEN, or at any time thereafter:

(1) Where the Borrower is in default under the provisions of Section 8.1F, the commitment to make the Loans (except the obligation to pay any issued and outstanding Letter of Credit drawn prior to its expiration), and the Agent's obligation to issue Letters of Credit, shall terminate, and the entire unpaid principal amount of the Notes, all interest accrued and unpaid thereon, the amount of all Letters of Credit issued and outstanding, and all other amounts payable hereunder shall automatically become and be forthwith due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower; and

(2) In any other case referred to in this Section 8.1, the Agent may, at its option, or shall, if directed by the Majority Banks, by written notice to the Borrower, terminate its obligation to issue Letters of Credit, and the Majority Banks may, at their option, by written notice to the Borrower through the Agent, terminate the Commitments of the Banks to make the Loans (except the obligation to pay any issued and outstanding Letter of Credit which is drawn prior to its expiration) and/or declare the entire unpaid principal amount of the Notes, all interest accrued and unpaid thereon, the amount of all Letters of Credit issued and outstanding, and all other amounts payable hereunder shall automatically become and be forthwith due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower. In the case of either (1) or (2) above, the Banks may immediately, and without expiration of any period of grace, enforce payment of all Obligations of the Borrower to it under this Agreement and under the Notes.

Any declaration made pursuant to subparagraph (2) above of this Section 8.1 is subject to the condition that, if at any time after the principal of the Notes shall have become due and payable, and before any judgment or decree for the payment of the moneys so due, or any thereof, shall have been entered, all arrears of interest upon the Notes and all other Obligations owed to the Banks (except that principal of the Notes which by such declaration shall have become payable) shall have been duly paid, and every other Event of Default shall have been made good, waived or cured, then and in every such case the Majority Banks may, by written notice to the Borrower, rescind and annul such declaration and its consequences; but no such rescission or annulment shall extend to or affect any subsequent default or Event of Default or impair any right consequent thereon. All such amounts paid by the Borrower on account of any issued and outstanding Letter of Credit shall be repaid without interest to the Borrower if such Letter of Credit expires without having been drawn, and if the Borrower has paid all sums required to be paid by the Borrower hereunder.

(3) The Agent may demand that the Borrower immediately cash collateralize the then outstanding amount of all Letters of Credit (in an amount equal to such outstanding amount) by pledging and depositing with the Agent, for the benefit of the Agent and the Banks, as collateral for such outstanding Letters of Credit, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Agent.

#### ARTICLE IX - DEFINITIONS

Section 9.1 Certain Definitions. As used herein, and unless otherwise defined herein, the following terms shall have the following respective meanings:

"Acquisition": shall mean the acquisition by a Borrower or any

Subsidiary (i) of a number of the shares of the capital stock or other securities of any Person such that at the consummation of the acquisition such Person will thereby become a Subsidiary, or (ii) the purchase of all or any substantial division or portion of the assets of any other Person, in either case in exchange for cash and/or shares of capital stock or other securities of a Borrower or any other Person.

"Affected Bank": shall mean any Bank affected by any event described

in the first sentence of any of the first paragraph of Section 2.2, the second paragraph of Section 2.2, or Section 2.4.

"Agreement": shall mean this Third Amended and Restated Revolving

Credit and Term Loan Agreement and all future amendments and supplements, if any, thereto.

"Borrower": shall mean Alexander & Baldwin, Inc., a Hawaii

corporation.



"Borrowing": shall mean a borrowing by the Borrower, or the drawing  
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of a Letter of Credit, from the Banks severally, pursuant to Article I.

"Borrowing Date": shall mean the date on which a Borrowing is, or is  
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to be, consummated, as the context may indicate.

"Business Day": shall mean a day, other than Saturday, upon which  
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banks in the states of Hawaii, California, New York and Washington are open to  
conduct their regular banking business.

"Code" shall mean the Internal Revenue Code of 1986, as amended.  
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"Commitment": shall mean, when used with reference to any Bank at the  
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time any determination thereof is to be made, the amount of such Bank's  
commitment hereunder to extend credit to the Borrower by means of Loans and  
Letters of Credit, which shall be the amounts set forth in Schedule I, as from  
time to time reduced by the amount of any permanent reduction in such amount  
made pursuant to Section 1.4, or increased pursuant to Section 1.1B or Section  
2.5.

"Consolidated Cumulative Net Income": shall mean the aggregate  
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Consolidated Net Income of the Borrower for the fiscal period(s) in question.

"Consolidated Current Assets": shall mean those assets of the  
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Borrower and its Subsidiaries determined on a consolidated basis which would,  
in accordance with GAAP, be classified as current assets of a corporation  
conducting a business the same as or similar to the business of the Borrower  
and its Subsidiaries.

"Consolidated Current Liabilities": shall mean Indebtedness of the  
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Borrower and its Subsidiaries determined on a consolidated basis which would,  
in accordance with GAAP, be classified as current liabilities of a corporation  
conducting a business the same as or similar to the business of the Borrower  
and its Subsidiaries.

"Consolidated Interest Expense": shall mean the sum of all amounts  
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that would, in accordance with GAAP, be deducted in computing Consolidated Net  
Income for such period on account of interest, including without limitation,  
imputed interest in respect of capitalized lease obligations, fees in respect  
of letters of credit and bankers' acceptance financing and amortization of debt  
discount and expense.

"Consolidated Net Income": shall mean the net income of the Borrower  
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and its Subsidiaries determined on a consolidated basis in accordance with GAAP  
excluding (net of applicable taxes and expenses thereto): (i) gains in excess  
of losses resulting from the sale, conversion, exchange or disposition of  
capital assets (i.e., assets other than current assets) other than gains or  
losses resulting from the sales of purchased or developed real property sold  
for cash, cash equivalents or other property or tangible assets by the Borrower  
or any Subsidiary engaged in real-estate activities in the ordinary course of  
its property management and development activities; (ii) gains resulting from  
the write-up of assets to the extent permitted under GAAP; (iii) losses  
resulting from the write-down of impaired assets in accordance with GAAP;  
(iv) equity of the Borrower or its Subsidiaries in the unremitted earnings of  
any company or entity not required to be consolidated with the Borrower under  
GAAP; (v) losses resulting from the write-down of intangible assets, including  
goodwill, as required under GAAP; (vi) net income, gains or losses resulting  
from any change in accounting, from any discontinued operations or the  
disposition thereof, from any extraordinary events, from any cumulative changes  
in statutory tax rates, or from any prior period adjustments, all determined in  
accordance with GAAP.

"Consolidated Net Income Before Taxes": shall mean Consolidated Net  
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Income plus the sum of all deferred and current federal, state, local and  
foreign taxes that are deducted in accordance with GAAP in computing  
Consolidated Net Income for such period.

"Consolidated Net Income Before Interest, Taxes, Depreciation and  
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Amortization": shall mean Consolidated Net Income plus the sum of all  
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(i) Consolidated Interest Expense, (ii) all deferred and current federal, state,  
local and foreign taxes, (iii) depreciation expenses, and (iv) amortization  
expenses that are deducted in accordance with GAAP in computing Consolidated  
Net Income for such period.

"Consolidated Tangible Net Worth": shall mean the consolidated  
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Shareholders Equity of the Borrower and its Subsidiaries, determined in  
accordance with GAAP, less all Intangibles.

"Consolidated Total Assets": shall mean the Borrower's consolidated  
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total assets, determined in accordance with GAAP.

"Contingent Liabilities": shall mean, (i) Indebtedness of any Person

(other than the Borrower or any of its Subsidiaries) guaranteed by the Borrower or any of its Subsidiaries, (ii) any contingent liability of the Borrower or any of its Subsidiaries arising from any litigation that, pursuant to FASB Statement No. 5 (or any successor thereto), is required to be reported in the notes to the Borrower's consolidated financial statements referred to in Section 6.1A(iii) hereof and (iii) Indebtedness of any partnership or joint venture in which the Borrower or any of its Subsidiaries is a venturer or a partner, for which the ratio of such partnership's or joint venture's Indebtedness to its Consolidated Tangible Net Worth is greater than 4 to 1.

"Controlled Group": shall mean a "controlled group of corporations"

as defined in Section 1563(a) of the Code, as amended, determined without regard to Section 1563(a)(4) and 1563(e)(3)(C) of the Code, of which the Borrower is a part.

"Conversion": shall mean a conversion of a Loan into a Prime Loan or

Eurodollar Loan, as the case may be, pursuant to Section 1.8 (including any such conversion made as a result of the operation of the last sentence of Section 1.7B) or Article II.

"Conversion Date": shall mean the date on which a conversion is, or

is to be, consummated, as the text may indicate.

"Date": shall mean, with respect to any stock redemption, retirement

or repurchase permitted under Section 7.8B, the last day of the calendar quarter immediately preceding the calendar quarter in which such redemption, retirement or repurchase is consummated, if the same is consummated on or before the day on which one-half of such calendar quarter has elapsed, and the last day of the calendar quarter in which such redemption, retirement or repurchase was consummated, if the same was consummated after the day on which one-half of such calendar quarter has elapsed.

"Dollars" and "\$": shall mean lawful money of the, United States of

America.

"Domestic Business Day": shall mean a day on which the Banks and the

Borrower are customarily open, at their respective addresses specified herein, for the purpose of conducting business.

"Effective Date" shall mean November 30, 2001. The effective

date of any amendment hereto shall be set forth in such amendment.

"ERISA": shall mean the Employee Retirement Income Security Act of

1974, as amended.

"ERISA Affiliate" shall mean any corporation which is a member of the

same controlled group of corporations as the Borrower within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Borrower within the meaning of section 414(c) of the Code.

"Eurodollar Business Day": shall mean a Domestic Business Day on

which dealings are carried on in the London Interbank Eurodollar Market.

"Eurodollar Interest Period": shall mean, as to any Eurodollar Loan,

the period beginning on the Borrowing Date, Conversion Date or Extension Date, as the case may be, for such Loan and ending one, two or three months (as the Borrower shall request) after such Borrowing Date, Conversion Date or Extension Date; provided, however, that if a Eurodollar Interest Period would otherwise

expire on a non-Eurodollar Business Day, such Eurodollar Interest Period shall expire on the next succeeding Eurodollar Business Day unless such day falls in another calendar month, in which case such Eurodollar Interest Period shall expire on the next preceding Eurodollar Business Day; and provided, further,

that no Eurodollar Interest Period shall extend beyond the Final Maturity Date or shall be of such duration as to require, after giving effect to all Eurodollar Interest Periods then in effect, the Borrower to prepay any Eurodollar Loan in order to make the scheduled amortization payments under any Term Note.

"Eurodollar Loans" and "Eurodollar Loan": shall mean, respectively,

(i) any Loans during any period in which such Loans bear interest at a rate based upon the Eurodollar Rate, and (ii) a single such Loan.

"Eurodollar Rate": shall mean, at the time any determination thereof

is to be made and for any Eurodollar Interest Period, the rate per annum (rounded up to the nearest .05%) determined by the following definition of Libor Rate. "Libor Rate" is the rate per annum at which the Agent is offered deposits in Dollars by prime banks in the London Interbank Eurodollar Market as of 11:00 a.m., London time, on the day which is two Eurodollar Business Days prior to the beginning of such Eurodollar Interest Period, for delivery in immediately available funds on the first day of such Eurodollar Interest

Period, in the amount of the Agent's share of proposed Loan and for a period equal to such Eurodollar Interest Period.

"Eurodollar Reserve Requirement": shall mean the then maximum

effective rate per annum (expressed as a percentage) as determined by each Bank of the reserve requirement, if any, imposed (pursuant to Regulation D) by the Board of Governors of the Federal Reserve System on such Bank's "Eurocurrency Liabilities" (as used in Regulation D). Without limiting the effect of the foregoing, the Eurodollar Reserve Requirement shall reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against (i) any category of liabilities which includes deposits by reference to which the Eurodollar Rate is to be determined as provided in the definition of "Libor Rate" contained in the definition of "Eurodollar Rate" or (ii) any category of extensions of credit or other assets which include Eurodollar Loans.

"Event of Default": shall mean each of those events specified in

Section 8.1.

"Excluded Liabilities": shall mean indebtedness of any partnership

or joint venture in which the Borrower or any of its Subsidiaries is a venturer or partner.

"Existing Agreement": shall have the meaning assigned to it in

paragraph D of the Preliminary Statements to this Agreement.

"Extension": shall mean an extension of a Eurodollar Loan, as the

case may be, pursuant to Section 1.7B.

"Extension Date": shall mean the date on which an Extension is, or

is to be, consummated, as the context may indicate.

"Fees": shall mean the Facility Fees, the Restructuring Fees, the

Renewal Fees, the Letter of Credit Fees, and any all other fees due and payable by the Borrower to the Agent and/or the Banks under this Agreement.

"Final Maturity Date": shall mean the date on which the fourth and

final installment of a Term Loan shall be due, as calculated pursuant to Section 1.6 hereof.

"Friendly Acquisition": shall mean an Acquisition which is not

opposed by the management of the Person whose securities or assets are to be acquired.

"Funded Indebtedness": of any Person shall mean the Indebtedness

evidenced by the Notes and all other Indebtedness which matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendable, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement which obligates the lender or lenders to extend credit during a period of more than one year from such date, excluding, however, all leases not required under FASB 13 to be capitalized.

"GAAP": shall mean generally accepted accounting principles applied

on a basis consistent with those followed in the preparation of the financial statements referred to in Section 6.1 unless otherwise indicated.

"Indebtedness": shall mean, as to the Borrower, all items of

indebtedness which, in accordance with GAAP, would be included in determining liabilities as shown on the liability side of a balance sheet of the Borrower as of the date as of which indebtedness is to be determined and shall also include all indebtedness and liabilities of others (other than the Borrower or any of its Subsidiaries) assumed or guaranteed by the Borrower or in respect of which the Borrower is secondarily or contingently liable (other than by endorsement of instruments in the course of collection) whether by reason of any agreement to acquire such indebtedness or to supply or advance sums or otherwise, excluding, however, Contingent Liabilities and Excluded Liabilities.

"Intangibles": shall mean any intellectual properties, goodwill

(including any amounts, however designated, representing the cost of acquisition of business and investments in excess of underlying tangible assets), unamortized debt discount and expense, deferred research and development costs and other assets treated as intangible assets under GAAP.

"Interest Coverage Ratio": for any fiscal quarter shall mean, as to

the Borrower, the sum of (i) the Borrower's Consolidated Net Income Before Taxes for the four immediately preceding fiscal quarters, and (ii) the Borrower's Consolidated Interest Expense for the four immediately preceding fiscal quarters, divided by the Borrower's Consolidated Interest Expense for the four immediately preceding fiscal quarters.

"Interest Rate": shall mean the rate or rates of interest determined  
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as provided in Section 1.7.

"Letter of Credit": shall have the meaning described in Section 1.14.  
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"Letters of Credit Expiration Date": shall have the meaning described  
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in Section 1.14.

"Loans": shall mean the Revolving Loans and the Term Loan as both  
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terms are herein defined in Sections 1.1 and 1.5, respectively.

"London Interbank Eurodollar Market": shall mean the London  
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interbank market of Dollars for deposit.

"Majority Banks": shall mean, at the time any determination thereof  
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is to be made, (i) the holders of at least 65% of the aggregate unpaid  
principal balance of the Notes and the aggregate amount of all outstanding  
Letters of Credit or, if no Loans or Letters of Credit are at the time  
outstanding, Banks whose Commitments aggregate at least 65% of the Total  
Commitment, and (ii) the numeric majority of the Banks; provided, however,  
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in the case of a determination made by the Banks with respect to a Borrowing  
pursuant to Section 2.1, the Majority Banks in such Borrowing shall mean Banks  
which would make 65% of the aggregate principal amount of the Loans in such  
Borrowing if such Borrowing were made as requested by the Borrower in the  
Notice to the Agent requesting such Borrowing.

"Margin Stock": shall have the meaning assigned to it in Regulation  
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U of the Board of Governors of the Federal Reserve System.

"Matson": shall mean the Borrower's Subsidiary, Matson Navigation  
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Company, Inc., a Hawaii corporation, and the subsidiaries of Matson Navigation  
Company, Inc..

"Maturity Date": shall mean, when used with reference to any  
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outstanding or requested Borrowing, a date on or before the Final Maturity  
Date, as selected by the Borrower pursuant to Section 1.10, on which a  
Eurodollar Interest Period shall expire.

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

"Nonordinary Dividends": shall mean dividends paid out of net income  
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from transactions not in the ordinary course of business. Net income from  
sales of assets of the Borrower's property management and development  
activities shall be deemed net income from transactions in the ordinary course  
of business.

"Normal Year": shall mean any fiscal year of the Borrower in which  
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its consolidated net income (excluding cumulative effects of accounting changes  
and excluding consolidated net income derived from transactions not in the  
ordinary course of business) is \$20,000,000 or more and in which actual  
Consolidated Tangible Net Worth is equal to or greater than Consolidated  
Tangible Net Worth then permitted under Section 7.1A(i).

"Note" or "Notes": shall mean in the singular, a Revolving Credit  
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Note or a Term Note, and in the plural, the Revolving Credit Notes and the Term  
Notes as both terms are herein defined in Sections 1.2 and 1.6, respectively.

"Notice": shall mean a notice given by telex, facsimile, telegram or  
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telecopier, or by telephone by an authorized representative of the Borrower  
(confirmed in writing promptly thereafter), which notice if from the Borrower,  
is given at a time (or on a day) prior to 9:30 a.m., Hawaii Standard Time, on  
the day such Notice is required or permitted.

"Obligations": shall mean and include all loans, advances, debits,  
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liabilities, obligations, letters of credit or acceptance transactions, trust  
receipt transactions, or any other financial accommodations, howsoever arising,  
owing by the Borrower to the Banks, of every kind and description (whether or  
not evidenced by any note or other instrument), direct or indirect, absolute or  
contingent, due or to become due, now existing or hereafter in all cases  
arising pursuant to the terms of this Agreement and the Notes, including,  
without limitation, all interest, fees, charges, expenses, attorneys' fees and  
accountants' fees chargeable to the Borrower pursuant to Section 6.5 hereof.

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

"Person": shall mean any natural person, corporation, firm,  
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association, government, governmental agency or any other entity and whether

acting in an individual, fiduciary or other capacity.

"Plan": shall mean any employee pension benefit plan subject to

Title IV of ERISA and maintained by the Borrower, any of its Subsidiaries, or any member of a Controlled Group, or any such plan, to which the Borrower, any of its Subsidiaries or any member of a Controlled Group is required to contribute on behalf of any of its employees.

"Prime Loans" and "Prime Loan": shall mean respectively, (i) any

Loans during any period in which such Loans bear interest at a rate based upon the Prime Rate, and (ii) a single such Loan.

"Prime Rate": shall mean the higher of (i) the federal funds rate

for borrowings by national banks as determined by the Agent plus one-half of one percent (1/2%) or (ii) the lending rate of interest per annum announced publicly by First Hawaiian Bank from time to time as its "Prime Interest Rate", which rate shall not necessarily be the best or the lowest rate charged by First Hawaiian Bank from time to time. In the event that any time or times the prime interest rate is discontinued and replaced by First Hawaiian Bank by a comparable rate (hereinafter called the "Comparable Rate"), then for purposes hereof, the Comparable Rate shall be substituted in place of the discontinued rate; provided, however that if there is no replacement of the discontinued rate by a Comparable Rate, then the discontinued rate shall be replaced by the primary index rate from time to time established by First Hawaiian Bank for the guidance of its lending officers in pricing commercial loans.

"Proportional Share": shall mean, at the time any determination

thereof is to be made, and when used with reference to any Bank and any Borrowing, an amount equal to the product obtained by multiplying the amount of such Borrowing by the following fraction:

$$\frac{\text{Such Bank's then unused Commitment}}{\text{The then unused Total Commitment.}}$$

"Publicly Traded Securities": shall have the meaning assigned to it

in Section 220.7(a) of Regulation T of the Board of Governors of the Federal Reserve System.

"Regulation D": shall mean Regulation D promulgated by the Board of

Governors of the Federal Reserve System.

"Regulatory Change": shall mean, with respect to any Bank, any

change an or after the date of this Agreement in United States federal, state or foreign laws or regulations (including Regulation D) or the adoption or making on or after such date of any interpretations, directives or requests applying to a class of banks including such Bank of or under any United States federal or state, or any foreign, laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Regulatory Requirement": shall mean any of the following: any

change in, or enactment of, any applicable (i) law or governmental regulation, or (ii) governmental requirement, rule, guideline or order, or (iii) governmental or judicial interpretation of any of the foregoing.

"Reportable Condition": shall mean any internal control matter which

is required to be reported by the Borrower's independent auditor to the Audit Committee of the Board of Directors of the Borrower in accordance with Generally Accepted Auditing Standards.

"Reportable Event": shall mean a reportable event as defined in

Title IV of ERISA, except actions of general applicability by the Secretary of Labor under Section 110 of ERISA.

"Restricted Payments": shall have the meaning specified in

Section 7.8A.

"Significant Subsidiary": shall mean any Subsidiary of the Borrower,

other than McBryde Sugar Company, Ltd., the net worth of which constitutes 5% or more of the Consolidated Tangible Net Worth of the Borrower.

"Subsidiary": shall mean, as to the Borrower, any other company,

whether operating as a corporation, joint venture, partnership, limited liability company or other entity, which is consolidated with the Borrower in accordance with GAAP.

"Taxes": shall mean taxes, levies, imposts, duties or other charges

of whatsoever nature imposed by any government or any political subdivision or taxing authority thereof, other than any such charges on or measured by the net income, net worth or shareholders, capital of a Bank pursuant to the income tax laws of the jurisdiction where such Bank's principal or lending office is located.

"Termination Date": shall mean November 30, 2004, or the Date to  
-----  
which such date is extended from time to time as provided in Section 1.1B  
hereof.

"Transferred Assets": shall have the meaning assigned to it in  
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paragraph B of the Preliminary Statements to this Agreement.

"Unmatured Event of Default": shall mean an event, act or occurrence  
-----  
which with the giving of notice or the lapse of time, or with both thereof,  
would become an Event of Default, other than Events of Default described in  
Section 8.1D.

Section 9.2 Accounting Terms. All accounting terms not specifically  
-----  
defined herein shall be construed in accordance with GAAP consistent with those  
applied in the preparation of the financial statements referred to in Section  
4.5 hereof, and all financial data submitted pursuant to this Agreement shall  
be prepared in accordance with such principles.

#### ARTICLE X - PARTICIPATIONS; SETOFFS -----

Each Bank may sell participations in all or any part of any Loan or  
Loans made by it to another bank or other entity without the consent of any  
other party hereto, in which event the participant shall not have the rights  
under this Agreement or such Bank's Note (the participant's rights against such  
Bank in respect of such participation to be those set forth in the agreement  
executed by such Bank in favor of the participant relating thereto) and all  
amounts payable by the Borrower under Articles I and II hereof shall be  
determined as if such Bank had not sold such participation. In addition, each  
Bank shall have the right at any time to sell, assign, transfer, or negotiate  
all or part of the Obligations of the Borrower outstanding under this Agreement  
or its Notes evidencing such Obligations to such Bank, and the Borrower hereby  
acknowledge and agree that any such disposition will give rise to a direct  
obligation of the Borrower to the assignee and the assignee shall for all  
purposes, where relevant, hereof be considered to be a Bank; provided, however,

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that no assignment with respect to Loans maturing more than 180 days after the  
date of such assignment shall be effective without the prior written consent of  
the Borrower, which consent shall not be unreasonably withheld; and provided  
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further that, with respect to assignments of Loans maturing 180 days or less  
-----

after the date of such assignment undertaken without the consent of the  
Borrower, all amounts payable by the Borrower under Articles I and II shall be  
determined as though such assignment had not occurred. The Borrower hereby  
authorizes each such assignee, each Bank and each participant in case of  
default by the Borrower hereunder to proceed directly by right of setoff,  
banker's lien or otherwise against any assets of the Borrower which may at the  
time of such default be in the hands of such Bank or such participant to the  
full extent of its interest in the Obligations.

#### ARTICLE XI - RIGHTS AND DUTIES OF THE AGENT AND THE BANKS -----

Section 11.1 Obligations Several. The obligations of the Banks  
-----  
hereunder shall be several and the failure of one Bank to perform hereunder  
shall not relieve any other Bank from such other Bank's obligation to perform,  
nor shall such other Bank be required to increase its obligation hereunder.

Section 11.2 Appointment and Duties of Agent; Agent's Fee. The  
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parties hereto agree that First Hawaiian Bank, a Hawaii corporation shall act,  
subject to the terms and conditions of this Article XI, as the Agent for the  
Banks, and to the extent set forth herein each of the Banks hereby irrevocably  
appoints, authorizes, empowers and directs the Agent to take such action on its  
behalf and to exercise such powers as are specifically delegated to the Agent  
herein in connection with the administration and enforcement of any rights or  
remedies with respect to this Agreement and the Notes. The general  
administration of the Loans and Letters of Credit hereunder shall be with the  
Agent. It is expressly understood and agreed that the obligations of the Agent  
hereunder are only those expressly set forth in this Agreement. The Agent  
shall use reasonable diligence to examine the face of each document received by  
it hereunder to determine whether such document, on its face, appears to be  
what it purports to be. However, the Agent shall not be under any duty to  
examine into or pass upon the validity or genuineness of any documents received  
by it hereunder and the Agent shall be entitled to assume that any of the same  
which appears regular on its face is genuine and valid and what it purports to  
be.

In consideration of the Agent's assumption of the duties and  
obligations as Agent hereunder, the Borrower shall pay to the Agent an Agent's  
Fee to be agreed to by and between the Borrower and the Agent. The Agent's Fee  
shall be for the benefit of and payable to the Agent only and shall not be  
shared with any of the Banks.

Section 11.3 Discretion and Liability of Agent. Subject to Sections  
-----  
11.4 and 11.6 hereof, the Agent shall be entitled to use its discretion with  
respect to exercising or refraining from exercising any rights which may be  
vested in it under this Agreement or otherwise, or with respect to taking or

refraining from taking any action or actions which it may be able to take under this Agreement. Neither the Agent nor any of its directors, officers, employees, agents or representatives shall be liable to any Bank for any action taken or omitted by them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct. The Agent shall incur no liability under, or in respect of, this Agreement, by acting upon a notice, certificate, warranty or other paper or instrument believed by it to be genuine or authentic or to be signed by the proper party or parties, or with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment, or which may seem to it to be necessary or desirable in the premises.

Section 11.4 Event of Default. The Agent shall be entitled to

assume that no Event of Default or Unmatured Event of Default, or both, has occurred and is continuing, unless the Agent has actual knowledge of such facts or has received notice from a Bank in writing that such Bank considers that an Event of Default or an Unmatured Event of Default has occurred and is continuing and which specifies the nature thereof.

In the event that the Agent shall acquire actual knowledge of any Event of Default or Unmatured Event of Default or both, the Agent shall promptly notify (either orally or in writing) the Banks of such Event of Default or Unmatured Event of Default and may, or if requested in writing by the Majority Banks shall, take such action and assert such rights as are contemplated under this Agreement. The Agent shall be indemnified pro rata by the Banks against any liability or expenses, including reasonable counsel fees, incurred in connection with taking such action.

Section 11.5 Consultation. The Agent in good faith may consult with

legal counsel or an accountant selected by it and shall be entitled to rely fully upon any opinion of such counsel or accountant in connection with any action taken or suffered by Agent in accordance with such opinion.

Section 11.6 Communications to and from Agent. Whenever any notice,

approval, consent, waiver, or other communication or action is required or may be delivered by the Banks hereunder, action by the Agent shall be effective for all purposes hereunder; provided, that upon any occasion requiring or

permitting an approval, consent, waiver, election or other action on the part of the Banks, unless action by the Agent alone is expressly permitted hereunder, action shall be taken by the Agent for and on behalf or for the benefit of all the Banks upon the direction of the Majority Banks or all of the Banks, as applicable. The Borrower may rely on any communication from the Agent hereunder and need not inquire into the propriety of or authorization for such communication. Upon receipt by the Agent from the Borrower or any Bank of any communication calling for an action on the part of the Banks, the Agent will, in turn, promptly inform the other Banks in writing of the nature of such communication.

Section 11.7 Limitations of Agency. Notwithstanding anything in

this Agreement or any of the other related documents, expressed or implied, it is agreed by the parties hereto that the Agent will act hereunder and under the related documents as Agent solely for the Banks and only to the extent specifically set forth herein, and will, under no circumstances, be considered to be an agent or fiduciary of any nature whatsoever in respect of any other Person. The Agent may generally engage in any kind of banking or trust business with the Borrower as if it were not the Agent and shall include its own pro rata share of the Total Commitment in all calculations hereunder, with respect to which pro rata share it may act or omit to act as if it were not the Agent.

Section 11.8 No Representation or Warranty. No Bank (including the

Agent) makes to any other Bank any representation or any warranty, express or implied, or assumes any responsibility with respect to the Loans or the execution, construction or enforceability of this Agreement, the Notes or any instrument or agreement executed by the Borrower or any other Person in connection herewith.

Section 11.9 Bank Credit Decision. Each Bank acknowledges that it

has, independent of and without reliance upon any other Bank (including the Agent) or any information provided by any other Bank (including the Agent) and based on the financial statements of the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independent of and without reliance upon any other Bank (including the Agent) and based on such documents and information as it shall deem appropriate at that time, continue to make its own credit decisions in taking or not taking action under this Agreement and any other documents relating hereto.

Section 11.10 Indemnity. Notwithstanding any of the provisions

hereof, the Banks (up to the amount of their respective Commitments) shall severally indemnify the Agent against loss, cost, liability, damage or expense, including attorneys' fees, arising from or in connection with its duties as Agent hereunder and not caused by its gross negligence or willful misconduct, to the extent the Agent does not recover such losses, costs, liabilities, damages or expenses from the Borrower.

Section 11.11 Resignation. The Agent may resign as such at any time

upon at least thirty (30) days' prior notice to the Borrower and the Banks,

provided that such resignation shall not take effect until a successor agent has been appointed. In the event of such resignation, the Majority Banks shall, as promptly as practicable, appoint a successor agent, and if they fail to do so within thirty (30) days after such notice the Agent may appoint a successor agent.

Section 11.12 Note Holders. The Agent may treat the payee of any

Note as the holder thereof until written notice of transfer shall have been filed with the Agent signed by such payee and in form satisfactory to the Agent.

Section 11.13 Co-Agent. The Bank identified on the facing page or

signature pages of this Agreement as a "co-agent" shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, the Bank so identified as a "co-agent" shall not have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on the Bank so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

## ARTICLE XII - MISCELLANEOUS

Section 12.1 Entire Agreement. This Agreement with the Schedule and

Exhibits attached hereto embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.

Section 12.2 No Waiver. No failure to exercise, and no delay in

exercising, any right, power or remedy hereunder or under any document delivered pursuant hereto shall impair any right, power or remedy which the Banks or the Borrower may have, nor shall any such delay be construed to be a waiver of any of such rights, powers or remedies, or an acquiescence in any breach or default under this Agreement of any document delivered pursuant hereto, nor shall any waiver by the Banks or the Borrower, respectively, of any breach or default of the Borrower or the Banks, respectively, hereunder be deemed a waiver of any default or breach subsequently occurring. The rights and remedies herein specified are cumulative and not exclusive of any rights or remedies which the Banks or the Borrower would otherwise have.

Section 12.3 Survival. All representations, warranties and

agreements herein contained on the part of the Borrower and the Banks shall survive the making of the Loans hereunder and all such representations, warranties and agreements shall be effective as long as any Obligation arising pursuant to the terms of this Agreement remains unpaid.

Section 12.4 Notices. All Notices, requests, consents and demands

hereunder shall be effective when duly deposited in the mails, postage prepaid, or delivered by telegraph or transmitted by telex, facsimile or telecopier, addressed to the respective party at the address set forth below, except that Notices to the Agent pursuant to Article I shall not be effective until received.

Borrower: Alexander & Baldwin, Inc.  
-----  
822 Bishop Street  
Honolulu, HI 96813  
Attention: Mr. James S. Andrasick  
Chief Financial Officer  
Telephone: (808) 525-8404  
Facsimile: (808) 525-6651

Agent: First Hawaiian Bank  
-----  
Main Banking Center  
999 Bishop Street, 2nd Floor  
Honolulu, Hawaii 96813  
Attention: Mr. Lance Mizumoto  
Vice President  
Telephone: (808) 525-6132  
Facsimile: (808) 525-8921

The Banks: At the addresses indicated on the  
-----  
signature pages below or, if modified, on the  
signature pages of any amendment or supplement  
hereto.

Any of the above may change such address by Notice in writing given to the other parties to this Agreement.

Section 12.5 Termination. This Agreement shall terminate when all

Obligations of the Borrower incurred hereunder shall have been discharged in full.

Section 12.6 Separability of Provisions. In case any one or more of

the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.



Section 12.7 Successors and Assigns. This Agreement shall be

binding upon and inure to the benefit of the Borrower, the Banks and their respective successors and assigns; provided, that the Borrower may not transfer its rights to borrow under this Agreement without prior written consent of the Banks.

Section 12.8 Counterparts. This Agreement may be executed in any

number of counterparts, all of which taken together shall constitute one agreement, and any party hereto may execute this Agreement by signing any such counterpart.

Section 12.9 Choice of Law. This Agreement shall be governed by and

construed in accordance with the laws of the State of Hawaii.

Section 12.10 Amendment and Waiver. No provision, of this Agreement

or the Notes may be amended, modified, supplement, changed, waived, discharged or terminated, unless the Majority Banks and the Borrower consent thereto in writing; provided, however, that no such amendment, modification, supplement or

change shall modify any of the provisions of this Agreement or the Notes with respect to an Event of Default or the amount of or time for the payment of the principal of and interest on the Notes, or reduce the percentage of Banks required to comprise the "Majority Banks," without the consent of the holders of all the Notes then outstanding, or, if no Notes are at the time outstanding, all of the Banks.

Section 12.11 Indemnification by the Borrower. The Borrower agrees,

whether or not any Acquisition is consummated, to indemnify, pay and hold the Agent, each Bank, and the officers, directors, employees and agents of the Agent and the Banks, harmless from and against any and all claims, liabilities, losses, damages, costs and expenses, including, without limitation, reasonable attorneys' fees, arising out of or connected in any way with any Acquisition or proposed Acquisition, including, without limitation, any liabilities arising out of or connected in any way with violations, alleged or actual, of any state or federal securities laws applicable to any Acquisition or proposed Acquisition (collectively, the "Indemnified Liabilities"), provided that the Borrower shall have no obligation hereunder with respect to Indemnified Liabilities to the extent the same arise from the gross negligence or willful misconduct of any such indemnified Persons.

If any claim is made, or any action, suit or proceeding is brought, against any Person indemnified pursuant to this Section 12.11, the indemnified Person shall notify the Borrower of such claim or of the commencement of such action, suit or proceeding, and the Borrower will, if so requested by the indemnified Person, assume the defense of such action, suit or proceeding, employ counsel reasonably satisfactory to the indemnified Person and pay the fees and expenses of such counsel.

The Obligations of the Borrower under this Section 12.11 shall survive the payment of the Loans and the cancellation of the Notes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick

JAMES S. ANDRASICK  
Its Senior Vice President,  
Chief Financial Officer and  
Treasurer

By /s/ Thomas A. Wellman

THOMAS A. WELLMAN  
Its Controllor and  
Assistant Treasurer

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CERTIFICATE OF FIRST HAWAIIAN BANK

AS AGENT

This certificate is delivered pursuant to the provisions of Section 3.3 of the Third Amended and Restated Revolving Credit and Term Loan Agreement effective as of November 30, 2001, between Alexander & Baldwin, Inc. (the "Borrower"), First Hawaiian Bank, Bank of America N.A., Bank of Hawaii, The Bank of New York, Well Fargo Bank, National Association, and American Savings Bank, F.S.B. (the "Banks"), and First Hawaiian Bank, as agent for the Banks ("Agent"). On behalf of the Banks, the Agent hereby certifies to the Borrower that (i) the conditions specified in Section 3.2 of the Agreement have been satisfied, (ii) the Agreement is therefore effective as of November 30, 2001, and (iii) the Borrower need take no further action to satisfy any of the conditions specified in Section 3.2 as a condition to any Borrowing, except

that on or before delivery by the Borrower to the Agent of each Notice of Borrower pursuant to Section 1.10 of the Agreement there shall be delivered to the Agent a duly certified copy of a resolution of the Board of the Borrower approving such Borrowing, provided that no such certificate shall be required as to a Borrowing which is a refinancing of a Eurodollar Loan.

Dated: November 30, 2001

FIRST HAWAIIAN BANK,  
as Agent

By /s/ Lance A. Mizumoto

-----  
Its Vice President

<p style="page-break-after:always">

FIRST HAWAIIAN BANK,  
individually and as Agent  
Main Banking Center  
999 Bishop Street, 2nd Floor  
Honolulu, Hawaii 96813  
Att'n: Mr. Lance Mizumoto  
Vice President  
Telephone: (808) 525-6132  
Facsimile: (808) 525-7173

By /s/ Lance A. Mizumoto

-----  
Its Vice President

BANK OF AMERICA, N.A.  
WA1-501-35-01  
800 Fifth Avenue, 35th Floor  
Seattle, Washington 98104  
Att'n: Ms. Nancy Nuerenberg  
Senior Vice President, Commercial Banking  
Telephone: (206) 358-6279  
Facsimile: (206) 585-1794

By /s/ Nancy Nuerenberg

-----  
Its Senior Vice President

BANK OF HAWAII  
130 Merchant Street, 20th Floor  
Honolulu, Hawaii 96813  
Att'n: Ms. Dana-Ann Takushi  
Vice President  
Telephone: (808) 537-8689  
Facsimile: (808) 537-8301

By /s/ Dana Takushi

-----  
Its Vice President

THE BANK OF NEW YORK  
10990 Wilshire Boulevard  
Suite 1125  
Los Angeles, California 90024  
Att'n: Ms. Jennifer Ellerman  
Vice President  
Telephone: (310) 996-8677  
Facsimile: (310) 996-8667

By /s/ Jennifer Ellerman

-----  
Its Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION  
420 Montgomery MAC A0101-096  
San Francisco, California 94104  
Attn: Mr. Robert O'Sullivan  
Relationship Manager  
Telephone: (415) 222-2951  
Facsimile: (415) 421-1352

By /s/ Robert O'Sullivan

-----  
Its Relationship Manager

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

By /s/ Carl A. Morita  
-----  
Its Vice President

<p Style="page-break-after:always">

SCHEDULE I

	Commitment -----
First Hawaiian Bank	\$ 45,000,000
Bank of America, N.A.	40,000,000
Wells Fargo Bank, National Association	40,000,000
Bank of Hawaii	30,000,000
The Bank of New York	20,000,000
American Savings Bank, F. S. B.	10,000,000
	-----
	\$185,000,000

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EXHIBIT A

REVOLVING CREDIT NOTE

\$ \_\_\_\_\_ Honolulu, Hawaii

\_\_\_\_\_ / \_\_\_\_\_  
ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of \_\_\_\_\_ (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of \_\_\_\_\_, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the Agreement.

This Note is one of the Notes referred to in the Agreement and is entitled to the benefits thereof. This Note is subject to prepayment, in whole or in part, as specified in the Agreement. In case an Event of Default, as defined in the Agreement, shall occur and shall be continuing, the principal of and accrued interest on this Note may become due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note shall be governed by and construed in accordance with the laws of the State of Hawaii.

ALEXANDER & BALDWIN, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

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(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS

Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS

Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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EXHIBIT B

TERM NOTE

\$ \_\_\_\_\_ Honolulu, Hawaii \_\_\_\_\_

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), for value received, hereby promises to pay to the order of \_\_\_\_\_ (the "Payee") at the offices of FIRST HAWAIIAN BANK, a Hawaii corporation, located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), in lawful money of the United States of America and in immediately available funds, in four consecutive substantially equal quarterly installments of \$ \_\_\_\_\_, which installments shall be payable on the last Business Day of September, December, March and June, commencing \_\_\_\_\_; provided, however, that the last such installment shall be in an amount sufficient to repay in full the unpaid principal amount; and to pay interest from the date hereof on said principal sum, or the unpaid balance thereof, in like money and funds, at said office, at the rates per annum which shall be determined in accordance with the provisions of Articles I and II of the Agreement referred to below, said interest to be payable at the times provided for in the Agreement.

This Note is one of the Term Notes referred to in the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of \_\_\_\_\_, among the Borrower, the Payee, and the other banks party thereto, and is entitled to all the benefits provided therein. Reference is made to said Agreement for the rights and obligations of the Borrower, the Payee (as one of the "Banks" defined therein), and First Hawaiian Bank, as Agent, with regard to this Note.

This Note is subject to prepayment, in whole or in part, as specified in the Agreement. In case an Event of Default, as defined in the Agreement, shall occur and shall be continuing, the principal of and accrued interest on this Note may become due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note shall be governed by and construed in accordance with the laws of the State of Hawaii.

ALEXANDER & BALDWIN, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

<p style="page-break-after:always">

EXHIBIT C

CERTIFICATE OF FIRST HAWAIIAN BANK

AS AGENT

This certificate is delivered pursuant to the provisions of Section 3.3 of the Third Amended and Restated Revolving Credit and Term Loan Agreement effective as of \_\_\_\_\_, between Alexander & Baldwin, Inc. (the "Borrower"), First Hawaiian Bank, Bank of America N.A., Bank of Hawaii, The Bank of New York, Well Fargo Bank, National Association, and American Savings Bank, F.S.B. (the "Banks"), and First Hawaiian Bank, as agent for the Banks ("Agent"). On behalf of the Banks, the Agent hereby certifies to the Borrower that (i) the conditions specified in Section 3.2 of the Agreement have been satisfied, (ii) the Agreement is therefore effective as of \_\_\_\_\_, and (iii) the Borrower need take no further action to satisfy any of the conditions specified in Section 3.2 as a condition to any Borrowing, except that on or before delivery by the Borrower to the Agent of each Notice of Borrower pursuant to Section 1.10 of the Agreement there shall be delivered to the Agent a duly certified copy of a resolution of the Board of the Borrower approving such Borrowing, provided that no such certificate shall be required as to a Borrowing which is a refinancing of a Eurodollar Loan.

Dated: \_\_\_\_\_.

FIRST HAWAIIAN BANK,  
as Agent

By \_\_\_\_\_

Its Vice President

<p style="page-break-after:always">

EXHIBIT D

LETTER OF CREDIT APPLICATION FORM

<p style="page-break-after:always">

BANK USE ONLY  
L/C No. \_\_\_\_\_

FIRST HAWAIIAN BANK

APPLICATION AND AGREEMENT FOR  
STANDBY LETTER OF CREDIT

To: First Hawaiian Bank  
\_\_\_\_\_  
Branch  
\_\_\_\_\_, Hawaii

Date \_\_\_\_\_

Please issue an Irrevocable Standby Letter of Credit on substantially the same terms and conditions as shown in this application for delivery to the beneficiary by:

// Airmail // Airmail with short preliminary cable advice // Full Cable  
// Courier // Other

ADVISING BANK  
(If Blank, Correspondent Bank)

FOR ACCOUNT OF (APPLICANT)

IN FAVOR OF (BENEFICIARY)

AMOUNT

EXPIRY DATE AND PLACE

FOR PRESENTATION

Date \_\_\_\_\_  
 Automatic Extension: / / Yes / / No  
 Place: FHB's International Banking  
 offices, Honolulu, unless  
 otherwise specified.

Available for payment by presentation of draft(s) at sight drawn on you or your correspondent.  
 Please issue the Letter of Credit as per attached.

FEES:  
 Issuing Fee \$ \_\_\_\_\_ Initial Standby Fee at the rate of \_\_\_% per annum (360 days per year).  
 Minimum \$ \_\_\_\_\_/Year  
 (Subject to adjustment in the event of extension or increase.)

Payment Fee \_\_\_\_\_%, or minimum \$ \_\_\_\_\_, whichever is greater. Plus other applicable fees (telex, courier, fax, etc.)

Partial Drawings PERMITTED unless otherwise stated

By signing below, applicant acknowledges that applicant has read and agrees to all of the above terms and conditions and the Agreement Governing Standby Letter of Credit on the reverse side.

The applicant authorizes Bank to charge applicant's checking account number \_\_\_\_\_ maintained by the applicant with Bank at its \_\_\_\_\_ Branch, for any and all amounts due from applicant to Bank under this Agreement. In the event said checking account does not have sufficient funds to reimburse Bank for the amounts due hereunder, the applicant will pay such amounts on demand, as specified in this Agreement. This authorization will remain in full force and effect until revoked by the applicant in writing. However, any such revocation by the applicant shall not affect or impair Bank's rights and remedies set forth in this Agreement.

Date	Authorized Signature	Title
Applicant - Firm Name	Authorized Signature	Title

BANK USE ONLY

Outstanding Balance _____  Amount Requested _____  TOTAL _____	The Letter of Credit is approved under one of the following: / / Executive Committee / / BLAD Authority / / My Lending Authority / / Credit Committee / / Other _____  Under Line of Credit No. _____ Applicant's Obligor No. _____  Security _____ Type: / / Financial / / Performance  Grade ____ Approved By _____
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AGREEMENT GOVERNING STANDBY LETTERS OF CREDIT

First Hawaiian Bank (herein called "Bank") and the applicant(s) (herein called the "applicant") for Standby Letter of Credit (herein called the "Credit") agrees as set forth on the application as follows:

1. As to drafts or other requests for payment drawn under or purporting to be drawn under the Credit, the applicant will reimburse, or pay in advance to Bank in U.S. currency at Bank's election and on demand, the amount paid on or required to pay each sight draft payable in U.S. currency, and as to such drafts payable in other than U.S. currency, to reimburse Bank, on demand, the equivalent of the amount paid (plus cable charges) in U.S. currency at the current rate of exchange in Hawaii for cable transfers, to the place of payment in the currency in which such draft is drawn. If there is a note executed by the applicant in connection herewith, the note evidences the debt due hereunder.
2. The applicant will pay Bank all fees specified on the application and/or in a separate agreement.
3. As security for the payment of all obligations and indebtedness of the applicant to Bank, now or hereafter existing under this Agreement, the applicant hereby (a) pledges to Bank and/or gives Bank a general lien upon and/or right of set-off against all right, title, and interest of the applicant in and to the balance of every deposit account now or at any time hereafter existing, of the applicant with Bank, and any other claims of applicant against

Bank, and in and to all property, claims, and demands and rights and interests therein of the applicant, and in and to all evidences thereof, which have been or at any time shall be delivered to or otherwise come into Bank's possession, custody or control, or into the possession, custody or control of any of its agents or correspondents for any purpose, whether or not for the express purpose of being used by Bank as collateral security or for safekeeping or for any other or different purposes, it being understood that the receipt at any time by Bank, or any of its correspondents, of other security, of whatever nature, including cash, shall not be deemed a waiver of any of Bank's rights or powers under this Agreement, (b) if any party shall have joined in the application for the Credit, assigns and transfers to Bank all right, title, and interest of the applicant in and to all property and interests which the applicant may now or hereafter obtain from such party as security for the obligations of such party arising in connection with the transaction to which the Credit relates; and (c) agrees at any time and from time to time, on demand, to deliver, convey transfer, or assign to Bank additional security of value and character satisfactory to Bank, or to make such payment as Bank may require.

4. Upon demand by Bank, applicant will execute and deliver to Bank all documents concerning security to be given or granted Bank, all in form and content applicable to Bank and shall pay Bank all applicable filing fees therefor.

5. Until and except as the applicant shall instruct Bank in writing to the contrary, Bank and its correspondents may, but shall have no obligation to, under the Credit, (a) receive and accept and pay drafts or other documents and instruments otherwise in order signed by, or issued to, the receiver, successor in interest, trustee in bankruptcy, personal representative, administrator, guardian or conservator of anyone named in the Credit as the person to whom drafts and other documents and instruments are to be drawn or issued; and (b) honor drafts for partial payments whether or not made in any designated amount or period of time, provided that the liability of the applicant to reimburse Bank shall not exceed the amount to the Credit plus all applicable charges, expenses, and interest.

6. The users of the Credit shall be deemed agents of the applicant. Neither Bank nor Bank's correspondents shall have any liability or responsibility for title correctness, validity, genuineness, sufficiency, or falsification of any documents or instruments, or for any delay in giving or failure to give notice, or for failure of any person to comply with the terms of the Credit, or for errors, omissions, delays in or nondelivery of any message, however sent, or for any other error, neglect, or omission if done in good faith, and any action taken in good faith by Bank and Bank's correspondents shall be binding on the applicant.

7. Any and all payments made to Bank hereunder shall be made free and clear of and without deduction for any present or future taxes, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, excluding taxes imposed on net income and all income and franchise taxes of the United States and any political subdivisions thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter called "Taxes"). If the applicant shall be required by law to deduct any taxes from or in respect of any sum payable hereunder, (a) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this section 7) Bank shall receive an amount equal to the sum Bank would have received had no such deductions been made; (b) the applicant shall make such deductions; and (c) the applicant shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. The applicant will indemnify Bank for the full amount of Taxes (including, without limitation, any Taxes imposed by any jurisdiction on amounts payable under this section 7) paid by Bank and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date Bank makes written demand therefor. Within 30 days after the date of any payment of Taxes, the applicant will furnish to Bank the original or a certified copy of a receipt evidencing payment thereof.

8. Any property of the applicant of whatever kind or character now or hereafter in Bank's possession or under Bank's control is security for the payment and performance of all of the applicant's indebtedness and obligations to Bank and may, without notice to the applicant, be applied to the same by Bank, and applicant will, upon demand, execute and deliver to Bank a security agreement in Bank's regular form. Should the applicant default in payment or performance of any of the terms hereof or of the Credit or any other agreements with Bank, or discontinue its present business, become incompetent or insolvent, die, institute any proceedings seeking to adjudicate the applicant as bankrupt or insolvent, make an assignment for the benefit of creditors or become the subject of any receivership or other proceedings under the bankruptcy laws, or give any materially false information to, or withhold any essential financial information from Bank, or should the property, goods, documents, and instruments referred to in section 3 of this Agreement be attached, seized, impounded, or become subject to any other legal process or order, then upon the happening of any such events, Bank without the necessity of any notice, demand, or protest to or upon the applicant or any other person, may do any or all of the following: (a) declare all indebtedness owing from the applicant to Bank immediately due and payable; (b) take possession of the property, goods, documents, and instruments or any part thereof, and do all such acts affecting the same as Bank may deem necessary to conserve the same and its security interest therein; (c) apply all property of the applicant to said indebtedness; (d) set off and apply all deposits at any time held or other indebtedness at any time owing by Bank to or for the credit or the account of the applicant against any amounts owing by the applicant to Bank; (e) take possession of the property, goods, documents, and instruments, or any part thereof, with or without process of law, and sell and dispose of the same at

public or private sale; and (f) exercise all rights under the Uniform Commercial Code, Chapter 490, Hawaii Revised Statutes, or any other applicable law. To the extent notice of sale shall be required by law, reasonable notice shall include, but shall not be limited to, written notice to the applicant at the address shown on the reverse hereof at least five business days prior to the date of sale. Bank may purchase at such sale free from any right of redemption, which the applicant hereby waive(s) and release(s). Bank in conducting such sale may act through an agent, its attorney, or any of its officers. The applicant will pay Bank all expenses of taking possession, storing, transporting, conditioning, sale and collection, including reasonable attorneys' fees, and Bank may deduct the same from the proceeds of any sale before crediting the balance, if any, to the indebtedness of the applicant. Upon demand, the applicant will pay to Bank any deficiency, and Bank will pay to the applicant any surplus remaining after the application of the proceeds of the sale. The provisions of any separate agreement concerning security shall, if inconsistent herewith, control and govern Bank's rights in respect thereby.

9. (a) Each remedy of Bank herein provided is cumulative, not alternative and in addition to all other remedies provided by law, and no waiver by Bank of any term or condition hereof or breach hereunder shall be deemed a waiver of any other term, condition, or subsequent breach; (b) all payments, remittances, deliveries of documents and instruments, and notices to Bank shall be made and delivered (unless otherwise specified herein) to the office of Bank shown on the reverse hereof; (c) this Agreement shall inure to the benefit of Bank's successors and assigns, and shall be binding upon the heirs, personal representatives, guardians, conservators, and trustees of the applicant; (d) if the applicant is more than one person, the liability of each applicant shall be joint and several.

10. Without releasing the applicant from any liability hereunder and under the Credit, Bank may make such changes from the terms set forth herein as Bank, in its sole discretion, may deem advisable, provided that no such changes shall vary the principal terms hereof (amount, expiry); however, Bank may, at the applicant's request, which may be signified by signing or initialing such change(s), vary or modify principal terms as described herein. Further, Bank may surrender, from time to time, to the person designated by the applicant (or their nominees) all or any part of any property, goods, documents, and instruments against payments by, or other documents or instruments satisfactory to Bank executed by such persons.

11. The applicant will comply with all foreign and U.S. laws, rules and regulations (including exchange and control regulations) now or hereafter applicable to the transaction related to the Credit or applicable to the execution, delivery, and performance by the applicant of this Agreement.

12. This Agreement shall be construed and enforced in accordance with the International Standby Practices (the "ISP") as most recently published by the International Chamber of Commerce (ICC Publication 590) and in accordance with the laws of the State of Hawaii, U.S.A. The ISP shall govern in the event of any inconsistency.

13. If Bank extends to applicant (or any other party liable hereunder) a loan or other credit which in whole or in part is intended to (or does) satisfy the obligations of the applicant hereunder (or of any other party liable hereunder), the rights of Bank hereunder shall continue until both full satisfaction of all obligations owed Bank hereunder as well as full satisfaction of all obligations owed Bank under any loan or other credit documents. Bank shall have all rights hereunder and under any such other documents, separately and cumulatively, until the occurrence of both events

14. The applicant hereby authorizes Bank to accept, honor, or pay (as applicable) against any draft or other document which on its face appears otherwise in order but which is signed, issued, or presented by any party or under the name of any party (a) purporting to act with authority (actual or apparent) on behalf of anyone named in the Credit as the person to whom drafts and other documents and instruments are to be drawn or issued (herein called the "Beneficiary"), (b) purporting to claim through such Beneficiary, or (c) posing as such Beneficiary. The applicant hereby agrees to reimburse Bank and any and all amounts which Bank may have to pay under the Credit by reason of any legal or factual insufficiency or infirmity in such party's conduct or documents under clauses (a), (b), or (c) above.

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EXHIBIT E  
SUBSIDIARIES OF ALEXANDER & BALDWIN, INC.

LEGAL NAME	JURISDICTION OF ORGANIZATION	PRINCIPAL BUSINESS	NO. OF	% OF
			UNITS OR SHARES OWNED BY A&B DIRECTLY OR INDIRECTLY	COMMON EQUITY OWNED BY A&B DIRECTLY OR INDIRECTLY
A&B Development Company (California)	California	Real-estate	100	100%



A&B Properties, Inc.	Hawaii	Real-estate	4,517	100%
ABHI-Crockett, Inc.***	Hawaii	Food Products	151,785	100%
Agri-Quest Development Company	Hawaii	Agriculture	1,000	100%
East Maui Irrigation Company, Limited	Hawaii	Agriculture	14,270	100%
Haleakala Town Center LLC	Hawaii LLC	Real-estate	1	100%
Hawaiian DuraGreen, Inc.	Hawaii	Panelboard	1,000	100%
Kahului Trucking & Storage, Inc.	Hawaii	Trucking & Storage	1,000	100%
Kauai Commercial Company, Incorporated	Hawaii	Trucking & Storage	1,000	100%
Kukui'ula Development Company, Inc.	Hawaii	Real-estate	1,000	100%
Prospect Venture LLC	Hawaii LLC	Real-estate	1	100%
South Shore Community Services LLC	Hawaii LLC	Real-estate	1	100%
South Shore Resources LLC	Hawaii LLC	Real-estate	1	100%
Kauai Coffee Company, Inc.**	Hawaii	Agriculture	1,000	100%
Ohanui Corporation	Hawaii	Agriculture	10	100%
Matson Navigation Company, Inc.	Hawaii	Ocean Transportation	1,000	100%
Matson Intermodal System, Inc.*	Hawaii	Freight Transportation	1,000	100%
Matson Intermodal _ Paragon, Inc.****	Hawaii	Freight Transportation	1,000	100%
Matson Logistics Solutions, Inc.*	Hawaii	Freight Transportation	1,000	100%
Matson Terminals, Inc.*	Hawaii	Terminal Services	1,000	100%
Matson Ventures, Inc.*	Hawaii	Transportation Services	500	100%
McBryde Sugar Company, Limited	Hawaii	Real-estate	439,000	100%
Upcountry Town Center, LLC	Hawaii LLC	Real-estate	1	100%
WDCI, Inc.	Hawaii	Real-estate	100	100%
West Maui Development Company LLC	Hawaii LLC	Real-estate	1	100%
A&B, Inc.	Hawaii	Inactive	10	100%
The Matson Company*	California	Inactive	1,000	100%
The Oceanic Steamship Company*	California	Inactive	5	100%
Matson Services Inc.*	Hawaii	Inactive	1,000	100%

\* Subsidiary of Matson Navigation Company, Inc.

\*\* Subsidiary of McBryde Sugar Company, Ltd.

\*\*\* 5.3% owned by McBryde Sugar Company, Ltd.

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REVOLVING CREDIT NOTE

\$45,000,000.00

Honolulu, Hawaii

November 30, 2001

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of FIRST HAWAIIAN BANK (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation, located at 999 Bishop Street, Honolulu, Hawaii, 96813, the

principal sum of FORTY-FIVE MILLION AND NO/100 DOLLARS (\$45,000,000.00), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of November 19, 2001, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the Agreement.

This Note is one of the Notes referred to in the Agreement and is entitled to the benefits thereof. This Note is subject to prepayment, in whole or in part, as specified in the Agreement. In case an Event of Default, as defined in the Agreement, shall occur and shall be continuing, the principal of and accrued interest on this Note may become due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note shall be governed by and construed in accordance with the laws of the State of Hawaii.

ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick

-----  
JAMES S. ANDRASICK  
Its Senior Vice President,  
Chief Financial Officer and  
Treasurer

By /s/ Thomas A. Wellman

-----  
THOMAS A. WELLMAN  
Its Controller and  
Assistant Treasurer

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LOAN AND REPAYMENT SCHEDULE  
REVOLVING CREDIT NOTE  
-----

(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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REVOLVING CREDIT NOTE

\$40,000,000.00

Honolulu, Hawaii

November 30, 2001

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of BANK OF AMERICA, N.A. (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of FORTY MILLION AND NO/100 DOLLARS (\$40,000,000.00), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of November 19, 2001, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the Agreement.

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ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick
-----
JAMES S. ANDRASICK
Its Senior Vice President,
Chief Financial Officer and
Treasurer

By /s/ Thomas A. Wellman
-----
THOMAS A. WELLMAN
Its Controller and
Assistant Treasurer

<p Style="page-break-after:always">

LOAN AND REPAYMENT SCHEDULE
REVOLVING CREDIT NOTE
-----

(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS
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Table with 7 columns: Rate, When Made, Term, Amount, Maturity Date, Amount and date of Principal Repayment (including amounts converted), Amount and date of Interest Payment, Notation Made By

(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS

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When Rate Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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REVOLVING CREDIT NOTE

\$40,000,000.00

Honolulu, Hawaii

November 30, 2001

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation, located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of FORTY MILLION AND NO/100 DOLLARS (\$40,000,000.00), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of November 19, 2001, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the Agreement.

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ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick  
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JAMES S. ANDRASICK  
Its Senior Vice President,  
Chief Financial Officer and  
Treasurer

By /s/ Thomas A. Wellman  
-----  
THOMAS A. WELLMAN  
Its Controller and  
Assistant Treasurer

<p Style="page-break-after:always">

LOAN AND REPAYMENT SCHEDULE  
REVOLVING CREDIT NOTE

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(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS

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Amount and  
date of  
Principal

Rate	When Made	Term	Amount	Maturity Date	Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS

Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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REVOLVING CREDIT NOTE

\$30,000,000.00

Honolulu, Hawaii

November 30, 2001

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of BANK OF HAWAII (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of November 19, 2001, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the Agreement.

This Note is one of the Notes referred to in the Agreement and is entitled to the benefits thereof. This Note is subject to prepayment, in whole or in part, as specified in the Agreement. In case an Event of Default, as defined in the Agreement, shall occur and shall be continuing, the principal of and accrued interest on this Note may become due and payable in the manner and with the effect provided in the Agreement.

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ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick

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 JAMES S. ANDRASICK  
 Its Senior Vice President,  
 Chief Financial Officer and  
 Treasurer

By /s/ Thomas A. Wellman

-----  
 THOMAS A. WELLMAN  
 Its Controllor and  
 Assistant Treasurer

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LOAN AND REPAYMENT SCHEDULE  
REVOLVING CREDIT NOTE  
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(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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REVOLVING CREDIT NOTE

\$20,000,000.00

Honolulu, Hawaii

November 30, 2001

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of BANK OF NEW YORK (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation, located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of November 19, 2001, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the Agreement.

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ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick  
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JAMES S. ANDRASICK  
Its Senior Vice President,  
Chief Financial Officer and  
Treasurer

By /s/ Thomas A. Wellman  
-----  
THOMAS A. WELLMAN  
Its Controller and  
Assistant Treasurer

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LOAN AND REPAYMENT SCHEDULE  
REVOLVING CREDIT NOTE  
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(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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REVOLVING CREDIT NOTE

\$10,000,000.00

Honolulu, Hawaii

November 30, 2001

ALEXANDER & BALDWIN, INC., a Hawaii corporation (hereafter referred to as the "Borrower"), FOR VALUE RECEIVED, hereby promises to pay to the order of AMERICAN SAVINGS BANK, F.S.B. (the "Payee") at the offices of First Hawaiian Bank, a Hawaii Corporation located at 999 Bishop Street, Honolulu, Hawaii, 96813, the principal sum of TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00), on the Termination Date (as defined in the Agreement referred to below) in lawful money of the United States of America and in immediately available funds.

The Borrower promises also to pay interest on the unpaid principal amount thereof in like money and funds at said office from the date hereof until paid at the rates per annum which will be determined in accordance with the provisions of Article I and Article II of the Third Amended and Restated Revolving Credit and Term Loan Agreement (the "Agreement") effective as of November 19, 2001, among the Borrower, the Payee and the other banks party thereto, said interest to be payable at the times provided for in the

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ALEXANDER & BALDWIN, INC.

By /s/ James S. Andrasick  
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JAMES S. ANDRASICK  
Its Senior Vice President,  
Chief Financial Officer and  
Treasurer

By /s/ Thomas A. Wellman  
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THOMAS A. WELLMAN  
Its Controller and  
Assistant Treasurer

<p style="page-break-after:always">

LOAN AND REPAYMENT SCHEDULE  
REVOLVING CREDIT NOTE  
-----

(Use this section when evidencing a Eurodollar Loan)

EURODOLLAR LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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(Use this section when evidencing Prime Rate Loan)

PRIME RATE LOANS  
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Rate	When Made	Term	Amount	Maturity Date	Amount and date of Principal Repayment (including amounts converted)	Amount and date of Interest Payment	Notation Made By
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TENTH AMENDMENT TO GRID NOTE

THIS TENTH AMENDMENT TO GRID NOTE is made on November 30, 2001, and effective as of November 30, 2001, by and between ALEXANDER & BALDWIN, INC., a Hawaii corporation, hereinafter called the "Maker", and FIRST HAWAIIAN BANK, a



Hawaii corporation, hereinafter called the "Bank";

WITNESSETH THAT;

WHEREAS, the Bank extended to the Maker that certain uncommitted line of credit facility in the principal amount not to exceed FORTY MILLION AND NO/100 DOLLARS (\$40,000,000.00) which line of credit is evidenced by that certain Grid Note (the "Note") dated December 30, 1993, with a final maturity of said Note being November 30, 1994; and

WHEREAS, the Maker and the Bank subsequently entered into that certain Amendment to Grid Note dated August 31, 1994, whereby the Note was increased to SIXTY-FIVE MILLION AND NO/100 DOLLARS (\$65,000,000.00), Section 4 of the Note, "Limitation" was deleted in its entirety and replaced, and the Note was -----  
extended to November 30, 1995; and

WHEREAS, the Maker and the Bank subsequently entered into that Second Amendment to Grid Note dated March 29, 1995, whereby the Note was decreased to FORTY-FIVE MILLION AND NO/100 DOLLARS (\$45,000,000.00), and Section 4 of the Note, entitled "Limitation" was deleted in its entirety and replaced, and -----

WHEREAS, the Maker and the Bank subsequently entered into that Third Amendment to Grid Note dated November 17, 1995, whereby the Note was extended to November 30, 1996; and

WHEREAS, the Maker and the Bank subsequently entered into that Fourth Amendment to Grid Note dated November 25, 1996, whereby the Note was extended to November 30, 1997; and

WHEREAS, the Maker and the Bank subsequently entered into that Fifth Amendment to Grid Note dated November 28, 1997, whereby the Note was extended to November 30, 1998; and

WHEREAS, the Maker and the Bank subsequently entered into that Sixth Amendment to Grid Note dated November 30, 1998, whereby the Note was extended to November 30, 1999; and

WHEREAS, the Maker and the Bank subsequently entered into that Seventh Amendment to Grid Note dated November 23, 1999, whereby the Note as extended to November 30, 2000, and with the merger of A&B-Hawaii, Inc. into Alexander & Baldwin, Inc., with Alexander & Baldwin, Inc. being the surviving corporation, the obligations of A&B-Hawaii, Inc. under the Note were terminated, with all references in the Note to the Maker deemed to be references to Alexander & Baldwin, Inc.; and

WHEREAS, the Maker and the Bank subsequently entered into that certain Eighth Amendment to Grid Note dated May 3, 2000, whereby the Note was increased to SEVENTY MILLION AND NO/100 DOLLARS (\$70,000,000.00), and Section 4 of the Note, "Limitation" was deleted in its entirety and replaced; and -----

WHEREAS, the Maker and the Bank subsequently entered into that Ninth Amendment to Grid Note dated November 30, 2000, whereby the Note was extended to November 30, 2001; and

WHEREAS, the Maker and the Bank desire to further amend the Note as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Maker and the Bank agree as follows:

1. The Maturity Date of the Note, as previously amended, shall be and hereby is further amended to provide that all unpaid principal and accrued but unpaid interest shall be due and payable on NOVEMBER 30, 2002, unless sooner due as otherwise provided in the Note.
2. Section 4 of the Note, entitled "Limitation", shall be deleted in its entirety and replaced by the following:
  4. Limitation. Notwithstanding any contrary provision -----  
hereunder, the unpaid principal balance outstanding under this Note, plus the unpaid principal balance or balances owing by the Maker under First Hawaiian Bank's share of that certain \$185,000,000 Third Amended and Restated Revolving Credit and Term Loan Agreement, effective as of November 30, 2001, by and between the Maker, the Bank and the banks that are parties thereto, as amended from time to time, shall not any time exceed the aggregate principal sum of \$70,000,000.
3. In all other respects, the Note, as herein amended, shall remain unmodified and in full force and effect, and the Maker hereby reaffirms all of its obligations under the Note, as previously amended, and as amended hereby. Without limiting the generality of the foregoing, the Maker hereby expressly acknowledges and agrees that, as of the date of this TENTH AMENDMENT TO GRID NOTE, the Maker has no offsets, claims or defenses whatsoever against the Bank or against any of the Maker's obligations under the Note, as previously amended, and as amended hereby, and that if any such claims, defenses or offsets exist, they are hereby irrevocably waived and released.

IN WITNESS WHEREOF, this Tenth Amendment to Grid Note is executed by the undersigned parties on the date first above written.

ALEXANDER & BALDWIN, INC.

By: /s/ J. S. Andrasick  
-----  
James S. Andrasick  
Its: Senior Vice President, Chief  
Financial Officer and Treasurer

By: /s/ Thomas A. Wellman  
-----  
Thomas A. Wellman  
Its: Controller and Assistant  
Treasurer

"Maker"

FIRST HAWAIIAN BANK

By: /s/ Lance A. Mizumoto  
-----  
Lance A. Mizumoto  
Its: Vice President

"Bank"

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ONE-YEAR PERFORMANCE IMPROVEMENT INCENTIVE PLAN

ALEXANDER & BALDWIN, INC.

AMENDMENT NO. 1  
-----

The Alexander & Baldwin, Inc. One-Year Performance Improvement Incentive Plan, as restated effective October 22, 1992 (the "Plan"), is hereby amended, effective as of January 1, 2002, as follows:

1. Section III.A. of the Plan is hereby amended by adding the following sentence to the end thereof: "Beginning with awards granted for the 2002 Plan Year, however, an eligible assignment is a job with 1350 total points under the Company's job evaluation program."
2. Section V.B.2. is hereby amended by replacing it in its entirety with the following:  
  
"2. Aggregate. The aggregate award paid to all participants will be limited by minimum requirements for 'income before income taxes' and 'return on adjusted net assets' for the Company, which will be established or approved by the Committee in advance for each Plan Year. If such limitations become effective, then the individual award of each participant will be proportionately reduced."
3. Except as modified by this Amendment, all terms and provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment to be executed on its behalf by its duly authorized officers on this 13th day of December, 2001.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

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EXHIBIT 11

ALEXANDER & BALDWIN, INC.  
COMPUTATION OF EARNINGS PER SHARE  
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999  
(In thousands, except per share amounts)

	2001	2000	1999
	----	----	----
Basic Earnings Per Share			
-----			
Net income	\$ 110,628	\$ 90,574	\$ 62,579
	=====	=====	=====

Average number of shares outstanding	40,535	40,898	43,206
	=====	=====	=====
Basic earnings per share	\$ 2.73	\$ 2.21	\$ 1.45
	=====	=====	=====
Diluted Earnings Per Share			
-----			
Net income	\$ 110,628	\$ 90,574	\$ 62,579
	=====	=====	=====
Average number of shares outstanding	40,535	40,898	43,206
Effect of assumed exercise of outstanding stock options	185	109	30
	-----	-----	-----
Average number of shares outstanding after assumed exercise of outstanding stock options	40,720	41,007	43,236
	=====	=====	=====
Diluted earnings per share	\$ 2.72	\$ 2.21	\$ 1.45
	=====	=====	=====

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ALEXANDER & BALDWIN, INC.  
Subsidiaries as of February 28, 2002

Name of Subsidiary	State or Other Jurisdiction Under Which Organized
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A & B Development Company (California)	California
A & B Properties, Inc.	Hawaii
ABHI-Crockett, Inc.	Hawaii
McBryde Sugar Company, Limited	Hawaii
Subsidiary:	
Kauai Coffee Company, Inc.	Hawaii
East Maui Irrigation Company, Limited	Hawaii
Hawaiian DuraGreen, Inc.	Hawaii
Kahului Trucking & Storage, Inc.	Hawaii
Kauai Commercial Company, Incorporated	Hawaii
Kukui'Ula Development Company, Inc.	Hawaii
Subsidiary:	
South Shore Community Services LLC	Hawaii
Matson Navigation Company, Inc.	Hawaii
Subsidiaries:	
Matson Intermodal System, Inc.	Hawaii
Matson Logistics Solutions, Inc.	Hawaii
Matson Terminals, Inc.	Hawaii
WDCI, INC.	Hawaii

NOTE: Certain A&B subsidiaries, which considered in the aggregate do not constitute a significant subsidiary, have been omitted.

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