

ALEXANDER & BALDWIN, INC.

FORM 10-K

ANNUAL REPORT FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 1994

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, all of which are headquartered in San Francisco. Container leasing operations are conducted by a wholly-owned subsidiary of Matson, Matson Leasing Company, Inc. ("Matson Leasing"), which is headquartered in San Francisco. Real property and food products operations are conducted by a wholly-owned subsidiary of A&B, A&B-Hawaii, Inc. ("ABHI"), and several ABHI subsidiaries, including California and Hawaiian Sugar Company, Inc. ("C&H"), all of which are headquartered in Hawaii or California.

The industry segments of A&B are as follows:

- A. Ocean Transportation - carrying freight primarily between various United States Pacific Coast and Hawaii ports; providing terminal, stevedoring, tugboat and container equipment maintenance services in certain of those ports; and arranging United States Mainland intermodal transportation.
- B. Container Leasing - leasing marine cargo containers in standard 20-foot and 40-foot lengths to transportation companies, primarily ocean carriers in the liner trades.
- C. Property Development and Management - developing real property in Hawaii and on the U.S. Mainland; selling residential properties; and managing, leasing, selling and purchasing commercial and industrial properties.
- D. Food Products - growing sugarcane and coffee in Hawaii; producing raw sugar, molasses and green coffee; refining raw sugar, and marketing and distributing refined sugar products in the western United States; marketing and distributing roasted coffee and green coffee; providing sugar and molasses hauling and storage, general freight and petroleum hauling and self-storage services 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, 1994, see "Industry Segment Information" on page 28 of the Alexander & Baldwin, Inc. 1994 Annual Report ("1994 Annual Report"), which information is incorporated herein by reference.

DESCRIPTION OF BUSINESS AND PROPERTIES

A. OCEAN TRANSPORTATION

(1) FREIGHT SERVICES

Matson offers containership freight services between ports at Los Angeles, Oakland and Seattle and the major ports in Hawaii, which are located on the islands of Hawaii, Kauai, Maui and Oahu. Roll-on/roll-off service is

provided between Los Angeles and Oakland and the major ports in Hawaii. Portland container cargo is moved overland between Portland and Seattle at no extra charge. Principal westbound cargoes carried by Matson to Hawaii include dry containers of mixed commodities, refrigerated cargoes, packaged foods, building materials and motor vehicles. Principal eastbound cargoes carried by Matson from Hawaii include household goods, canned pineapple, refrigerated containers of fresh pineapple, motor vehicles and molasses. The preponderance of Matson's revenue is derived from westbound carriage of containers and motor vehicles.

Matson is the principal carrier of ocean cargo between the United States Pacific Coast and Hawaii. In 1994, Matson carried 240,612 twenty-four foot equivalent units of container cargo and 116,762 motor vehicles between these destinations. Matson also 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.

In July 1994, Matson inaugurated its Pacific Coast Shuttle Service, which provides containership freight service among ports at Los Angeles, Oakland, Seattle, and Vancouver, British Columbia.

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

(2) VESSELS

Matson has been a leader in the containerization of freight in the Pacific Basin since 1958. Matson's fleet consists of five containerships, four 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.

During 1994, Matson completed a life-extension and "open top" conversion program for two containerships. Conversion of some holds to "open top" design permits containers to be stacked higher without the need for lashing or hatch covers. The life-extension program is expected to add 10 to 15 years to the service life of each ship.

The thirteen vessels in Matson's fleet represent an investment of approximately \$648,000,000 during the past 25 years. With one exception, the current fleet has been acquired through withdrawals from the Matson Capital Construction Fund, established under Section 607 of the Merchant Marine Act, 1936, as amended. The exception is a combination container/trailership which Matson continues to operate under a charter for a 25-year term ending in 1998, with options to renew the charter for a total of up to five years and to purchase the vessel at the end of the charter at fair market value.

Matson's fleet units are described in the list on the following page.[Table inserted below in electronic Edgar filing.]

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MATSON NAVIGATION COMPANY, INC.  
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FLEET - 12/31/94  
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Vessel Name	Official Number	Year Built	Year Reconstructed	Length	Maximum Speed (Knots)	Maximum Deadweight (Long Tons)	Usable Cargo Capacity						
							Containers		Vehicles		Molasses		
							24'	40'	Reefer Slots	TEUs (1)	Autos	Trailers	Short Tons
R. J. PFEIFFER	979814	1992		713'6"	23.0	27,100	625	610	300	1,970	--	--	--
KAIMOKU	573223	1976	1990	790'9"	21.5	14,551	276	310	119	1,020	350	54	--
KAINALU	557149	1974	1990	790'9"	21.5	14,976	276	310	119	1,020	350	54	--
KAUAI	621042	1980	1994	720'5-1/2"	22.5	26,308	458	538	310	1,626	44		2,600
LURLINE	549900	1973	1982	826'6"	21.5	22,221	597	345	340	1,476	220	81	2,100
MANUKAI	524219	1970		720'5-1/2"	22.5	27,107	537	416	251	1,476			5,300
MANULANI	528400	1970		720'5-1/2"	22.5	27,165	537	416	251	1,476			5,300
MATSONIA	553090	1973	1987	760'0"	21.5	22,501	683	400	335	1,620	450	56	4,300
MAUI	591709	1978	1993	720'5-1/2"	22.5	26,623	458	538	310	1,626			2,600
HALEAKALA (2)	676972	1984		350'0"	--	4,658	144	72	84	316			2,100
ISLANDER (2)	933804	1988		372'0"	--	6,837	276	24	70	380			--

MAUNA LOA (2)	676973	1984	350'0"	--	4,658	144	72	84	316			2,100
WAIKALEALE (3)	978516	1991	345'0"	--	5,621			35		230	45	
JOE SEVIER (4)	500799	1965	80'0"	10.0	--							
MAOI (4)	618705	1980	75'0"	10.0	--							

- (1) "Twenty-foot Equivalent Units" (includes trailers)
- (2) Container Barge
- (3) Roll-on/Roll-off Barge
- (4) Tug

As a complement to its fleet, Matson owns or has under capital leases approximately 17,900 containers, 6,800 container chassis, 500 auto-frames and miscellaneous other equipment. In addition, 280 20-foot chassis, 600 40-foot chassis, 300 45-foot chassis, 500 40-foot dry containers, 100 45-foot dry containers, and 480 40-foot refrigerated containers are being manufactured and are scheduled for delivery during 1995. After disposing of older container equipment, Matson expects to have 18,500 containers and 7,800 chassis on hand at the end of 1995. Capital expenditures by Matson for vessels and equipment totaled approximately \$24,600,000 in 1994.

(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 at the ports of Honolulu, Los Angeles, Oakland and Seattle, as well as for other ocean carriers at its Pacific Coast and Honolulu locations.

Matson Terminals is among the largest container stevedoring and terminal operators on the United States Pacific Coast. An estimated total of 1,159 vessel calls were served at all Matson Terminals container facilities in 1994.

Matson Terminals owns or leases the shoreside cranes and supporting container-handling equipment at its container facilities and owns all of the maintenance equipment used in providing container equipment and terminal maintenance services.

Matson Terminals has lease agreements with port authorities for the use of publicly-owned container terminal properties at Honolulu, Los Angeles, Oakland and Seattle. Matson Terminals does not anticipate any difficulty in renewing its lease agreements as they expire or in finding satisfactory alternative premises. Current terminal lease agreements expire as follows:

Honolulu	September 2016
Los Angeles	January 1996
Oakland	December 2008
Seattle	December 1999, subject to an option to renew for ten years

Capital expenditures for terminals and equipment totaled approximately \$5,100,000 in 1994.

(4) OTHER SERVICES

Matson Intermodal System, Inc. ("Matson Intermodal"), a wholly-owned subsidiary of Matson, was formed in 1987 to serve as an intermodal marketing company which arranges United States Mainland rail and truck transportation for shippers and carriers, frequently in conjunction with prior or subsequent ocean transportation.

Matson Services Company, Inc. ("Matson Services"), a wholly-owned subsidiary of Matson, owns two tugboats which are employed in Hawaiian waters under operating agreements to provide harbor assistance for vessels calling at

the islands of Hawaii and Maui.

Matson manages the Moku Pahu, an integrated tug/barge which transports raw sugar from Hawaii to the Crockett, California sugar refinery owned by C&H, a wholly-owned subsidiary of ABHI. The Moku Pahu is owned by the Hawaiian Sugar & Transportation Cooperative, of which ABHI's two sugar plantations are members.

#### (5) COMPETITION

Matson's freight service between the United States Pacific Coast and Hawaii has one major containership competitor which serves Long Beach, Oakland, Tacoma and Honolulu, employing vessels destined for Guam and the Far East. Other competitors include two common carrier barge services, unregulated proprietary and contract carriers of bulk cargoes and air cargo services.

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 to Hawaii, a type of service that is very attractive to customers because it decreases their warehousing 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. 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.

The carriage of cargo between the United States Pacific Coast and Hawaii on foreign-built and 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 bringing 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 and New Zealand have direct foreign-flag services to Hawaii.

Matson Terminals competes with numerous other companies which perform the same or similar services. The container stevedoring and terminal services business is extremely competitive. The primary considerations of ocean carriers when selecting stevedore and terminal operators are rates, quality of service, expertise and reputation. The industry is highly capital-intensive because of the need for expensive container-handling equipment.

Matson Intermodal competes for freight with a number of large and small companies engaged in intermodal transportation. Matson Services competes with other large operators of tugboats in Hawaiian waters.

#### (6) LABOR RELATIONS

The absence of strikes and the availability of labor through hiring halls are important to maintenance of profitable operations by Matson. Matson's operations have been disrupted significantly by strikes in only two of the last 39 years, most recently in 1972. 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 regulated by the Federal Maritime Commission ("FMC") with respect to rates, carrier agreements, shipping practices and other matters relating to its carriage of cargo in the domestic and foreign commerce of the United States. Matson Terminals is regulated by the FMC with respect to terminal lease agreements and its practices in providing terminal services at United States ports.

Matson is regulated by the Interstate Commerce Commission to the extent of its joint rates with motor carriers for the carriage of commodities subject to regulation under the Interstate Commerce Act. Matson's carriage of exempt agricultural commodities under joint rates with motor carriers, and

carriage of containerized cargoes in trailer-on-flatcar/container-on-flatcar service under joint tariff circulars with railroads, are unregulated. Mail is carried under contracts with the U.S. Postal Service. Approximately 46% of Matson's revenue is derived under arrangements not subject to regulation by the FMC.

The FMC has promulgated guidelines under the Intercoastal Shipping Act, 1933, for the determination of a just and reasonable rate of return or profit for domestic offshore ocean common carriers. Under the guidelines, as revised to date, and FMC decisions implementing and interpreting them, rate of return on rate base is the criterion used in determining a just and reasonable rate of return. Rate base includes net book value of vessels, other property and equipment and assets of related companies, to the extent they are devoted to the domestic common carrier service regulated by the FMC. Also included in rate base are working capital and capitalized leases. The FMC guidelines do not specify a just and reasonable rate of return on rate base, but merely the procedure for determining it. The FMC applies a "comparable earnings" test in determining a just and reasonable rate of return. The "comparable earnings" test equates the rate of return of domestic common carriers on rate base with the earnings of American industry generally on total capital, with appropriate adjustments for current trends in interest rates and the costs of capital. The FMC also considers the relative riskiness of individual domestic common carriers in relation to the riskiness of American industrial companies generally.

In April 1994, the FMC announced proposed revisions to its guidelines for determining a just and reasonable rate of return. It is not known whether, when, or to what extent the FMC will implement this proposal.

#### B. CONTAINER LEASING

Matson Leasing, which began operations in 1989, leases marine cargo containers worldwide to the transportation industry, primarily to ocean carriers in the liner trades.

Headquartered in San Francisco, Matson Leasing currently has offices in New York, London, Paris, Bremen, Tokyo, Singapore, Hong Kong, Seoul, Sydney, Rio de Janeiro and Bombay. It has 67 employees and utilizes 92 container depots world-wide.

The Matson Leasing container fleet consists entirely of standard 20-foot and 40-foot steel dry freight containers, the principal types of containers used in world trade. At the end of 1994, the fleet consisted of 112,000 containers, including 11,000 units delivered in 1994. Additional containers are planned for delivery in 1995. In 1994, Matson Leasing's capital expenditures for new containers totaled approximately \$32,000,000. All container leases are operating leases, with approximately 98% consisting of long-term or master lease agreements.

With its fleet of approximately 160,000 TEUs (twenty-foot equivalent units, a standard measure of container capacity), Matson Leasing competes on a world-wide basis and ranks eighth in terms of fleet size among lessors of marine containers. The ten largest lessors have fleets ranging from 45,000 to 1,300,000 TEUs. Lessors currently control approximately half of all marine containers in service. Matson Leasing's average fleet utilization rate was 88% in 1994, compared with 83% in 1993.

#### C. PROPERTY DEVELOPMENT AND MANAGEMENT

##### (1) GENERAL

The property development and management operations of A&B are conducted by ABHI, a wholly-owned subsidiary headquartered in Honolulu. A&B and its subsidiaries own approximately 92,854 acres of land, consisting of approximately 90,786 acres in Hawaii and approximately 2,068 acres elsewhere, as follows:

LOCATION

NUMBER OF ACRES

Maui	68,852
Kauai	21,933
Oahu	1
California	2,000
Texas	42
Washington	23
Florida	3

The bulk of this acreage currently is used for agricultural and related activities, and includes pasture land leased to ranchers, watersheds and conservation reserves. The balance is used or planned for development or other urban uses. An additional 17,900 acres on Maui and Kauai are leased from third parties.

ABHI is 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 Coastal Zone Management area, the granting of a Special Management Area Permit by the County Planning Commission. The entitlement process is complicated by the conditions, restrictions and exactions that are placed on these approvals, such as 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.

ABHI 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. ABHI designates a parcel as "fully-zoned" when all necessary government approvals have been obtained. Approximately 810 acres of property currently are designated fully-zoned.

As described in more detail below, work to obtain entitlements for urban use in 1994 focused on (i) ABHI's Kukui'ula development on Kauai, (ii) ABHI's proposed master-planned community at Pilot Hill Ranch in California, and (iii) obtaining Community Plan designations for various ABHI lands on Maui.

With regard to item (iii) in the previous paragraph, ABHI continues to participate actively in Maui County's decennial update of its Community Plans, a process that began in 1992. The Community Plans serve to guide planning development activity over the next decade. ABHI is seeking various urban designations for its undeveloped lands within the following four Community Plans, where most of its Maui lands are located: Paia-Haiku Community Plan, Kihei-Makena Community Plan, Wailuku-Kahului Community Plan, and Makawao-Pukalani-Kula ("Upcountry") Community Plan.

In 1994, the Maui County Planning Commission recommended urban residential designations for approximately 110 acres, and industrial and light industrial designations for approximately 230 acres, on ABHI-owned lands in Central Maui covered by the Wailuku-Kahului Community Plan. Also, the Planning Commission disagreed with the Upcountry Citizens' Advisory Committee's recommendation of single-family residential designation for 165 acres of ABHI land covered by the Upcountry Community Plan, conditioned on ABHI's contribution of another 100 acres for the establishment of an institution of higher education in the Upcountry region. The Planning Commission did not, however, make any recommendations regarding single-family residential designations.

Adoption of the Community Plans by the Maui County Council is expected in 1995 or 1996.

(3) RESIDENTIAL PROJECTS

ABHI is pursuing a number of residential projects in Hawaii and on the U.S. Mainland, in particular:

(a) Kukui'ula. On Kauai, construction activity at the Kukui'ula project has been suspended as a result of the effects of Hurricane Iniki, which struck Kauai in September 1992. The 1,000-acre Kukui'ula project, envisioned to be the first planned residential community on the island of Kauai, currently is expected to include up to 3,000 dwelling units, as well as an 18-hole golf course, a small boat marina, commercial areas, schools and parks. Construction of the wastewater treatment plant, mass grading and drainage, and certain roadway improvements were completed in 1993.

ABHI's current efforts with regard to the Kukui'ula project are directed toward re-entitlement of the project to obtain State urban district classification of an additional 822 acres. Urban district classification of an initial 213 acres was obtained in 1985. This re-entitlement is associated with ABHI's revisions to the project's master plan to address hurricane inundation risks and market considerations. Implementation of this revised master plan will require amendments to existing State of Hawaii and County of Kauai land use classifications, and currently is expected to delay initial sales of dwelling units until late 1997.

A petition to amend the State urban district, the first step in the revision of Kukui'ula's master plan, was submitted to the State Land Use Commission in October 1993. Public hearings on this petition commenced in February 1994 and were completed in January 1995. The State Land Use Commission is expected to take final action on the petition by April 1995. In addition, an application to amend the County zoning, consistent with the revised master plan, was submitted to the County Planning Commission in February 1995. Public hearings before the County Planning Commission on this application are expected to commence in the second quarter of 1995.

(b) Eleele Nani II. Also on Kauai, sales at ABHI's Eleele Nani II development, consisting of 146 single-family lots on 27 acres, continued during 1994. To date, sales have closed on all 58 "affordable" (as established by State of Hawaii income and affordability guidelines) homes and all 58 of the affordable lots, including 20 lots pursuant to the County of Kauai's self-help housing program. Twenty-one of the market-priced lots have closed. Nine market-priced lots remain available for sale.

(c) Makana Subdivision. On Maui's north shore, Makana Subdivision, a joint venture with Gentry Homes, Ltd., will consist of approximately 93 single-family homes on a 23-acre parcel. Subdivision construction plans were submitted for County approval in July 1994. Assuming County approval is obtained, construction is expected to commence in the second quarter of 1995, with sales expected to commence by early 1996.

(d) Haiku Mauka. Also on Maui, sales of lots at Haiku Mauka, a 93-acre, 39-lot agricultural lot residential subdivision, commenced in September 1994. A total of 16 lots have been sold.

(e) Haiku Hill. At Haiku Hill, an 89-acre, 37-lot agricultural lot residential subdivision on Maui's North Shore, the last five lots were sold in early 1994.

(f) Kahului Ikena. Kahului Ikena, a 102-unit, market-priced townhouse project in Kahului, is expected to be completed in mid-1995. The project will be marketed either as rental units or as condominiums for sale.

(g) Pilot Hill Ranch. At Pilot Hill Ranch in El Dorado County, near Sacramento, California, ABHI's efforts continue to focus on having the project's development plan proposals designated in El Dorado County's General Plan. Pilot Hill Ranch is intended to be developed as an 1,800-acre planned residential community, consisting of approximately 980 single- and multi-family homes, a golf course, parks and 20 acres of commercial development. A draft environmental impact report was issued by the County in December 1994. Hearings on the draft report are expected to be concluded by the middle of 1995. The

County is expected to take final action on its General Plan in 1995.

(4) COMMERCIAL AND INDUSTRIAL PROPERTIES

An important source of property revenue is the lease rental income A&B and its subsidiaries receive from various ground leases on 11,000 acres of land (including agricultural and pasture lands) and leases of 2,550,000 square feet of industrial and commercial building space.

In Hawaii, most of the income-producing commercial and industrial properties owned by A&B and its subsidiaries are located in the central Kahului area of Maui. These properties consist primarily of two shopping centers and two office buildings, as well as several separate commercial and industrial properties, as follows:

PROPERTY	LOCATION	TYPE	LEASED AREA
Maui Mall	Kahului, Maui	Retail shopping center	192,000 sq. ft.
Kahului Shopping Center	Kahului, Maui	Retail shopping center	112,000 sq. ft.
Kahului Office Center	Kahului, Maui	Office	30,000 sq. ft.
Wakea Business Center	Kahului, Maui	Warehouse/retail	61,500 sq. ft.
Kmart	Kahului, Maui	Ground lease	7.41 acres
Kahului Office Building	Kahului, Maui	Office	52,000 sq. ft.

In addition to the above-described properties, a number of other commercial and industrial projects are being developed on Maui and Kauai, including:

(a) Triangle Square. Development continues at Triangle Square, an 11-acre retail/commercial complex and factory outlet center in Kahului, Maui. Three lots have been leased and the balance of the project is being developed in two phases as a 108,000-square-foot factory outlet center. Construction of Phase I of the factory outlet center, consisting of the 28,000-square-foot Apex building, was completed in January 1995. It currently is being tenanted and scheduled for opening in 1995. Construction of Phase II, consisting of five buildings with a total of 80,000 square feet, is expected to commence in 1995.

(b) Costco. On a nearby 13-acre parcel owned by A&B, Price Costco, Inc. has commenced construction of a 134,000-square-foot retail facility, scheduled for completion in 1995.

(c) Kamehameha Parkway. Also located in Kahului is ABHI's Kamehameha Parkway, a 22-acre, light industrial park subdivision. Of the Parkway's 35 lots, 32 have been sold in fee and two have been leased. Sale of the remaining lot is expected to be completed in 1995.

(d) Kahului Industrial Park. Site work construction at the 76-acre first phase of the Kahului Industrial Park, a light industrial subdivision located near Maui's primary airport and harbor, is projected to commence in the second quarter of 1995. Sales and leasing may begin late in the year.

(e) Port Allen Industrial Subdivision. On Kauai, work on five additional industrial lots and a multi-tenant warehouse complex on six acres at the Port Allen Industrial Subdivision was completed in 1994. The 13,800-square-foot warehouse is approximately 65% occupied and four of the five lots are under



contract of sale.

In November 1994, a subsidiary of ABHI sold a 19.4-acre industrial parcel in Aiea, Hawaii for \$17.8 million. This parcel originally was acquired from C&H in 1993.

On the U.S. Mainland, A&B and its subsidiaries own a portfolio of commercial and industrial properties comprising a total of 1.9 million square feet of leasable area, as follows:

PROPERTY	LOCATION	TYPE	LEASED AREA (SQUARE FT.)
DEC Building	Cupertino, CA	Research and development	246,742
LinPac Building	City of Industry, CA	Manufacturing	126,048
Moulton Plaza	Laguna Hills, CA	Retail	134,000
Spinnaker II	Fremont, CA	Research and development	98,500
Great Southwest Industrial	Grand Prairie, TX	Warehouse/ Industrial	901,000
4225 Roosevelt	Seattle, WA	Office/Medical	106,000
Valley Freeway Corporate Park	Kent, WA	Warehouse/ Industrial	229,245
Winslow Village Shopping Center	Bainbridge Island, WA	Retail	97,908

The Great Southwest Industrial property in Texas has maintained an above-market average occupancy of 97%. In 1995, relatively few leases will expire.

A&B's three Washington State properties continue to benefit from the economic stability in the Pacific Northwest. The 4225 Roosevelt office building and Winslow Village Shopping Center remain 100% leased, while strong leasing activity in 1994 has increased occupancy at the Valley Freeway Corporate Park warehouse complex to 95%.

Digital Equipment Corporation ("DEC"), the sole tenant of the DEC Building in Cupertino, California, has continued its efforts to sublease available space in the facility. DEC ceased manufacturing operations at the facility in 1992, but continues to meet the obligations under its lease with A&B, which expires in 1997. Rental activity in both Cupertino and nearby Fremont, California, the location of Spinnaker II, increased in the latter half of 1994, with continued improvement expected in 1995. At the Moulton Plaza shopping center in Laguna Hills, California, the conversion of a 11,500-square-foot former Lincoln Savings branch to retail space was completed in 1994, with 60% of the space leased prior to completion. This shopping center is expected to benefit from an improving California economy.

In December 1994, the Arapahoe Marketplace Shopping Center, located in Denver, Colorado, was sold by A&B. The \$21 million proceeds of this sale are planned to be reinvested in other income-producing property on the U.S. Mainland pursuant to the tax-deferred exchange provisions of Section 1031 of the Internal Revenue Code.

Overall occupancy rates for the U.S. Mainland leased property portfolio averaged 97% in 1994, compared with 93% in 1993. Overall occupancy rates for the Hawaii leased property portfolio averaged 92% in 1994, compared with 94% in 1993.

D. FOOD PRODUCTS

(1) PRODUCTION

A&B has been engaged in activities relating to the production of cane sugar and molasses in Hawaii since 1870. A&B's present food products operations are conducted by ABHI. ABHI operates two sugar plantations, Hawaiian Commercial & Sugar Company ("HC&S") on the island of Maui and McBryde Sugar Company, Limited ("McBryde") on the island of Kauai.

ABHI is Hawaii's largest producer of raw sugar. In 1994, ABHI produced 34% of the 658,539 tons of raw sugar produced in Hawaii. The Hawaii sugar production, in turn, amounted to approximately 9% of total United States sugar production, and accounted for about 8% of the sugar consumed in the United States. ABHI's raw sugar production tonnage for the years 1990 through 1994 is summarized in the following table:

	1994	1993	1992	1991	1990
HC&S	206,217	224,677	193,485	214,122	225,555
McBryde	17,273	14,493	22,941	38,455	46,851
Total	223,490	239,170	216,426	252,577	272,406

HC&S harvested 16,457 acres of sugarcane in 1994, compared with 16,726 acres in 1993 and 15,715 acres in 1992. Yields averaged 12.4 tons of sugar per acre in 1994, compared with 13.4 in 1993 and 12.3 in 1992. As a by-product of sugar production, HC&S also produced 58,997 tons of molasses in 1994, compared with 61,954 tons in 1993, and 49,189 tons in 1992.

An advanced ultrafiltration plant constructed by HC&S in 1994 should, when fully operational, increase sugar recovery at HC&S' Puunene mill (the larger and more modern of HC&S' two mills) by 1.5%, thereby increasing sugar production by more than 3,000 tons. HC&S currently is evaluating a second phase of the project, which could result in an additional 4.5% increase in sugar recovery.

McBryde harvested 3,340 acres of sugarcane in 1994, compared with 2,893 acres in 1993 and 3,365 acres in 1992. In addition, 7,774 tons of molasses were produced in 1994, compared with 5,861 tons in 1993 and 8,233 tons in 1992. The average yield in 1994 was 5.2 tons of sugar per acre, up from 5.0 in 1993, but down from 6.8 in 1992. The reduction, from 1992 to 1993 and 1994, in raw sugar production, molasses production and sugar yields is due to damage to the sugar crop by Hurricane Iniki in September 1992.

The average cost per ton of sugar produced at the two plantations, including the cost of power production, was \$428.56 in 1994, compared with \$390.37 in 1993 and \$425.55 in 1992. The increase in cost per ton from 1993 to 1994 is primarily the result of lower production at HC&S (more than offsetting higher production at McBryde) and modest increases in costs at both plantations. Continuing cost reduction programs at both plantations have been successful in minimizing cost increases.

Both HC&S and McBryde produce electricity for their own use and for sale to electric utility companies by burning bagasse (sugarcane fiber), by hydroelectric power generation and, when necessary, by burning fossil fuels. The price for power sold is equal to the utility companies' "avoided cost" of not producing the electricity supplied by the plantations. In 1994, HC&S sold 101,994 megawatt hours ("MWH") of electric power, and McBryde sold 20,381 MWH. Revenue from the sale of electricity depends on the amount of power produced and sold as well as the average price of fuel. See "Energy" below.

During 1994, McBryde cultivated 7,117 acres in sugar and about 4,000 acres in coffee. The harvest of the 1994 coffee crop is expected to yield 1,365,000 pounds of green coffee, compared with 550,000 pounds in 1993. Although the long-term effects of the 1992 Hurricane Iniki on the coffee crop

are still uncertain, the young coffee trees are recovering from the storm effects. Coffee production is expected to continue to increase during the next few years.

Kahului Trucking & Storage, Inc. and Kauai Commercial Company, Incorporated, both of which are subsidiaries of ABHI, provide sugar and molasses hauling and storage, petroleum hauling, and mobile equipment maintenance and repair services on Maui and Kauai, self-service storage facilities on Maui and Kauai and general trucking services on Kauai.

## (2) SUGAR REFINING; MARKETING OF SUGAR AND COFFEE

Virtually all of the raw sugar produced in Hawaii is purchased and refined by, and marketed through, C&H. C&H processes the raw cane sugar into a full line of refined sugar products for the grocery market, and a full range of industrial refined sugar products for industrial bakers, confectioners and food processors. C&H is the leading sugar brand in the western United States. Marketing of C&H's refined products is conducted by C&H's sales staff and a network of brokers under exclusive representation agreements. The refined products are marketed primarily in the western and central United States.

C&H's profit margins in 1994 were hurt by a combination of relatively high raw cane sugar prices and depressed prices for refined sugar products. Contributing to this situation was ineffective governmental administration of the domestic sugar support program and an excess supply of beet sugar. The current domestic sugar support program will be reviewed for renewal later in 1995 in conjunction with Congress' five-year review of U.S. farm programs. Long-term prospects for the business are expected to be more favorable. Consumer sugar sales are seasonal in nature and, as a result, C&H's financial results are expected to be better in the third and fourth quarters of each fiscal year, compared with the first two quarters.

C&H has a ten-year supply contract, ending in 2003, with Hawaiian Sugar & Transportation Cooperative ("HSTC"), a cooperative consisting of the major sugarcane growers in Hawaii (including HC&S and McBryde), for C&H to acquire substantially all raw sugar produced in Hawaii at a discount to the New York Contract #14 price for domestic raw sugar. There are no minimum supply guarantees on the part of HSTC. During 1994, the supply contract with HSTC provided all the raw sugar used by C&H. In recent years, a number of Hawaii sugarcane growers have exited the business or have announced they will be exiting the business or are considering such action. There is no certainty that the companies now producing sugarcane in Hawaii will be doing so in the future. In 1995, C&H will purchase raw sugar from other than Hawaiian sources to supplement its purchases under the supply contract with HSTC.

At McBryde, coffee marketing efforts currently are being directed toward developing a market for premium-priced, Kauai-grown green coffee. Most of the 1994 coffee crop is being marketed primarily on the U.S. Mainland in whole-bean form. McBryde has a supply agreement with Nestle Beverage Company, ending in 1998, pursuant to which Nestle Beverage Company will purchase up to 25 percent of McBryde's mid-grade coffee beans over the next five years. In addition to the sale of green coffee, in 1994 McBryde launched a roasted, packaged coffee product in Hawaii under the "Kauai Coffee" name.

## (3) COMPETITION AND SUGAR LEGISLATION

Hawaiian 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 refining 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 for the Hawaiian cane sugar industry. In addition, competition from high fructose corn syrup ("HFCS") has increased substantially since 1974, but now has stabilized, as sweetener markets in which the use of HFCS is economical have become saturated. The use of non-caloric (artificial) sweeteners accounts for a small percentage of the domestic sweetener market. Although the use of artificial sweeteners is expected to grow, such increased use is not expected to affect sugar markets

significantly in the near future.

Worldwide, most sugar is consumed in the country of origin. Only about a quarter of world sugar is involved in international trade. A much smaller amount is traded at the world sugar market price (the other sugar involved in international trade is traded at negotiated prices under bilateral trade agreements). Due to protective legislation, raw cane sugar prices in the U.S. generally are higher than the world price, and only limited amounts of foreign sugar are allowed into the U.S. under import quotas. Such foreign sugar sells at U.S. domestic prices. As a result, the world sugar price does not have material relevance to U.S. sugar producers and refiners.

The United States government price supports are important to the economic viability of the domestic sugar growing industry, and the U.S. Congress long has sought, through legislation, to assure a reliable domestic supply of sugar at stable and reasonable prices. Congress' most recent renewal of protective legislation for domestic sugar is provided by the Food, Agriculture, Conservation and Trade Act of 1990, known as the 1990 Farm Bill. The 1990 Farm Bill provides a sugar loan program for the 1991 through 1995 crops, with a loan rate (support price) of 18 cents per pound for raw sugar, the same as that provided by the 1985 Farm Act. The 1990 Farm Bill also provides minimum import quotas and a means of limiting domestic production.

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 prevents producers from defaulting on loans. The target price established by the government is known as the market stabilization price and is based on the loan rate plus transportation costs, interest, and an incentive factor. The market stabilization price was 21.8 cents per pound in 1988-89 and 21.9 cents per pound in 1990-91. No market stabilization price has been announced since 1990-91. The actual U.S. domestic sugar price averaged 21.31 cents per pound in 1992, 21.62 cents per pound in 1993, and 22.03 cents per pound in 1994. This average is based on the average daily New York Contract #14 price for raw sugar. A chronological chart of these prices is shown on the next page.

The long-term raw sugar supply agreement between C&H and HSTC provides that the participating growers will sell all their raw sugar to C&H at a price equal to the No. 14 Contract settlement price, less a discount and less costs of sugar vessel discharge and stevedoring. This price becomes a cost to C&H and, after deducting marketing, operating, distribution, transportation and interest costs of HSTC, reflects the gross revenue to the Hawaii sugar growers, including HC&S and McBryde. The No. 14 price is established by, among other things, the supply of and demand for all forms of domestically-produced sweeteners, government policies regarding the U.S. sugar import quota and, on occasion, domestic market allocations, as well as by potential changes to international trade matters which might affect the U.S. sugar program.

Liberalized international trade agreements, such as the General Agreement on Tariff and Trade ("GATT"), include provisions relating to agriculture, but these agreements will not affect the U.S. sugar or sweetener industries materially. The "side" agreements that modified the North American Free Trade Agreement ("NAFTA") alleviated sugar producers' concerns over NAFTA provisions which could have allowed Mexico to export large quantities of sugar to the U.S. starting in seven years.

#### (4) PROPERTIES AND WATER

C&H's main refining operations are located at Crockett, California. The Crockett refinery is among the largest in the world, and is the only cane sugar refinery on the United States West Coast. It is ideally located next to a deep-water port, a major rail line and an interstate highway. The refinery and administrative offices occupy a complex of buildings that contains approximately 1,310,000 square feet and is located on approximately 55 acres. C&H leases approximately 42 acres from the California State Lands Commission under long-term ground leases, and owns the remaining area. The Lease Agreement with the State of California covering the main refinery and wharf facilities

expires in 2022, and the Lease Agreement covering the area where the secondary water treatment facility is located expires in 2024.

Construction by a third party began in early 1994 on a 240 MW cogeneration plant adjacent to the C&H refinery at Crockett, California. Pursuant to an agreement between C&H and the third party that expires in 2026, the steam produced by the cogeneration plant will be used to power the C&H refinery, thereby reducing C&H's energy costs. The cogeneration plant also will allow C&H to shut down its own, less-efficient steam generating plant, and thereby avoid required capital improvements to the existing plant. The cogeneration plant is expected to be operational in 1996.

C&H also operates a smaller sugar refining and distribution facility in Aiea, Hawaii that primarily produces liquid sweeteners for the local beverage industry. This facility was completed in 1994 and replaced an older refinery. C&H leases the refining equipment pursuant to a lease that expires in December 1996, with options to renew for up to an additional six years, and leases the facilities and the site pursuant to a lease that expires in 2004. In the City of Commerce, California, C&H owns and operates a bulk sugar receiving and distribution facility. The facility is located on a four-acre parcel owned by C&H.

The HC&S sugar plantation, the largest in Hawaii, consists of approximately 36,000 acres of land, including 2,000 acres leased from the State of Hawaii. Approximately 35,900 acres are under cultivation and completely irrigated, and the balance either is used for contributory purposes, such as roads and plant sites, or is not suitable for cultivation. In December 1994, HC&S reached an agreement to lease an additional 1,300 acres of sugar land. This is expected eventually to add more than 7,000 tons to HC&S' annual production and to reduce the average cost per ton of sugar produced.

The McBryde plantation consists of approximately 15,000 acres of land, of which about 11,100 are under cultivation. About 7,000 acres under cultivation are held under long-term leases. Two-thirds of McBryde's fields are irrigated, and the remainder depends upon rainfall.

Large quantities of water are necessary to grow sugarcane. Because of the importance of water, both access to water and efficient irrigation systems are crucial for the successful growing of sugarcane. A&B's plantations use a "drip" irrigation system that distributes water to the cane roots through small holes in plastic tubes. In 1983, McBryde completed its conversion of 6,715 acres to drip irrigation. HC&S completed its conversion program in January 1987, and 34,326 acres, 96% of its cane lands, now are drip irrigated. Conversion to the drip method has improved yields in the converted fields, has allowed increased mechanization of field operations, has resulted in added acres under cultivation and helps mitigate the effects of drought.

ABHI also owns 19,000 acres of watershed lands on Maui which supply part of the irrigation water used by HC&S. ABHI also has held water licenses to 38,000 acres owned by the State of Hawaii, which over the years have supplied approximately one-third of the irrigation water used by HC&S. The last of these four water license agreements expired in 1986, and all four agreements have been extended as revocable permits. The State Board of Land and Natural Resources has indicated its intention to replace these four permits with long-term licenses. The issuance of such licenses currently is pending a hearing before the State Board of Land and Natural Resources.

#### E. EMPLOYEES AND LABOR RELATIONS

As of December 31, 1994, A&B and its subsidiaries had approximately 3,581 regular full-time employees. About 1,383 were engaged in the growing of sugarcane and manufacturing of raw sugar, 812 were engaged in the refining and marketing of sugar, 1,068 were engaged in ocean transportation, 67 were engaged in container leasing, 54 were engaged in property development and management, and the balance was in administration and miscellaneous operations. Approximately 58% were covered by collective bargaining agreements with unions.

As of December 31, 1994, Matson and its subsidiaries had approximately 1,135 regular full-time employees and 594 casual employees. Approximately 36%

of the regular full-time employees, and all of the casual employees, were covered by collective bargaining agreements. The casual employees consist of seagoing employees and United States Pacific Coast longshoremen who are employed through hiring halls and are not full-time employees of Matson or Matson Terminals.

Employees of Matson and Matson Terminals are represented by 10 different unions, and Matson and Matson Terminals are parties to 92 separate collective bargaining agreements. Matson's seagoing employees are represented by six unions. Matson and Matson Terminals are members of the Pacific Maritime Association ("PMA"), and Matson Terminals is a member of the Hawaii Stevedoring Industry Committee and the Hawaii Employers Council, through which various collective bargaining agreements are negotiated. Matson is a member of the Maritime Service Committee ("MSC") for collective bargaining with three unions representing licensed deck, engineer and radio officers for Matson vessels.

Historically, collective bargaining with the longshore and seagoing unions has been complex and difficult. However, Matson and Matson Terminals consider their respective relations with the International Longshoremen's and Warehousemen's Union ("ILWU"), other unions and their non-union employees to be satisfactory. During 1994, collective bargaining agreements with the three unions representing Matson's licensed officers were renewed for terms ranging from four to six and a half years. Agreements with three ILWU units in Hawaii also were renewed in 1994, for three-year terms effective mid-1993. Expiring agreements with the International Association of Machinists in Oakland and Los Angeles and with the United Brotherhood of Carpenters and Joiners of America in Oakland are expected to be renewed in 1995 without service interruption.

Matson contributed during 1994 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. In 1994, Matson Terminals began participating 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 3 to A&B's financial statements on pages 38 and 39 of the 1994 Annual Report, which is incorporated herein by reference.

Matson pays through Matson Terminals on the basis of cargo tons carried, and Matson Terminals contributes as a direct employer, to a multi-employer pension plan for Pacific Coast longshoremen. Under special withdrawal liability rules in the plan, Matson Terminals could cease United States Pacific Coast cargo handling operations permanently and stop making contributions to the plan without any withdrawal liability.

HC&S and McBryde have approximately 923 employees and 232 employees, respectively, covered by collective bargaining agreements with the ILWU. Production units of HC&S and McBryde, as well as an HC&S clerks and technical employees unit, are represented by Local 142 of the ILWU. Agreements with the ILWU for the HC&S and McBryde production units and for the HC&S clerks and technical employees unit expired on January 31, 1995. The agreement with the HC&S production unit has been renegotiated for a one-year period expiring on January 31, 1996. The other agreements are in the process of being renegotiated.

Kahului Trucking & Storage, Inc. has three Local 142 bargaining units covering 40 employees. Six employees are covered by the Bulk Sugar Agreement, and two are covered by the Tugboat Agreement. These agreements were renewed for three-year periods expiring June 30, 1996. The other 32 employees are in the production unit, and are covered by an agreement that will expire on March 31, 1995. This agreement is in the process of being renegotiated.

Kauai Commercial Company, Incorporated has 53 employees represented by Local 142. Of these, 46 employees are in the production unit, and seven are in the clerical unit. Both contracts were extended to April 30, 1995 and are in the process of being renegotiated.

Of the 615 bargaining unit employees of C&H at Crockett, California, 506 are members of Sugar Workers Union No. 1, AFL-CIO Seafarers International Union of North America and 101 employees are members of ILWU Local 6. Eight employees of C&H at the Aiea, Hawaii refinery are members of ILWU Local 142. Contracts covering these employees extend through May 31, 1995 and are in the process of being renegotiated.

#### F. ENERGY

Matson and Matson Terminals purchase bunker fuel oil, lubricants, gasoline and diesel fuel for their operations. Bunker fuel oil and diesel fuel are the largest items of energy-related expense.

Bunker fuel prices started 1994 at \$59 per metric ton and ended the year at \$87 per metric ton. A low of \$55 per metric ton occurred in January, and a high of \$119 per metric ton occurred in August. Sufficient fuel for Matson's requirements is expected to be available in 1995.

As is the practice throughout Hawaii, ABHI's sugar plantations use bagasse, the residual fiber of the sugarcane plant, as a fuel to generate steam for the production of most of the electrical power for sugar mill and irrigation pumping operations. However, supplemental fuel is required to produce power, principally for pumping irrigation water during the factory shutdown period when bagasse is not being produced. No. 6 (heavy) oil and coal have been the supplemental fuels most commonly used by the sugar factories. However, in 1992, the suppliers of oil to the ABHI sugar plantations announced they would discontinue regular heavy oil shipments as a result of unlimited liability concerns arising from federal and state environmental laws. Currently, heavy oil is being transported to HC&S on a space-available basis. As a result of the oil-availability problem, HC&S reduced its 1992 power production, began converting its factories to use diesel fuel, and increased its use of coal. In 1994, HC&S produced 224,883 MWH of electric power and sold 101,994 MWH, compared with 1993's power production of 226,924 MWH and sales of 101,346 MWH. HC&S' oil use decreased to 126,568 barrels in 1994 from the 216,158 barrels used in 1993. In November 1993, HC&S obtained a state permit that more than doubled its capability for burning coal. Coal use for power generation increased substantially, from 25,786 short tons in 1993 to 34,490 short tons in 1994.

McBryde uses very little oil and no coal because it normally produces a large amount of hydroelectric power from two plants that supplement power produced from bagasse. Both of these plants were out of service in the first half of 1993 during repairs of hurricane damage. To deal with the discontinuance of heavy oil shipments to Kauai, McBryde converted its factories to use diesel fuel. In 1994, power production was 43,494 MWH, up substantially from 20,772 MWH in 1993. Power sales in 1994 of 20,381 MWH were up from 16,520 MWH in 1993. The lower power production in 1993 was due primarily to the 1992 hurricane-related damage to the two hydroelectric plants and the lower sugar harvest in 1993. The two hydroelectric plants were put back in service in June and in July 1993, respectively.

#### 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.

In June 1990, Matson Terminals filed a complaint in the Superior Court of California against Home Insurance Company, Hobbs Group, Inc. and Arkwright-Boston Insurance Company for breach of contract and negligence. The complaint sought recovery of damages sustained at Matson Terminals' Oakland terminal as a result of the October 1989 Loma Prieta earthquake. The court awarded Matson Terminals \$23,516,000, which included \$11,250,000 in punitive damages. Defendant Home Insurance Company has filed an appeal of the court's award.

On February 11, 1992, Pan Ocean Shipping Co., Ltd. ("Pan Ocean") served an amended complaint on Matson, alleging that a Matson vessel negligently discharged contaminated ballast water into Los Angeles harbor on January 9,

1991. Pan Ocean admits that a vessel owned and operated by Pan Ocean discharged fuel oil into Los Angeles harbor on January 8, 1991. Pan Ocean is seeking contribution and indemnification for the in-harbor clean-up charges which it alleged to be between \$16,000,000 and \$19,000,000. On April 12, 1993, Pan Ocean amended its complaint to allege fraud and seek unspecified punitive damages.

On September 13, 1993, the parties stipulated to binding arbitration before a Special Master appointed by the United States District Court for the Central District of California. The Special Master's findings will be incorporated into a judgment by the United States District Court, which judgment may be appealed to the Ninth Circuit Court of Appeals only on the issues of punitive damages and misconduct of the Special Master. The arbitration hearing commenced on January 13, 1994. Management believes, after consultation with legal counsel and given the Protection and Indemnity coverage under Matson's insurance policy in effect at the time of the alleged conduct, that any ultimate liability in connection with this action will not have a material adverse effect on Matson's financial condition.

On November 1, 1994, the Division of Water Quality, Department of Wastewater Management, City and County of Honolulu ("City and County") issued a Cease and Desist Order to C&H, alleging violations of a City and County ordinance arising out of C&H's discharge of industrial wastewater from C&H's liquid sugar refinery into the City and County's sewer system. Among other things, the Cease and Desist Order ordered C&H to stop discharging wastewater into the sewer system, ordered C&H to provide a corrective action plan and warned that the violations might carry civil and/or criminal penalties. Subsequently, the City and County issued Amended Order No. 1, on November 9, 1994, and Amended Order No. 2, on December 2, 1994, which, among other things, permitted C&H to discharge wastewater into the sewer system, provided C&H did not violate its permit, and imposed a fine on C&H in the amount of \$1,650,000, which fine was suspended provided C&H comply with the Amended Orders. A hearing on Amended Order No. 2 was held on January 9, 1995. No decision has been issued yet.

Modifications have been completed to the refinery that C&H believes will allow the refinery to operate without violating the original Cease and Desist Order or the Amended Orders. C&H has appealed all Orders and will be responding to the charges brought by the City and County.

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 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

This information is contained in the sections captioned "Common Stock" and "Dividends" on pages 23 and 24 of the 1994 Annual Report, which sections are incorporated herein by reference.

At February 17, 1995, there were 6,729 record holders of A&B common stock.



ITEM 6. SELECTED FINANCIAL DATA

Information for the years 1990 through 1994 is contained in the comparative table captioned "Eleven-Year Summary of Selected Financial Data" on pages 26 and 27 of the 1994 Annual Report, which information is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A&B's financial statements, including the results of operations discussed herein, are based on the historical-cost method of accounting, in accordance with generally accepted accounting principles. If estimated current costs of property and inventory were applied to reflect the effects of inflation on A&B's businesses, total assets would be higher and net income lower than shown by the historical-cost financial statements. However, the carrying values of current assets (other than inventories, real estate held for sale, deferred income taxes and prepaid and other assets) and of debt instruments are reasonable estimates of their fair values. Investments in marketable securities are stated in the financial statements at market values in accordance with Statement of Financial Accounting Standards No. 115. Certain investments held in the Capital Construction Fund at amortized cost exceeded their fair values at December 31, 1994. This matter is described more fully in Note 9 on pages 42 and 43 of the 1994 Annual Report, which Note is incorporated herein by reference.

Additional information applicable to this Item 7 is contained in the section captioned "Management's Discussion and Analysis" on pages 29 through 31 of the 1994 Annual Report, which section is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information is contained in the financial statements and accompanying notes on pages 32 through 43 of the 1994 Annual Report, the Independent Auditors' Report on page 25 of the 1994 Annual Report, and the Industry Segment Information for the years ended December 31, 1994, 1993 and 1992 appearing on page 28 of the 1994 Annual Report and incorporated into the financial statements by Note 11 thereto, all of which are incorporated herein by reference.

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

Not applicable.

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" on pages 2 and 3 of A&B's proxy statement dated March 6, 1995 ("A&B's 1995 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, 1995, present and prior positions with A&B and year appointed as such, 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. With regard to compliance with Section 16(a) of the

Securities Exchange Act of 1934, A&B believes that during fiscal 1994 its directors and executive officers filed on a timely basis all reports required to be filed under Section 16(a). For a discussion of severance agreements between A&B and certain of A&B's executive officers, see the subsection captioned "Severance Agreements" on page 13 of A&B's 1995 Proxy Statement, which subsection is incorporated herein by reference.

Meredith J. Ching (38)

Vice President (Government & Community Relations) of A&B, 10/92-present; Vice President of ABHI (Government & Community Relations), 10/92-present; Vice President of ABHI (Natural Resources Development & Government Affairs), 4/89-9/92; Vice President of ABHI (Natural Resources Development), 4/88-3/89.

John C. Couch (55)

Chairman of the Board of A&B, effective 4/95; President of A&B, 10/85-4/89, 4/91-present; Chief Executive Officer of A&B, 4/92-present; Chief Operating Officer of A&B, 10/85-4/89, 4/91-4/92; Executive Vice President of A&B, 1/85-10/85; Chairman of the Board of ABHI, effective 4/95; President and Chief Executive Officer of ABHI, 4/89-present; Chairman of the Board of Matson, effective 4/95; Vice Chairman of the Board of Matson, 4/92-3/95; President and Chief Operating Officer of Matson, 1/85-10/85; Executive Vice President and Chief Operating Officer of Matson, 1984; Chairman of the Board of C&H, 7/90-present; Director of A&B, 10/85-present; Director of Matson, 10/85-4/89, 4/91-present; Director of ABHI, 4/89-present.

W. Allen Doane (47)

Executive Vice President and Chief Operating Officer of ABHI, 4/91-present; Managing Partner and Chief Operating Officer of The Shidler Group, 1988-1990.

Raymond J. Donohue (58)

Senior Vice President and Chief Financial Officer of Matson, 1/87-present; Vice President (Finance) of Matson, 10/80-12/86.

Frederick M. Gutterson (52)

Senior Vice President of Matson, 4/94-present; Vice President of Matson, 4/89-4/94; President and Chief Executive Officer of Matson Leasing Company, Inc., 4/89-present.

G. Stephen Holaday (50)

Vice President and Controller of A&B, 4/93-present; Vice President, Chief Financial Officer and Treasurer of A&B, 4/89-4/93; Senior Vice President, Chief Financial Officer and Treasurer of ABHI, 4/89-present; Senior Vice President and Chief Financial Officer of A&B, 10/87-3/89; Vice President and Chief Financial Officer of A&B, 2/87-9/87; Vice President, Treasurer and Controller of A&B, 1984-1987.

John B. Kelley (49)

Vice President (Investor Relations) of A&B, 1/95-present; Vice President (Corporate Planning & Development, Investor Relations) of A&B, 10/92-12/94; Vice President (Community & Investor Relations) of A&B, 2/91-10/92; Vice President (Corporate & Investor Relations) of A&B, 8/88-1/91; Vice President (Project Development) of ABHI, 8/89-1/91; Vice President of Matson, 7/87-7/88; Vice President (Public Relations) of A&B, 8/85-7/87.

Miles B. King (47)

Vice President and Chief Administrative Officer of A&B, 4/93-present; Senior Vice President (Industrial Relations) of ABHI, 4/93-present; Senior Vice President (Human Resources) of Matson, 10/92-present; Executive Vice President of The Hay Group, 1988-1992.

David G. Koncelik (53)

Senior Vice President of ABHI, 1/94-present; President and Chief Executive Officer of C&H, 1/94-present; Executive Vice President and Chief Operating Officer of C&H, 1/91-12/93; Chief Financial Officer of C&H, 12/88-12/93; Senior Vice President of C&H, 12/88-12/90.

Michael J. Marks (56)

Vice President, General Counsel and Secretary of A&B, 4/89-present; Senior Vice President and General Counsel of ABHI, 4/89-present; Senior Vice President,

General Counsel and Secretary of A&B, 1985-3/89; Vice President and General Counsel of A&B, 1980-1985.

C. Bradley Mulholland (53)

President of Matson, 5/90-present; Chief Executive Officer of Matson, 4/92-present; Chief Operating Officer of Matson, 7/89-4/92; Executive Vice President of Matson, 9/87-5/90; Director of A&B, 4/91-present; Director of Matson, 7/89-present; Director of ABHI, 4/91-present.

Glenn R. Rogers (51)

Vice President, Chief Financial Officer and Treasurer of A&B, 4/93-present; Senior Vice President, Marketing of Matson, 1/89-4/93; Vice President, Freight Division, of Matson, 9/87-1/89; Vice President, Area Manager, Hawaii, of Matson, 4/86-9/87.

Robert K. Sasaki (54)

Vice President of A&B, 7/90-present; Senior Vice President (Properties) of ABHI, 4/89-present; Senior Vice President (Properties) of A&B, 1986-3/89; Vice President (Properties) of A&B, 1974-1986.

Thomas A. Wellman (36)

Assistant Controller of A&B, 4/93-present; Controller of A&B, 11/91-4/93; Controller of ABHI, 11/91-present; Area Controller (Hawaii), Matson, 9/90-10/91, Internal Auditor, A&B, 7/89-8/90.

#### ITEM 11. EXECUTIVE COMPENSATION

See the section captioned "Executive Compensation" on pages 8 through 13 of A&B's 1995 Proxy Statement, which section is incorporated herein by reference.

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

See the section titled "Security Ownership of Certain Shareholders" and the subsection titled "Security Ownership of Directors and Executive Officers" on page 5 and on pages 6 and 7, respectively, of A&B's 1995 Proxy Statement, which section and subsection are incorporated herein by reference.

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

See the subsection titled "Certain Relationships and Transactions" on page 7 of A&B's 1995 Proxy Statement, and the last two paragraphs of the subsection titled "Compensation of Directors" on pages 4 and 5 of A&B's 1995 Proxy Statement, which are incorporated herein by reference.

### PART IV

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

##### A. FINANCIAL STATEMENTS

Financial Statements of Alexander & Baldwin, Inc. and Subsidiaries and Independent Auditors' Report (incorporated by reference to the pages of the 1994 Annual Report shown in parentheses below):

Balance Sheets, December 31, 1994 and 1993  
(pages 34 and 35).  
Statements of Income for the years ended  
December 31, 1994, 1993 and 1992 (page 32).  
Statements of Shareholders' Equity for the  
years ended December 31, 1994, 1993 and  
1992 (page 36).

Statements of Cash Flows for the years ended  
December 31, 1994, 1993 and 1992 (page 33).  
Notes to Financial Statements (pages 37 through  
43 and page 28 to the extent incorporated by  
Note 11)  
Independent Auditors' Report (page 25).

B. FINANCIAL STATEMENT SCHEDULES

Financial Schedules of Alexander & Baldwin, Inc. and Subsidiaries as  
required by Rule 5-04 of Regulation S-X (filed herewith):

III - Condensed Financial Information of  
Registrant - Balance Sheets, December 31,  
1994 and 1993; Statements of Income and  
Cash Flows for the years ended December 31,  
1994, 1993 and 1992; Notes to Condensed  
Financial Statements.

NOTE: 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 a page by writing to Michael J. Marks, Vice President,  
General Counsel and Secretary, Alexander & Baldwin, Inc., P. O. Box 3440,  
Honolulu, Hawaii 96801.

3. Articles of incorporation and bylaws.

3.a. Restated Articles of Association of A&B, 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. Bylaws of A&B as amended effective October 24, 1991 (Exhibit 3.b.(i)  
to A&B's Form 10-Q for the quarter ended September 30, 1991).

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

4.a. Equity.

4.a. Rights Agreement, dated as of December 8, 1988 between Alexander &  
Baldwin, Inc. and Manufacturers Hanover Trust Company, Press Release of  
Alexander & Baldwin, Inc. and Form of Letter to Shareholders of Alexander &  
Baldwin, Inc. (Exhibits 4, 28(a) and 28(b) to A&B's Form 8-K dated  
December 13, 1988).

4.b. Debt.

4.b. (i) Amended and Restated Revolving Credit and Term Loan Agreement  
effective as of April 1, 1989 among Alexander & Baldwin, Inc. and  
A&B-Hawaii, Inc. and Wells Fargo Bank, N.A., First Hawaiian Bank, Chemical  
Bank, Bank of Hawaii, Chase Manhattan Bank, and The Bank of California,  
N.A. (Exhibit 4.b.(xi) to A&B's Form 10-Q for the quarter ended  
September 30, 1989).

(ii) First Amendment to Amended and Restated Revolving Credit and  
Term Loan Agreement, dated as of December 21, 1989, among Alexander &  
Baldwin, Inc. and A&B-Hawaii, Inc. and Wells Fargo Bank, N.A., First  
Hawaiian Bank, Chemical Bank, Bank of Hawaii, Chase Manhattan Bank and The  
Bank of California, N.A. (Exhibit 4.b.(ii) to A&B's Form 10-K for the year  
ended December 31, 1989).

(iii) Second Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of May 4, 1990, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and Wells Fargo Bank, N.A., First Hawaiian Bank, Chemical Bank, Bank of Hawaii, Chase Manhattan Bank and The Bank of California, N.A. (Exhibit 4.b.(iii) to A&B's Form 10-Q for the quarter ended June 30, 1990).

(iv) Third Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of February 8, 1991, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and Wells Fargo Bank, N.A., First Hawaiian Bank, Bank of Hawaii, Bank of America National Trust & Savings Association and The Bank of California, N.A. (Exhibit 4.b.(iv) to A&B's Form 10-K for the year ended December 31, 1990).

(v) Fourth Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of November 26, 1991, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and Wells Fargo Bank, N.A., First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii, The Bank of California, N.A., and Credit Lyonnais San Francisco Branch and Credit Lyonnais Cayman Island Branch (Exhibit 4.b.(v) to A&B's Form 10-K for the year ended December 31, 1991).

(vi) Fifth Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 29, 1992, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii, The Bank of California, N.A., Credit Lyonnais San Francisco Branch and Credit Lyonnais Cayman Island Branch (Exhibit 4.b.(vi) to A&B's Form 10-K for the year ended December 31, 1992).

(vii) Sixth Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 30, 1993, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii, The Bank of California, N.A., Credit Lyonnais Los Angeles Branch and Credit Lyonnais Cayman Island Branch (Exhibit 4.b.(vii) to A&B's Form 10-K for the year ended December 31, 1993).

(viii) Seventh Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of November 30, 1994, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii, The Bank of California, N.A., Credit Lyonnais Los Angeles Branch and Credit Lyonnais Cayman Island Branch.

10. Material contracts.

10.a. (i) Agreement, by and between Alexander & Baldwin, Inc. and The Harry and Jeanette Weinberg Foundation, dated January 26, 1989; Agreement, by and among Alexander & Baldwin, Inc., Mr. Harry Weinberg, 3900 Corp., 300 Corporation and HRT, Ltd., dated January 26, 1989; and Press Release of Alexander & Baldwin, Inc., dated January 27, 1989 (Exhibits 28.1, 28.2 and 28.3 to A&B's Form 8-K dated January 31, 1989).

(ii) Purchase and Exchange Agreement, by and between Wailea Development Company, Inc. and Wailea Resort Company, Ltd., dated as of January 15, 1989; Letters of Guaranty of Alexander & Baldwin, Inc. and Shinwa Golf Kabushiki Kaisha, respectively, dated as of January 15, 1989; Press Release of Alexander & Baldwin, Inc., dated February 10, 1989; and Pro Forma Financial Information relative to the transaction (Exhibits 10.b.(vii)(a) through 10.b.(vii)(e) to A&B's Form 8-K dated February 10, 1989).

(iii) Contract for the Construction of One Containership by and between Matson Navigation Company, Inc. and National Steel and Shipbuilding Company, dated January 31, 1990 (Exhibit 10.b.(vii) to A&B's Form 10-K for the year ended December 31, 1989).

(iv) Note Agreement between Matson Leasing Company, Inc. and The Prudential Insurance Company of America, dated as of June 28, 1991 (Exhibit 10.b.(x) to A&B's Form 10-Q for the quarter ended June 30, 1991).

(v) Amendment dated March 11, 1992 to the Note Agreement between Matson Leasing Company, Inc. and The Prudential Insurance Company of America, dated as of June 28, 1991 (Exhibit 10.a.(vii) to A&B's Form 10-K for the year ended December 31, 1992).

(vi) Second Amendment dated as of August 31, 1993 to the Note Agreement between Matson Leasing Company, Inc. and The Prudential Insurance Company of America, dated as of June 28, 1991 (Exhibit 10.a.(viii) to A&B's Form 10-K for the year ended December 31, 1993).

(vii) Note Agreement between Matson Leasing Company, Inc. and The Prudential Insurance Company of America, dated as of March 11, 1992 (Exhibit 10.a.(x) to A&B's Form 10-Q for the quarter ended March 31, 1992).

(viii) First Amendment dated as of August 1, 1993 to the Note Agreement between Matson Leasing Company, Inc. and The Prudential Insurance Company of America, dated as of March 11, 1992 (Exhibit 10.a.(xi) to A&B's Form 10-K for the year ended December 31, 1993).

(ix) Issuing and Paying Agent Agreement between Matson Navigation Company, Inc. and 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).

(x) Issuing and Paying Agent Agreement among Matson Leasing Company, Inc., Matson Navigation Company, Inc. and Security Pacific National Trust (New York), with respect to Matson Leasing Company, Inc.'s \$115 million commercial paper program dated September 18, 1992 (Exhibit 10.b.1.(xxix) to A&B's Form 10-Q for the quarter ended September 30, 1992).

(xi)(a) Purchase Agreement, by and between A&B-Hawaii, Inc., California and Hawaiian Sugar Company, Kekaha Sugar Company, Limited, The Lihue Plantation Company, Limited, Oahu Sugar Company, Limited, Pioneer Mill Company, Limited, Amfac/JMB Hawaii, Inc., Ka'u Agribusiness Co., Inc., Mauna Kea Agribusiness Co., Inc., Olokele Sugar Company, Ltd., C. Brewer and Company, Limited, Waialua Sugar Company, Inc., Dole Food Company, Inc. and Gay & Robinson, Inc., dated as of May 30, 1993 (Exhibit 10.a.(xii)(a) to A&B's Form 8-K dated June 4, 1993).

(xi)(b) Purchase Agreement, by and between A&B-Hawaii, Inc., California and Hawaiian Sugar Company, and John Goss, as Trustee in Bankruptcy for Hamakua Sugar Company, Inc., dated as of June 1, 1993 (Exhibit 10.a.(xii)(b) to A&B's Form 8-K dated June 4, 1993).

(xii) Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and First Hawaiian Bank, dated July 9, 1991 (Exhibit 10.b.(xi) to A&B's Form 10-Q for the quarter ended September 30, 1991).

(xiii) Note Agreement among Alexander & Baldwin, Inc. and 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).

(xiv) Note Agreement among Alexander & Baldwin, Inc. and 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).

(xv) 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).

(xvi) Amendment dated January 23, 1995 to the Note Agreement among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and The Prudential Insurance Company of America, effective as of December 20, 1990.

(xvii) General Lease between the State of California and California and Hawaiian Sugar Company, dated September 24, 1992 (Exhibit 10.a.(xiv) to A&B's Form 10-Q for the quarter ended June 30, 1993).

(xviii) Amendment to Lease and Reservation of Easements, between the State of California and California and Hawaiian Sugar Company, dated as of July 29, 1993 (Exhibit 10.a.(xv) to A&B's Form 10-Q for the quarter ended September 30, 1993).

(xix) (a) Commercial Paper Dealer Agreement between California and Hawaiian Sugar Company and First Chicago Capital Markets, Inc., dated April 22, 1991, with respect to California and Hawaiian Sugar Company's \$100 million revolving credit facility (Ex-hibit 10.a.(xviii) to A&B's Form 10-K for the year ended December 31, 1993).

(xix) (b) Depositary Agreement between California and Hawaiian Sugar Company and the First National Bank of Chicago, dated as of April 6, 1989.

(xx) Amendment dated as of February 10, 1995, to Depositary Agreement between California and Hawaiian Sugar Company and The First National Bank of Chicago, dated as of April 6, 1989.

(xxi) 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).

(xxii) 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).

\*10.b.1.(i) 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).

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

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(ii) Alexander & Baldwin, Inc. 1983 Stock Option Plan (Exhibit 10.c.1.(vii) to A&B's Form 10-K for the year ended December 31, 1982).

(iii) Amendment No. 1 to Alexander & Baldwin, Inc. 1983 Stock Option Plan, effective December 14, 1983 (Exhibit 10.c.1.(viii) to A&B's Form 10-K for the year ended December 31, 1983).

(iv) Amendment No. 2 to Alexander & Baldwin, Inc. 1983 Stock Option Plan, effective January 1, 1987 (Exhibit 10.c.1.(xii) to A&B's Form 10-K for the year ended December 31, 1986).

(v) Amendment No. 3 to the Alexander & Baldwin, Inc. 1983 Stock Option Plan (Exhibit 10.b.1.(xxv) to A&B's Form 10-Q for the quarter ended June 30, 1992).

(vi) 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).

(vii) 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).

(viii) Amendment No. 2 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan, effective as of January 27, 1994 (Exhibit 10.b.1.(iv) to A&B's Form 10-Q for the quarter ended March 31, 1994).

(ix) Amendment No. 3 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan, effective as of October 27, 1994.

(x) 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).

(xi) 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).

(xii) 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).

(xiii) 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).

(xiv) 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).

(xv) 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).

(xvi) 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).

(xvii) A&B Excess Benefits Plan, Amended and Restated Effective July 1, 1991 (Exhibit 10.b.1.(xvi) to A&B's Form 10-K for the year ended December 31, 1992).

(xviii) Amendment No. 1 to the A&B Excess Benefits Plan, effective January 1, 1994 (Exhibit 10.b.1.(xvii) to A&B's Form 10-K for the year ended December 31, 1993).

(xix) Amendment No. 2 to the A&B Excess Benefits Plan, effective August 24, 1994.

(xx) Amendment No. 3 to and Restatement of the A&B Excess Benefits Plan, effective February 1, 1995.

(xxi) A&B Executive Survivor/Retirement Benefit Plan, Amended and Restated Effective July 1, 1991 (Exhibit 10.b.1.(xvii) to A&B's Form 10-K for the year ended December 31, 1992).

(xxii) Amendment No. 1 to and Restatement of the A&B Executive Survivor/Retirement Benefit Plan, effective February 1, 1995.

(xxiii) A&B 1985 Supplemental Executive Retirement Plan, Amended and Restated Effective July 1, 1991 (Exhibit 10.b.1.(xviii) to A&B's Form 10-K for the year ended December 31, 1992).

(xxiv) Amendment No. 1 to and Restatement of the A&B 1985 Supplemental Executive Retirement Plan, effective February 1, 1995.

(xxv) A&B Retirement Plan for Outside Directors, Amended and Restated Effective October 24, 1991 (Exhibit 10.b.1.(xix) to A&B's Form 10-K for the year ended December 31, 1992).



(xxvi) Amendment No. 1 to and Restatement of the A&B Retirement Plan for Outside Directors, effective February 1, 1995.

(xxvii) Form of Severance Agreement entered into with certain executive officers, as amended and restated effective August 22, 1991 (Exhibit 10.c.1.(xxiv) to A&B's Form 10-Q for the quarter ended September 30, 1991).

(xxviii) 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).

(xxix) 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).

(xxx) 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).

11. Statement re computation of per share earnings.

13. Annual report to security holders.

13. Alexander & Baldwin, Inc. 1994 Annual Report.

22. Subsidiaries.

22. Alexander & Baldwin, Inc. Subsidiaries as of February 28, 1995

24. Consent of Deloitte & Touche LLP dated March 27, 1995 (included as last page of A&B's Form 10-K for the year ended December 31, 1994).

D. REPORTS ON FORM 8-K

No Reports on Form 8-K were filed during the quarter ended December 31, 1994.

#### 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 27, 1995

By /s/ John C. Couch  
John C. Couch  
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/ John C. Couch John C. Couch	President and Chief Executive Officer and Director	March 27, 1995
/s/ Glenn R. Rogers Glenn R. Rogers	Vice President, Chief Financial Officer and Treasurer	March 27, 1995
/s/ G. Stephen Holaday G. Stephen Holaday	Vice President and Controller	March 27, 1995
/s/ R. J. Pfeiffer R. J. Pfeiffer	Chairman of the Board and Director	March 27, 1995
/s/ Michael J. Chun Michael J. Chun	Director	March 27, 1995
Leo E. Denlea, Jr.* Leo E. Denlea, Jr.	Director	March 27, 1995
/s/ Walter A. Dods, Jr. Walter A. Dods, Jr.	Director	March 27, 1995
/s/ Charles G. King Charles G. King	Director	March 27, 1995
/s/ Carson R. McKissick Carson R. McKissick	Director	March 27, 1995
/s/ C. Bradley Mulholland C. Bradley Mulholland	Director	March 27, 1995
/s/ Robert G. Reed III Robert G. Reed III	Director	March 27, 1995
/s/ Maryanna G. Shaw Maryanna G. Shaw	Director	March 27, 1995
/s/ Charles M. Stockholm Charles M. Stockholm	Director	March 27, 1995

\*By /s/ John C. Couch  
John C. Couch  
Attorney-in-Fact

#### INDEPENDENT AUDITORS' REPORT

Alexander & Baldwin, Inc.:

We have audited the financial statements of Alexander & Baldwin, Inc. and its subsidiaries as of December 31, 1994 and 1993, and for each of the three years

in the period ended December 31, 1994, and have issued our report thereon dated January 27, 1995; such financial statements and report are included in your 1994 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedules of Alexander & Baldwin, Inc. and its subsidiaries, listed in Item 14.B. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information shown therein.

/s/ Deloitte & Touche LLP

January 27, 1995

SCHEDULE I  
Page 1 of 4

ALEXANDER & BALDWIN, INC.  
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

ALEXANDER & BALDWIN, INC. (Parent Company)  
CONDENSED BALANCE SHEETS  
DECEMBER 31, 1994 AND 1993  
(In thousands)

	1994	1993
	-----	-----
Current Assets:		
Cash and cash equivalents	\$37	\$140
Accounts and notes receivable, net	1	62
Prepaid expenses and other	5,913	6,193
	-----	-----
Total current assets	5,951	6,395
	-----	-----
Investments:		
Subsidiaries consolidated, at equity	596,070	582,067
Other	61,031	15,204
	-----	-----
Total investments	657,101	597,271
	-----	-----
Real Estate Developments	8,196	-
	-----	-----
Property, at cost	80,814	81,019
Less accumulated depreciation and amortization	7,595	5,999
	-----	-----
Property -- net	73,219	75,020
	-----	-----
Other Assets	1,232	676
	-----	-----
Total	\$745,699	\$679,362
	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$1,640	\$1,647
Due to subsidiaries	54,162	49,096
Other	9,188	4,126
	-----	-----
Total current liabilities	64,990	54,869
	-----	-----
Long-Term Liabilities	7,485	13,223
	-----	-----
Deferred Income Taxes	40,610	24,264
	-----	-----
Commitments and Contingencies		

AS

Shareholders' Equity:		
Capital stock	37,493	38,028
Additional capital	38,862	38,510
Unrealized holding gains on securities	29,073	-
Retained earnings	541,910	525,192
Cost of treasury stock	(14,724)	(14,724)
	-----	-----
Total shareholders' equity	632,614	587,006
	-----	-----
Total	\$745,699	\$679,362
See accompanying notes.	=====	=====

SCHEDULE III  
Page 2 of 4

ALEXANDER & BALDWIN, INC. (Parent Company)  
CONDENSED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992  
(In thousands)

	1994	1993	1992
	-----	-----	-----
Revenue:			
Net sales, revenue from services and rentals	\$9,753	\$12,362	\$11,584
Interest, dividends and other	3,753	2,683	4,588
Total revenue	13,506	15,045	16,172
	-----	-----	-----
Costs and Expenses:			
Cost of goods sold, services and rentals	4,972	3,289	2,092
Selling, general and administrative	11,119	10,904	10,583
Interest and other	1,148	2,449	1,774
Total costs and expenses	12,900	15,249	12,895
	-----	-----	-----
Income (Loss) Before Cumulative Effect of Change in Accounting for Post-retirement Benefits and Equity in Net Income of Subsidiaries Consolidated	606	(204)	3,277
Cumulative Effect of Change in Accounting for Post-retirement Benefits	-	-	(2,230)
Income (Loss) Before Equity in Net Income of Subsidiaries Consolidated	606	(204)	1,047
Equity in Net Income of Subsidiaries Consolidated*	74,002	67,193	17,907
Net Income	\$74,608	\$66,989	\$18,954

See accompanying notes.

\* Equity in Net Income of Subsidiaries Consolidated for 1992 is net of the cumulative effect of the change in accounting for post-retirement benefits of \$39,321,000.

SCHEDULE III  
Page 3 of 4

ALEXANDER & BALDWIN, INC. (Parent Company)  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992  
(In thousands)

	1994	1993	1992
	-----	-----	-----
Cash Flows from Operations	(\$6,341)	\$11,696	(\$7,030)
	-----	-----	-----
Cash Flows from Investing Activities:			
Capital expenditures	(935)	(800)	(3,484)
Proceeds from sale of property and investments	1,200	-	-
Net cash provided by (used in) investing activities	265	(800)	(3,484)
	-----	-----	-----
Cash Flows from Financing Activities:			
Increase (decrease) in intercompany payable	5,066	(8,118)	21,980
Dividends received from subsidiaries	60,000	39,000	29,000
Payments of long-term debt	(935)	(936)	(917)
Proceeds from issuances of capital stock	122	288	924
Repurchase of capital stock	(17,717)	-	-
Dividends paid	(40,563)	(40,777)	(40,744)
Net cash provided by (used in) financing activities	5,973	(10,543)	10,243
	-----	-----	-----
Cash and Cash Equivalents:			
Net increase (decrease) for the year	(103)	353	(271)
Balance, beginning of year	140	(213)	58
Balance, end of year	\$37	\$140	(\$213)

Other Cash Flow Information:	-----	-----	-----
Interest paid, net of amounts capitalized	\$889	\$690	\$699
Income taxes paid	18,391	15,123	21,295
See accompanying notes.			

ALEXANDER & BALDWIN, INC. (Parent Company)  
NOTES TO CONDENSED FINANCIAL STATEMENTS

(a) ORGANIZATION AND OPERATIONS

Alexander & Baldwin, Inc. is the parent company of A&B-Hawaii, Inc. (ABHI) and Matson Navigation Company, Inc. (Matson). ABHI has principal business operations of Food Products and Property Development and Management. Matson has principal business operations of Ocean Transportation and Marine Container Leasing.

(b) LONG-TERM LIABILITIES

At December 31, 1994 and 1993, long-term liabilities consisted of the following:

	1994	1993
	-----	-----
	(In thousands)	
Long-term debt:		
Limited partnership subscription notes, no interest, payable through 1996	\$1,700	\$2,550
Mortgage loans, collateralized by land and buildings, 9% to 12.5%, payable through 2000	6,041	5,856
	-----	-----
Total	7,741	8,406
Less current portion	6,657	936
	-----	-----
Long-term debt	1,084	7,470
Other--principally deferred compensation and executive survivors	6,401	5,753
	-----	-----
Total	\$7,485	\$13,223
	=====	=====

At December 31, 1994, maturities of long-term debt during the next two years (1995 and 1996) totalled \$6,657,000 and \$892,000, respectively.

(c) COMMITMENTS AND 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.

At December 31, 1994, the Company did not have any significant firm commitments.

(d) CASH DIVIDENDS FROM AFFILIATES

Cash dividends from a consolidated subsidiary were \$60,000,000 in 1994, \$39,000,000 in 1993 and \$29,000,000 in 1992.

SEVENTH AMENDMENT TO  
REVOLVING CREDIT AND TERM LOAN AGREEMENT

This Seventh Amendment (the "Seventh Amendment") dated as of November 30, 1994 (the "Effective Date"), by and among ALEXANDER & BALDWIN, INC., a Hawaii corporation (the "Parent"), A&B-HAWAII, INC., a Hawaii corporation ("A&B-Hawaii"), the undersigned banks (individually a "Bank" and collectively the "Banks"), and FIRST HAWAIIAN BANK, a Bank and as Agent for the Banks, amends the Amended and Restated Revolving Credit and Term Loan Agreement (as previously amended, the "Agreement") effective as of April 1, 1989, among the Parent, A&B-Hawaii, the Agent, and the banks that are parties thereto.

RECITALS

A. The Parent, A&B-Hawaii, the Banks and the Agent have entered into the Agreement.

B. The parties hereto wish to amend the Agreement to extend the Termination Date, to reduce the Commitment Fee, to amend the Interest Rate, to amend certain financial covenants and to make certain other modifications, all as set forth in greater detail below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Definitions. All terms defined in the Agreement shall have such defined meanings when used herein, unless otherwise defined herein.

2. Amendment. The Agreement shall be amended as follows:

a. Section 9.1 is hereby amended to include the following defined terms and the respective meanings of such defined terms:

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

"Consolidated Interest Expense": shall mean the sum of all amounts that would, in accordance with GAAP, be deducted in computing Consolidated Net Income for 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, as to any Borrower, such Borrower's and its Subsidiaries' gross revenues, less all operating and non-operating expenses of such Borrower and its Subsidiaries, including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues any (i) gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion, exchange or other disposition of capital assets (i.e., assets other than current assets) other than real property sold for cash, cash equivalents or other property or tangible assets by any Subsidiary engaged in property development activities in the ordinary course of its property development activities, (ii) gains resulting from the write-up of assets, (iii) equity of such Borrower or its Subsidiaries in the unremitted earnings of any company (other than of such Borrower or its Subsidiaries), (iv) any goodwill, or (v) net income, gain or loss during such period from

any change in accounting, from any discontinued operations or the disposition thereof, from any extraordinary events or from any prior period adjustments, all determined in accordance with GAAP.

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

"Consolidated Tangible Net Worth": shall mean, as to any Borrower, the consolidated net worth of such Borrower, and its Subsidiaries, determined in accordance with GAAP, less all Intangibles.

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

"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 any 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 such 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 Borrowers or any of their respective Subsidiaries) assumed or guaranteed by such Borrower or in respect of which such 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, any write-up of asset value after December 15, 1989 and other assets treated as intangible assets under GAAP.

"Interest Coverage Ratio": for any fiscal quarter shall mean, as to any Borrower, the sum of (i) such Borrower's Consolidated Net Income Before Taxes for the four immediately preceding fiscal quarters, and (ii) such Borrower's Consolidated Interest Expense for the four immediately preceding fiscal quarters, divided by such Borrower's Consolidated Interest Expense for the four immediately preceding fiscal quarters.

"Restricted Payments": shall have the meaning specified in Section 7.8A.

b. In the definition of "Termination Date" set forth in Section 9.1, the date "November 30, 1995" shall be deleted, and the date "November 30, 1996" shall be inserted in its place.

c. Section 1.3 is hereby amended in its entirety to state as follows:

Section 1.3 Fee for Revolving Credit Commitment. The Borrowers agree to pay the Agent, for distribution to the Banks ratably according to their respective Commitments, a single commitment 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 three-twentieths of one percent (3/20%) per annum on the average daily unused portion of the Total Commitment. The commitment fee shall be determined at the aforesaid rate from the Effective Date, to and including the Termination Date. Except as otherwise provided in Section 1.4 below, the commitment 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 January 15, 1995.

d. Section 1.7C is hereby amended in its entirety to read as follows:

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 three-eighths of one percent (3/8%);

(iii) For each Revolving Loan that is a CD Loan, the Interest Rate in respect of each CD Loan during its related CD Interest Period shall be the CD Rate for such CD Interest Period plus one-half of one percent (1/2%).

e. Section 1.7D is hereby amended in its entirety to read as follows:

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 plus, (x) from the Termination Date to and including the last day before the second anniversary of the Termination Date, one-quarter of one percent (1/4%), and (y) from the second anniversary of the Termination Date to and including the Final Maturity Date, three-eighths of one percent (3/8%);

(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, (x) from the Termination Date to and including the last day before the second anniversary of the Termination Date, five-eighths of one percent (5/8%), and (y) from the second anniversary of the Termination Date to and including the Final Maturity Date, three-fourths of one percent (3/4%); and

(iii) The Interest Rate in respect of each Term Loan that is a CD Loan during its related CD Interest Period shall be the CD Rate for such CD Interest Period plus, (x) from the Termination Date to and including the last day before the second anniversary of the Termination Date, three-fourths of one percent (3/4%), and (y) from the second anniversary of the Termination Date to and including the Final Maturity Date, seven-eighths of one percent (7/8%).

f. Section 7.1A(i) is hereby amended in its entirety to state as follows:

A. (i) Commencing with the fiscal year beginning January 1, 1993, permit the Parent's Consolidated Tangible Net Worth to be less than the sum of (x) \$475,000,000 plus (y) 35% of the Parent's Consolidated Cumulative Net Income after December 31, 1992 (such required minimum net worth not to be reduced by any consolidated net loss during any such period) or permit the Consolidated Tangible Net Worth of A&B-Hawaii during any fiscal year to be less than \$150,000,000;

g. Section 7.1 is hereby amended to include a new subsection E to state as follows:

D. Permit the Parent'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.

h. Section 7.8A is hereby amended in its entirety to state as



follows:

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 either 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.

3. Miscellaneous.

a. Except as otherwise expressly amended by this Seventh Amendment, the Agreement shall continue to be in full force and effect in accordance with its terms. All references to the Agreement shall mean the Agreement as amended by this Seventh Amendment.

b. This Seventh Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

c. This Seventh Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

d. Each party hereby represents to the others that each of the individuals executing this Seventh Amendment on its behalf is a duly appointed signatory of the respective party to this Seventh Amendment and that each is duly authorized to execute this Seventh Amendment by or on behalf of the respective party for whom he or she is signing and duly authorized to take any and all action required by the terms of this Seventh Amendment.

e. The Borrowers represent and warrant that on and as of the Effective Date of this Seventh Amendment, the material representations and warranties contained in the Agreement or made in any writing delivered or furnished pursuant to this Seventh Amendment are true and correct, and no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

f. All of the terms of this Seventh Amendment shall be effective as of the Effective Date.

IN WITNESS WHEREOF, the parties hereto have executed this Seventh Amendment as of the Effective Date.

ALEXANDER & BALDWIN, INC.

A&B-HAWAII, INC.

By /s/ G. S. Holaday  
Its Vice President

By /s/ G. S. Holaday  
Its Senior Vice President

By /s/ Thomas A. Wellman  
Its Asst. Controller

By /s/ Thomas A. Wellman  
Its Controller

FIRST HAWAIIAN BANK,  
as a Bank and as Agent

BANK OF AMERICA NATIONAL  
TRUST AND SAVINGS ASSOCIATION,  
individually and as Co-Agent

By /s/ Adolph F. Chang  
Its Vice President

By /s/ Richard E. Bryson  
Its Vice President

BANK OF HAWAII

THE BANK OF CALIFORNIA, N.A.

By /s/ Marcy Fleming  
Its Vice President

By /s/ Wanda Headrick  
Its Vice President

CREDIT LYONNAIS LOS ANGELES  
BRANCH

By /s/ Thierry Vincent  
Its Vice President/Manager

CREDIT LYONNAIS CAYMAN ISLAND  
BRANCH

By /s/ Thierry Vincent  
Its Authorized Signatory

January 23, 1995

Alexander & Baldwin, Inc.  
A&B-Hawaii, Inc.  
822 Bishop Street  
Honolulu, Hawaii 96801

Ladies and Gentlemen:

Reference is made to the note agreement dated as of (i) December 20, 1990, (the "1990 Agreement") among Alexander & Baldwin, Inc., A&B-Hawaii, Inc. (together, the "Issuers") and The Prudential Insurance Company of America ("Prudential"), pursuant to which the Issuers issued and sold, and Prudential purchased, the Issuers' 9.05% Senior Notes due December 15, 1999 in original principal amount of \$50,000,000 and (ii) June 4, 1993 (the "1993 Agreement;" the 1990 Agreement and the 1993 Agreement are together referred to as the "Agreements") among the Issuers and Prudential, pursuant to which the Issuers issued and sold, and Prudential purchased, the Issuers' 6.23% Senior Notes due December 15, 1997 and Serial Senior Notes due June 30, 1999-2007 in the aggregate original principal amount of \$75,000,000. All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the applicable Agreement.

At the request of the Issuers and pursuant to paragraph 11C of each Agreement, Prudential agrees to amend each Agreement as follows:

1. Amend subclause clause (vi) of Section 6B(1) in its entirety as follows:

"(vi) Liens securing Debt of a type other than as set forth in the foregoing clauses (i) - (v); provided, however, that at no time shall (A) the aggregate principal amount of all Debt outstanding that is secured by such Liens, together with the aggregate amount of all Debt Guaranteed as described in clause (i)(B) of Section 6B(9), exceed the sum of (1) \$15,000,000 plus (2) 20% of A&B-Hawaii's Consolidated Tangible Net Worth and (B) there exist any Lien of any kind on more than a majority of the issued and outstanding shares of the Voting Stock of either Matson or C&H or their respective Subsidiaries;"

2. Amend clause (i) of Section 6B(9) in its entirety as follows:

"(i) either Company or both Companies or any of their respective Subsidiaries (except Matson and its Subsidiaries) may Guarantee Debt of (A) C&H under either its commercial paper program and/or its unsecured revolving credit facility with First Hawaiian Bank, Bank of America, Bank of New York and other banks (or any replacement or successor facility on substantially the same terms and conditions) that support such commercial paper program in an aggregate amount not to exceed \$100,000,000 at any time; and (B) any third party; provided, however, that Guarantees of third party Debt shall be deemed Liens subject to Section 6B(1)(vi) above and shall be permitted only to the extent that the principal amount of the third party Debt so Guaranteed, together with the principal amount of Debt then outstanding that is secured by Liens then permitted by Section 6B(1)(vi), do not exceed the amount permitted by such Section 6B(1)(vi),"

The Issuers represent and warrant that (i) after giving effect hereto, no Default or Event of Default shall exist and (ii) all consents, notices, waivers and other actions by, to or of the Issuers' other lenders that are necessary in connection with the foregoing matter have been made or obtained.

This letter supersedes Prudential's letter to you regarding this subject matter dated November 1, 1994, which earlier letter is null and void. Other than as expressly amended herein, the Agreement continues unmodified and in full force and effect. Please sign a counterpart hereof and return it to the undersigned, whereupon it shall become an amendment to each of the Agreements, amending, effective November 1, 1994, each of the 1990 Agreement and the 1993 Agreement in the manner and to the extent set forth herein.

Very truly yours,

The Prudential Insurance Company of America  
By /s/ Raymond G. Kennedy  
Second Vice President

Acknowledged and Agreed to:

Alexander & Baldwin, Inc.  
By /s/ G. S. Holaday  
Its Vice President

A&B-Hawaii, Inc.  
By /s/ G. S. Holaday  
Its Sr. Vice President

DEPOSITARY AGREEMENT

Dated as of April 6, 1989

The First National Bank of Chicago  
One First National Plaza  
Suite 0129, 1-L2  
Chicago, Illinois 60670-0129

Attention: Commercial Paper Product Manager

Re: California and Hawaiian Sugar Company

Gentlemen:

The undersigned, California and Hawaiian Sugar Company, a corporation organized under the laws of the state of California (the "Issuer"), hereby appoints you its agent to facilitate the delivery and payment of certain commercial paper notes issued by the Issuer as herein set forth. You have advised the undersigned that you have arranged for First Chicago Trust Company of New York (the "Sub-Agent") to act as your sub-agent for certain purposes of this Agreement. We hereby agree with you as follows:

1. Deposit of Notes.

(a) From time to time the Issuer will deposit in custody with you or the Sub-Agent, to such locations as you may direct, for safekeeping commercial paper notes of the Issuer (a "Note" or, collectively and severally, the "Notes") substantially in the form of Exhibit A hereto. The Notes will have been duly executed manually or by facsimile by the Issuer and will be consecutively numbered. Each transmittal of Notes to you or the Sub-Agent will be accompanied by a letter from the Issuer identifying the Notes transmitted therewith. You or the Sub-Agent, as the case may be, will acknowledge receipt of such by signing and returning a copy of such transmittal letter.

(b) Enclosed herewith is an incumbency certificate (the "Incumbency Certificate") of the Secretary or an Assistant Secretary of the Issuer, certifying the incumbency and specimen signatures of officers, employees and other agents of the Issuer authorized to execute Notes, to act and to give instructions and notice, on behalf of the Issuer (hereinafter "Issuer Agents"). Until you receive a subsequent Incumbency Certificate of the Issuer sent to you by the Issuer, you shall be entitled to rely on the last such Certificate delivered to you for purposes of determining which persons are Issuer Agents. Any Note bearing the signature of an Issuer Agent on the date such signature is affixed thereto shall bind the Issuer after the authentication and delivery of such Note notwithstanding that such person shall have otherwise ceased to hold his or her office on the date such Note is authenticated and delivered.

(c) The Issuer shall bear the sole risk of wastage of Notes as a result of administrative or operational errors during the process of their completion pursuant to this Agreement, other than errors attributable to your or the Sub-Agent's gross negligence or willful misconduct. The Issuer shall maintain with you and the Sub-Agent at all times a supply of Notes sufficient to enable you and the Sub-Agent to perform the operations contemplated by this Agreement. You or the Sub-Agent, as the case may be, shall forward to the Issuer the original and all copies of any spoiled, mutilated, or incorrectly completed Note, properly cancelled.

2. Completion, Authentication and Delivery of Notes.

(a) You and the Sub-Agent are each authorized and directed to complete and authenticate any Note deposited with you or the Sub-Agent upon receipt from an Issuer Agent, no later than 12:00 noon Chicago time on the proposed issuance

date, of instructions made in writing or otherwise pursuant to paragraph 3 below (all such instructions being referred to herein as "Issuance Instructions"), specifying issue date, maturity date, maturity amount, face amount and payee of each Note and instructions for the delivery of each Note.

Each Note shall have a face amount of not less than \$100,000 and will mature no later than 270 days from the date of issuance thereof.

You or the Sub-Agent shall, in accordance with Issuance Instructions, (i) complete each Note, and (ii) manually authenticate each Note. The place of payment shall be your address for the time being in Chicago or, where you are instructed to deliver a Note in the Borough of Manhattan, the Sub-Agent's address for the time being in New York City. Unless otherwise agreed, you will only be instructed to deliver Notes by hand within the financial district of either the Borough of Manhattan or Chicago or by mail.

If you are instructed to deliver a Note by mail, you or the Sub-Agent shall, unless otherwise instructed, insert as payee the name of the purchaser or otherwise as advised to you by an Issuer Agent, and effect delivery by registered mail, postage prepaid, insured. If you are instructed to register a Note other than to "BEARER", in accordance with the preceding sentences or otherwise, an Issuer Agent shall provide you with the name and address of the registered holder of such Note.

(b) Following completion and authentication by you, or on your behalf, of any Note, you or the Sub-Agent, as the case may be, are directed to hold such Note in safekeeping and to deliver such Note to, and only to such person or entity (the "Purchaser") as an Issuer Agent may instruct you, against payment. The Issuer understands that, when you are instructed to deliver against payment, delivery of the Notes and the receipt of payment may not be completed simultaneously and you shall have no responsibility or liability for the credit risks involved in your or the Sub-Agent's so delivering of such Notes. Accordingly, you and the Sub-Agent are each hereby authorized to receive the Purchaser's receipt for the delivery and at a later time, but on the same day, after the Purchaser has verified the delivery against its purchase agreement with the Issuer, to receive payment from the Purchaser by a wire transfer of immediately available funds to the Note Account (as that term is defined below) and the Issuer will bear the risk that the Purchaser fails to remit payment.

(c) It is understood that, as a matter of bookkeeping convenience, you may credit the Note Account with the proceeds of Notes prior to your actual receipt of final payment therefor and that such bookkeeping credits may be reflected on your books, and otherwise, as "immediately available funds" or "same day funds" or by some other similar characterization. Notwithstanding any such credit or characterization, all such credits shall be conditional upon your actual receipt of final payment and may be reversed by you to the extent that such final payment is not received. The Issuer agrees to indemnify and hold you harmless from any loss which you may suffer and any expense which you may incur as a result of the failure of any Purchaser to remit payment in full for any Note, and, without limiting the generality of the foregoing, the Issuer agrees that, immediately, upon notification from you of any such failure, the Issuer shall reimburse you in immediately available funds any amount credited to the Issuer in anticipation of receipt of such payment plus interest thereon for each day such proceeds remain unreimbursed. The rate of interest payable by the Issuer to you shall be that provided for under arrangements with respect to overdraft advances in effect at the time between the Issuer and you or, if no such arrangements are then in effect, at 2-1/2 percent over the federal funds rate of interest prevailing in Chicago at 11:00 a.m. daily Chicago time (as such rate is determined by you)

For purposes of this subparagraph (c), payment for any Note shall not be "final" until you shall have received from or for the account of the Purchaser of such Note immediately available funds which under applicable law and rule are irreversible, which are not subject to any security interest, levy or other encumbrance enforceable against you or the Issuer, and which are specifically applicable or determined by you to be applicable to the payment of such Note. A debit by you to any account of a person to whom or for whose account a Note shall have been delivered shall not constitute final payment to

the extent that such debit creates an overdraft or does not otherwise result in the receipt by you of immediately available, irreversible and unencumbered funds.

### 3. Instructions.

(a) In addition to, and not by way of limiting your authority, or the authority of any person acting on your behalf, to act on receipt of and in accordance with written instructions, the Issuer hereby authorizes you, and any person acting on your behalf, from time to time to act on receipt of and in accordance with Issuance Instructions received by you or such person either electronically or telephonically from an Issuer Agent, as provided in the following paragraphs (b) and (c) respectively.

(b) The Issuer may initiate Issuance Instructions electronically if it enters into a nonexclusive, nontransferable license to use certain software products and the associated printed documentation pursuant to a separate license agreement in a form specified by you. You shall be entitled to rely on the Issuance Instructions received electronically hereunder and may assume that all such Issuance Instructions were transmitted by the Issuer or on the Issuer's behalf, regardless of by whom it was actually transmitted.

(c) Telephonic Issuance Instructions shall be made to you at the telephone number specified by you from time to time for such purpose, shall be made by an Issuer Agent and shall (in any case) be expressed to be for the attention of any of your or the Sub-Agent's officers or employees whose name has been specified for the time being for such purpose by you to the Issuer. Telephonic Issuance Instructions to you by an Issuer Agent shall be confirmed in writing by an Issuer Agent within 24 hours of the time such instruction is received by you or on your behalf; provided that, in the event a discrepancy exists between the telephonic instructions and the subsequent confirmation, or in the absence of receiving a written confirmation, the telephonic instructions shall be deemed the proper and controlling instructions and you shall incur no liability for acting in accordance with any such telephonic instructions reasonably believed by you in good faith to have been given by an Issuer Agent. A "written confirmation" may be effected by means of a tested telex or communications directly between electro-mechanical or electronic devices or systems, including transmission by telecopier, provided, that you and the Issuer agree to the use of such device or system.

### 4. Note Account.

(a) For purposes of the transactions contemplated herein and concurrently with the execution and delivery of this Agreement, the Issuer shall open and maintain with you a demand deposit account (No. 58-16939 (the "Note Account")).

(b) Deposits will be made in the Note Account from time to time by or on behalf of the Issuer by delivery to you of funds to be deposited therein. All proceeds from the issuance and delivery of the Notes shall be credited to the Note Account. Withdrawals or other uses of the funds from the Note Account shall be made in accordance with instructions from an Issuer Agent or to repay amounts payable under paragraphs 2(c) or 5(e) hereof. Notwithstanding anything in this Agreement to the contrary, you shall be entitled not to permit any withdrawal or other use of funds from the Note Account, or honor any instructions to those effects, if you, in your sole discretion, shall determine that as a result thereof there would be created any overdraft or negative balance in respect of final credits (whether in the course of any day, overnight or otherwise) in the Note Account.

### 5. Payment of Notes.

(a) You hereby agree to serve as paying agent of the Issuer with respect to each Note presented to you or the Sub-Agent. The Issuer shall on the stated maturity date of such Note, or, if such maturity date is not a Business Day (as hereinafter defined), on the next succeeding Business Day (such maturity date or next succeeding Business Day, as the case may be, being hereinafter referred to as the "Maturity Date"), deposit or cause to be deposited in the Note Account an

amount in immediately available funds equal to the face principal amount of such Note plus interest payable thereon, if any. As used herein "Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the States of Illinois or New York or is a day on which banking institutions located in either of such states are authorized by law or other governmental action to close.

(b) You are hereby authorized and instructed by the Issuer, to the extent that funds sufficient to effect such payment are available in the Note Account, to pay, and shall pay, each Note on presentation thereof, in immediately available funds at or before your close of business on the relevant Maturity Date provided that presentation of the such Note is made at or prior to 3:00 p.m. New York time on the Maturity Date of such Note. You are further hereby authorized and instructed by the Issuer to charge the Note Account in the amount of each such payment.

(c) If any Note is presented to you or the Sub-Agent after 3:00 p.m. New York time on the Maturity Date of such Note, you may make payment thereof if the Issuer shall have provided you with funds for the making of such payment or to the extent you choose in your sole discretion to extend credit to the Issuer on terms and conditions to be agreed by you and the Issuer. You are hereby authorized and instructed by the Issuer to charge the Note Account in the amount of each such payment.

(d) If at any time funds in the Note Account are insufficient to cover payment of any matured Note presented to you or the Sub-Agent prior to 3:00 p.m. New York time on the Maturity Date of such Note, you may, at your option, either (i) request (and subsequently confirm receipt of) an immediate wire transfer of immediately available funds from the Issuer in an amount which will enable you to fully pay such Note and retain such Note pending receipt of funds or (ii) pay the Note, thus creating an overdraft for the account of the Issuer, which overdraft shall be charged to the Note Account but in neither case shall you be obligated to pay any Note unless and until there are sufficient collected funds in the Note Account for that purpose or to extend any credit to the Issuer.

(e) The amount of any resulting overdraft shall represent an overdraft advance by you to the Issuer to be promptly repaid by the Issuer with interest thereon for each day such overdraft advance remains outstanding. The rate of interest payable by the Issuer to you shall be that provided for under arrangements with respect to overdraft advances in effect at the time between the Issuer and you or, if no such arrangements are then in effect, at 2-1/2 percent over the federal funds rate of interest prevailing in Chicago at 11:00 a.m. daily Chicago time (as such rate is determined by you). To the extent that any such overdraft advance is outstanding at any time, you may apply funds credited to the Note Account from the proceeds of issuance of Notes or otherwise to repay such overdraft advance. Notwithstanding anything to the contrary herein, the Issuer undertakes to maintain sufficient immediately available funds with you on the date any payment of Notes is due to permit you to pay Notes on time.

(f) Notwithstanding anything to the contrary herein, if at any time funds in the Note Account are insufficient to cover payment of all matured Notes presented for payment and awaiting payment, you may apply such funds to the extent available to pay whichever of the Notes, either fully or in part, as you deem appropriate.

## 6. Representations and Warranties.

Each day on which an Issuance Instruction is given to you, the Issuer shall be deemed to represent and warrant to you that (a) the issuance and delivery of the designated Notes will not violate any state or federal securities law, (b) the Notes have been duly and validly authorized by the Issuer and (c) the Notes, when completed, countersigned and delivered pursuant hereto, will constitute the legal, valid, and binding obligations of the Issuer.

## 7. Indemnification; Liabilities.

(a) The Issuer shall indemnify you, the Sub-Agent and your and its



respective officers, employees and agents, and hold you, the Sub-Agent and your and its respective officers, employees and agents, harmless from and against any and all costs, expenses, claims or liabilities (including, without limitation, reasonable lawyers' fees) arising out of or connected with the performance of your, the Sub-Agent's or your or its respective officers', employees' and agents' duties hereunder, except for costs, expenses, claims or liabilities arising out of the gross negligence or willful misconduct of you, the Sub-Agent or any of your or its respective officers, employees, agents or representatives. You may rely and shall be protected, as agent for the Issuer, in acting upon any resolution, certificate, opinion, instructions (whether oral or otherwise), receipt, or other document reasonably believed by you to be (i) genuine and (ii) to have been signed or given by the proper party or parties.

(b) In acting with respect to the Notes, and generally in acting under the provisions hereof, you will be required by the Issuer to perform only such duties as are specifically set forth herein and this Agreement shall not be construed to subject you to any implied covenants or obligations. Except in the case of your gross negligence or willful misconduct, you shall not be liable to the Issuer for any action taken or omitted by you and reasonably believed by you to be authorized or within the powers conferred upon you hereby and in no event shall you be liable for consequential, indirect or special damages, even if you have been advised of the possibility of such damages. You shall also not be liable for any action taken, or any failure to take any action in connection with this Agreement or the services provided hereunder or otherwise to fulfill your obligations in connection with this Agreement, in the event and to the extent that the taking of such action or such failure arises out of or is caused by mechanical breakdown, computer or system failure or other failure of equipment, failure or malfunctioning of any communications media for whatever reason, provided that you undertake to use reasonable efforts to cure any such failure or breakdown of equipment. It is understood by the Issuer that provision of services under this Agreement is dependent upon the availability to you and the Issuer of telecommunication facilities provided by third party vendors and that you cannot warrant such availability.

#### 8. Miscellaneous.

(a) You or the Issuer may terminate this Agreement upon ten (10) days' prior written notice to the other party; provided, however, that to the extent there are then outstanding any Notes, they shall notwithstanding such termination, remain valid obligations of the Issuer and shall continue to be subject to the provisions of this Agreement and, provided further, that no termination of this Agreement shall affect the rights and obligations of the parties hereto with respect to transactions initiated prior to such termination. In the event that you shall give the Issuer such notice of termination, the Issuer shall not issue on or after the date of such notice any Notes having a maturity in excess of thirty (30) days. Upon receipt of a termination notice, you will promptly return to the Issuer all blank Notes held by you, properly cancelled.

(b) The fee for your services hereunder shall be as mutually agreed upon between you and the Issuer, and shall be payable by the Issuer in accordance with such agreement.

(c) No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by both of the parties hereto. No waiver of, nor any consent to any departure from, any provision of this Agreement shall be effective unless signed by the party intended to be bound. No such amendment, modification, waiver or consent shall adversely affect the rights of a holder, from time to time, of a Note outstanding at the time of such amendment, modification, waiver or consent.

(d) Except as otherwise provided herein, you may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents, including, without limitation, the Sub-Agent, or attorneys and shall not be responsible for the acts of such agents (other than the Sub-Agent or attorneys appointed with due care hereunder).

(e) You may consult with legal counsel regarding matters arising under

this Agreement and shall not be liable for any action taken in good faith in reliance upon the legal advice of such counsel.

(f) You, in your individual or any other capacity, may become the owner or pledgee of Notes with the same rights you would have if you were not acting hereunder.

(g) You shall be under no liability for interest on any moneys received by you hereunder except such as you may agree with the Issuer to pay thereon.

(h) Except as otherwise expressly provided herein, whenever, in the administration of this Agreement, you shall deem it necessary that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate or instructions of an Issuer Agent and such certificate or instructions shall be full warranty to you for any action taken, suffered or omitted under the provisions of this Agreement upon the faith thereof.

(i) Any corporation into which you may be merged, converted or with which you may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which you shall be a party, shall succeed to all your rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(j) Your countersignature of a Note shall be for authentication purposes only and neither you nor anyone countersigning on your behalf shall have any liability on a Note. Except with respect to your own actions in completing and authenticating the Notes pursuant to Issuance Instructions, you shall not be liable for the authorization, validity or legality of any Note delivered by you in accordance with Issuance Instructions.

#### 9. Notices.

(a) Any notices, demands, instructions and other communications required or permitted to be given or made upon either party shall be in writing and shall be personally delivered or sent by first class mail, postage prepaid, or by prepaid telex or telegram (or telecopier, as permitted hereunder), and shall be effective for purposes of this Agreement upon receipt by the intended recipient thereof at the address designated by such recipient, or on the next succeeding Business Day if received on other than a Business Day. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this paragraph (or with respect to Issuance Instructions, as permitted hereunder), notices, demands, instructions and other communications in writing shall be addressed to the addresses indicated below:

If to you in your capacity as agent hereunder:	The First National Bank of Chicago One First National Plaza Suite 0129, 1-L3 Chicago, Illinois 60670-0129 Attn: Commercial Paper Product Manager  Telephone: (312) 732-7672 Telex: 4330253 Answbck: FNBCUI Telecopier: (312) 732-6014
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If to the Issuer:	California and Hawaiian Sugar Company 1390 Willow Pass Road Concord, California 94520 Attn: Beth Abercrombie  Telephone: (415) 356-6043 Telex: (415) 356-6037 Answbck: None Telecopier: None
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(b) Where any provision of this Agreement specifically contemplates telephone communication made by one person to another, such communication shall be made to that other person at the telephone number specified by it from time to time for the purpose. Each such telephone communication to you by or on behalf of the Issuer shall be made by an Issuer Agent and shall (in any case) be expressed to be for the attention of the officer whose name has been specified for the time being for such purpose by you to the Issuer. Each such telephone communication to the Issuer shall be expressed to be for the attention of the Issuer Agent whose name has been specified for the time being for such purpose by the Issuer. Each of you and the Issuer Agent shall promptly confirm by telex, telecopier or otherwise in writing any telephone communication made by it to the other pursuant to this Agreement, but the absence of such confirmation shall not affect the validity of such communication.

10. Assignment. Neither party hereto may assign any of its rights or obligations hereunder without the consent of the other party hereto.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

12. Counterparts. This Agreement may be executed in any number of counterparts and by each party hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same Agreement.

If the foregoing is acceptable to you, please sign and return the enclosed copy.

CALIFORNIA AND HAWAIIAN SUGAR COMPANY

By: /s/ David G. Koncelik  
Title: Chief Financial Officer

ACCEPTED AND AGREED TO as of the  
day of \_\_\_\_\_, 1988:

THE FIRST NATIONAL BANK OF CHICAGO

By:  
Title:

EXHIBIT A

FORM OF NOTE

CALIFORNIA AND HAWAIIAN SUGAR COMPANY

NOTE NUMBER	ISSUE DATE	MATURITY DATE	MATURITY AMOUNT
-------------	------------	---------------	-----------------

PAY TO THE ORDER OF:

THE SUM OF:

PAYABLE AT:

CALIFORNIA AND HAWAIIAN  
SUGAR COMPANY

By: /s/ David G. Koncelik  
Authorized Signature

AUTHENTICATED (without recourse,  
warranty or liability) by  
The First National Bank of Chicago,  
as Issuing Agent

By:

Authorized Signature

OR

By: First Chicago Trust Company of  
New York, ON BEHALF OF THE  
ISSUING AGENT

By:  
Authorized Signature

AMENDMENT TO DEPOSITARY AGREEMENT

This Amendment to Depositary Agreement (as hereinafter defined) is dated as February 10, 1995, and is by and between California and Hawaiian Sugar Company, Inc., a Hawaii corporation (the "Issuer" formerly known as California and Hawaiian Sugar Company, a California Cooperative Corporation), and The First National Bank of Chicago, a national banking association (the "Depositary").

W I T N E S S E T H

WHEREAS, the Issuer and Depositary entered into that certain Depositary Agreement dated as of April 6, 1989 providing for the delivery and payment of certain commercial paper notes issued by the Issuer (such Depositary Agreement shall be referred to herein as the "Depositary Agreement");

WHEREAS, the Issuer and Depositary desire to amend the Depositary Agreement as provided herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

AMENDMENT

The Depositary Agreement is hereby amended and revised as follows:

1.1 All references to "California and Hawaiian Sugar Company" and "California and Hawaiian Sugar Company, a California Cooperative Corporation" shall be replaced with references to "California and Hawaiian Sugar Company, Inc." and "California and Hawaiian Sugar Company, Inc., a Hawaii corporation", respectively.

1.2 Exhibit A to the Depositary Agreement shall be deleted in its entirety and inserted in place thereof shall be Exhibit A to the amendment to Depositary Agreement attached hereto.

ARTICLE II

GENERAL PROVISION

2.1 Capitalized Terms. Terms that are capitalized herein and not otherwise defined shall have the meanings ascribed to such terms in the Depositary Agreement.

2.2 Continuation Depositary Agreement. Except as aforesaid, the terms and conditions of the Depositary Agreement are hereby confirmed, ratified and approved in their entirety and shall continue in full force and effect.

2.3 References to Depositary Agreement. All references in the Depositary Agreement to "this Agreement", "hereunder" or "hereof" or words of like import referring to the Depositary Agreement shall mean the Depositary Agreement as amended hereby.

2.4 Counterparts. This Amendment may be executed in counterparts which taken together shall constitute one and the same instrument.

CALIFORNIA AND HAWAIIAN  
SUGAR COMPANY, INC.

By: /s/ Jerrold D. Dotson

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Barry G. Mokate  
EXHIBIT A

FORM OF COMMERCIAL PAPER MASTER NOTE

DISCOUNT NOTES

COMMERCIAL PAPER MASTER NOTE

\_\_\_\_\_  
(Date of Issuance)

\_\_\_\_\_ (the "Issuer"), a corporation organized and existing under the laws of the State of \_\_\_\_\_, for value received, hereby promises to pay to Cede & Co. or registered assigns on the maturity date of each obligation identified on the records of the Issuer (which records are maintained by \_\_\_\_\_ (the "Paying Agent")) the principal amount for each such obligation. Payment shall be made by wire transfer to the registered owner from the Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS MADE TO THE FURTHER PROVISIONS  
OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of the Issuer.

\_\_\_\_\_  
(As Guarantor)

\_\_\_\_\_  
(As Issuer)

By: \_\_\_\_\_  
(Authorized Officer's  
Signature)

By: \_\_\_\_\_  
(Authorized Officer's  
Signature)

\_\_\_\_\_  
(Print Name and Title)

\_\_\_\_\_  
(Print Name and Title)

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

\_\_\_\_\_  
FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto \_\_\_\_\_ (Name, Address and Taxpayer Identification Number of Assignee) the Master Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ Attorney to transfer said Master Note on the books of the Issuer with full power of substitution in the premises.

Dated:

\_\_\_\_\_  
(Signature)

Signature(s) Guaranteed:

NOTICE: The signatures on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

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UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ALEXANDER & BALDWIN, INC.  
1989 STOCK OPTION/STOCK INCENTIVE PLAN

AMENDMENT NO. 3

The Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (the "Plan"), as previously amended by Amendment No. 1 executed July 2, 1992 and Amendment No. 2 executed January 27, 1994, is hereby further amended, effective as of October 27, 1994, as follows:

1. Article V of the Plan is hereby redesignated as Article VI.
2. A new Article V is hereby added to the Plan to read as follows:

"ARTICLE V

RELOAD OPTION GRANT PROGRAM

TERMS AND CONDITIONS OF RELOAD OPTIONS

A. The Committee shall have full power and authority, exercisable in its sole discretion either at the time an option is granted under the Regular Option Grant Program (Article II) or the Discounted Option Grant Program (Article III), or at any time while such option remains outstanding, to incorporate into that option the reload feature described in this Article V. To the extent an option with such a reload feature is subsequently exercised through the delivery of previously-acquired shares of Common Stock in payment of the option price for the shares purchased under that option, and/or through the delivery of such shares (or the withholding of a portion of the shares of Common Stock otherwise issuable under that option) in satisfaction of the withholding tax liability incurred in connection with such exercise, the Optionee shall automatically be granted, at the time of such exercise (the "Reload Grant Date"), a new option (the "Reload Option") to purchase the number of shares of Common Stock so delivered and/or withheld. The Committee shall have the discretion, however, to specify in the instrument evidencing the Reload Option that a Reload Option will not be granted in the event the Optionee delivers previously-acquired shares or has option shares withheld in satisfaction of a withholding tax liability. For purposes of this Article V, the underlying option with such a reload feature shall be referred to as the "Original Option," and an Original Option may include any option outstanding under the Plan at the time this Article V program becomes effective or any option granted under the Plan after such time.

B. The Committee may, in its sole discretion, provide in the instrument evidencing the reload feature that no Reload Option shall be granted in the event the Original Option with such feature is not exercised before a specified period of time has elapsed after the grant date of that Original Option.

C. The reload feature and each Reload Option shall each be evidenced by instruments in such form as the Committee shall from time to time deem appropriate. However, the terms and provisions of each Reload Option shall be exactly the same as the terms and provisions of the Original Option to which such Reload Option relates, except to the extent otherwise indicated below.

1. Option Price.
  - a. Unless the Committee specifies otherwise in the



instrument evidencing the reload feature, the option price per share of the Common Stock purchasable under the Reload Option shall be equal to the Fair Market Value per share of Common Stock on the Reload Grant Date. The Committee shall have full power and authority under this Article V to provide in the instrument evidencing the reload feature that the Reload Option shall have an exercise price per share that is up to one hundred fifty percent (150%) of the option price per share in effect at the time under the Original Option, in the event said exercise price is greater than the Fair Market Value per share of Common Stock on the Reload Grant Date.

b. The option price shall become immediately due upon exercise of the Reload Option and shall be payable in the same form or forms in which the option price may be paid under the Original Option.

2. No Additional Reload Option. In no event shall any additional Reload Option be granted in connection with the subsequent exercise of a Reload Option granted with respect to an Original Option, whether or not shares of Common Stock are delivered or withheld in connection with the payment of the option price of that Reload Option or in satisfaction of the withholding tax liability incurred in connection with the exercise of that Reload Option. Accordingly, not more than one Reload Option will be granted per Original Option.

3. Term of Reload Option. The Reload Option shall have the same maximum option term and expiration date as the Original Option to which it relates, subject to earlier termination in accordance with paragraph 5 of this Section C of Article V.

4. Exercise of Reload Option.

a. The Committee shall specify in the instrument evidencing the reload feature the period of time which must elapse following the exercise of the Original Option and other conditions that must be met before the Reload Option shall become exercisable. In no event shall the Reload Option become exercisable in whole or in part within the first six (6) months following the Reload Grant Date, unless the Committee provides for earlier exercise in the event of the Optionee's death or disability. Once the period specified by the Committee has elapsed, the Reload Option shall become immediately exercisable for all of the shares of Common Stock at the time subject to the Reload Option.

b. During the lifetime of the Optionee, the Reload Option shall be exercisable only by the Optionee and shall not be assignable or transferable by the Optionee otherwise than by will or by the laws of descent and distribution.

5. Termination of Service. Upon the Optionee's cessation of Service for any reason while holding one or more outstanding Reload Options under this Article V, each such Reload Option shall terminate and cease to be outstanding at the same time the Original Option to which that Reload Option terminates in connection with such cessation of Service.

6. Stockholder Rights. The holder of the Reload Option shall have none of the rights of a stockholder with respect to any shares covered by the Reload Option until such individual shall have exercised the Reload Option, paid the option price and satisfied all other conditions precedent to the issuance of certificates for the purchased shares.

D. Corporate Transaction/Change in Control.

1. Should a Corporate Transaction or Change in Control (as such terms are defined in Article II) occur after the Reload Option has been outstanding for a period of more than six (6) months, then

the Reload Option granted shall immediately become exercisable for one or more shares of Common Stock at the time subject to that Reload Option, to the same extent (if any) to which the exercisability of the Original Option to which the Reload Option relates is accelerated in connection with such Corporate Transaction or Change in Control.

2. Upon the consummation of the Corporate Transaction, each outstanding Reload Option shall, to the extent not previously exercised or assumed by the successor corporation or its parent company, terminate and cease to be outstanding.

3. If the Company is the surviving entity in any merger or other business combination which does not result in the termination of outstanding Reload Options under this Article V, then each such continuing Reload Option shall be appropriately adjusted to apply and pertain to the number and class of securities which would be issuable, in consummation of such merger or business combination, to an actual holder of Common Stock for the same number of shares as are subject to such Reload Option immediately prior to such merger or business combination. Appropriate adjustments shall also be made to the option price per share payable under the Reload Option, provided the aggregate option price shall remain the same.

4. The grant of Reload Options under this Article V shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

E. Miscellaneous Provisions.

1. No stock appreciation rights shall be granted in connection with any Reload Option.

2. The Company's obligation to deliver shares of Common Stock upon the exercise of Reload Options granted under this Article V shall be subject to the satisfaction of all applicable Federal, State and local income and employment tax withholding requirements.

3. To the extent the Optionee has the right to have a portion of the shares purchased under the Original Option withheld by the Company in satisfaction of the applicable withholding taxes incurred in connection with the exercise of the Original Option (or otherwise to deliver existing shares of Common Stock in satisfaction of such tax liability), the Optionee shall have the similar right with respect to the withholding tax liability incurred in connection with the exercise of the Reload Option, unless the Committee specifies otherwise in the instrument evidencing the reload feature."

3. Except as modified by this Amendment, all the terms and provisions of the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan, as previously modified by Amendments No. 1 and 2, shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment No. 3 to be executed on its behalf by its duly-authorized officers on this 27th day of October, 1994.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B EXCESS BENEFITS PLAN

Amendment No. 2

The A&B Excess Benefits Plan, as amended and restated effective July 1, 1991, is hereby amended, effective August 24, 1994, as follows:

1. Section 3.02 is hereby amended in its entirety to read as follows:

"3.02 PARTICIPATION. Participants in this Plan shall be any eligible employees who are participants in the One-Year Performance Improvement Incentive Plan ("One-Year PIIP") who meet the eligibility requirements set forth in Section III.A. of the One-Year PIIP. In addition, the Administrator shall have the exclusive and unfettered discretion to select additional Plan Participants from among eligible employees. A Participant in this Plan shall remain as such until the date he/she ceases to satisfy the participation requirements in the first sentence of this Section 3.02, until the date upon which the Participant's employment terminates for any reason or until such earlier time as may be specified by the Administrator."

2. Except as modified by this Amendment, all terms and provisions of the A&B Excess Benefits Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 24th day of August, 1994.

ALEXANDER & BALDWIN

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B EXCESS BENEFITS PLAN

AMENDMENT NO. 3

The A&B Excess Benefits Plan, as amended and restated effective July 1, 1991, is hereby amended, effective February 1, 1995, as follows:

1. A new Section 2.00 is hereby added, as follows:

"2.00. 'Actuarial Equivalent' means a form of benefit differing in time period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practice and the rules contained in Appendix C of this Plan."

2. Section 4.01(c) is hereby amended in its entirety to read as follows:

"4.01(c). Payment of Pension Benefits. A Participant's pension benefit under this Plan, other than a benefit described in subsection (d), shall be a lump sum payment payable upon the earlier of termination of employment or retirement, which equals the greater of the amounts determined under paragraph (1) and paragraph (2):

(1) An amount which is the Actuarial Equivalent of the benefit described in paragraphs (a) and (b) above.

(2) An amount which is the before-tax equivalent of the lower of two quotations obtained by the Administrator from insurance companies for the cost of a lifetime annuity that provides after-tax monthly benefits equivalent to those that a Participant would receive under this Plan if this Plan allowed monthly payments of the pension benefits hereunder."

3. Section 6.02(a) is hereby amended by adding the phrase "as described in Section 4.02 and 4.03" after the phrase "the balance of his or her individual account" in the third sentence, and replacing the phrase "the actuarial equivalent, as defined in section 6.02(c)" with the phrase "an amount which is the Actuarial Equivalent", also in the third sentence.

4. Section 6.02(c) is hereby deleted in its entirety.

5. A new Appendix C is hereby added, as follows:

"APPENDIX C

RULES FOR DETERMINING LUMP SUM BENEFITS

When the terms of this Plan require the determination of a lump sum payment which is the Actuarial Equivalent of any other benefit provided by this Plan, the following rules shall apply to the calculation of such lump sum payment:

1. The mortality table used shall be the mortality table then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments.
2. The discount rate shall be the after-tax equivalent of the discount rate then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such

plan who are entitled to such payments. The after-tax equivalent rate shall be determined by multiplying discount rate in use by the A&B Retirement Plan by the excess of 100% over the tax effected marginal tax rate declared by the Committee.

3. The Committee shall declare the tax effected marginal tax rate at the beginning of each calendar year.
4. The tax effected marginal tax rate shall apply to lump sum payments made at any time during such calendar year and may not be changed during the year.
5. The value of the benefit to a Surviving Spouse which is included in a Participant's Retirement Income shall be included in the calculation of the lump sum payment to which the Participant is entitled. Unless stated otherwise, the benefit to the Surviving Spouse shall be deemed to apply only if the death of the Participant occurs on or after the date the Retirement Income is deemed to commence under the terms of the provision giving rise to the Participant's right to a lump sum payment.
6. If the terms of the Plan provide for a benefit such that if it were paid as a monthly benefit it could have commenced at more than one future date, then for purposes of calculating the lump sum that is the Actuarial Equivalent of such benefit, it shall be deemed that the benefit would have commenced at the earliest possible date.
7. The early retirement reduction factors, if any, used to calculate the lump sum which is the Actuarial Equivalent of the benefit provided by the provisions of paragraph 6.02(a) as a result of a Change of Control, shall be the factors applicable to Participants of the A&B Retirement Plan who terminate employment after attaining eligibility for early retirement regardless of the Participant's age as of the Change of Control date."

6. Except as modified by this Amendment, all terms and provisions of the A&B Excess Benefits Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 22nd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B EXCESS BENEFITS PLAN  
AMENDED AND RESTATED EFFECTIVE FEBRUARY 1, 1995

#### ARTICLE I

##### ESTABLISHMENT AND PURPOSE

1.01. ESTABLISHMENT OF PLAN. Alexander & Baldwin, Inc. hereby establishes an excess benefits/top hat plan for certain eligible executives.

1.02. PURPOSE OF PLAN. It is the purpose of this Plan to provide certain eligible executives with benefits equal to the benefits they would receive under the A&B Retirement Plan and the A&B Profit Sharing Plan if certain

changes had been made to those plans. The Plan is intended to be exempt from the participation, vesting, funding, and fiduciary requirements of Title I of the Employee Retirement Income Security Act of 1974, pursuant to Sections 201(2), 301(3) and 401(1) of that Act.

## ARTICLE II

### DEFINITIONS

The following terms have the meanings indicated:

2.00. "Actuarial Equivalent" means a form of benefit differing in time period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practice and the rules contained in Appendix C of this Plan.

2.01. "A&B" means Alexander & Baldwin, Inc. and its affiliates and their successors.

2.02. "A&B Master Trust Agreement" means the Alexander & Baldwin, Inc. Retirement and Pension Trust Agreement, as amended from time to time.

2.03. "A&B Retirement Plan" means the A&B Retirement Plan for Salaried Employees.

2.04. "A&B Profit Sharing Plan" means the Alexander & Baldwin, Inc. Profit Sharing Retirement Plan, as amended from time to time.

2.05. "Administrator" means the person specified in Section 5.01.

2.06. "Board of Directors" means the Board of Directors of Alexander & Baldwin, Inc.

2.07. "Participant" means an eligible employee selected by the Administrator pursuant to Section 3.02.

2.08. "Plan" means the plan set forth in this document, as amended from time to time.

## ARTICLE III

### ELIGIBILITY AND PARTICIPATION

3.01. ELIGIBILITY. Any employee of A&B who is a participant in either the A&B Retirement Plan or the A&B Profit Sharing Plan and who is highly compensated or who is one of a select group of management employees shall be eligible to participate in this Plan.

3.02 PARTICIPATION. Participants in this Plan shall be any eligible employees who are participants in the One-Year Performance Improvement Incentive Plan ("One-Year PIIP") who meet the eligibility requirements set forth in Section III.A. of the One-Year PIIP. In addition, the Administrator shall have the exclusive and unfettered discretion to select additional Plan Participants from among eligible employees. A Participant in this Plan shall remain as such until the date he/she ceases to satisfy the participation requirements in the first sentence of this Section 3.02, until the date upon which the Participant's employment terminates for any reason or until such earlier time as may be specified by the Administrator.

3.03. TRANSFERS OF EMPLOYMENT TO AND FROM A&B SUBSIDIARIES. The following transfers of employment shall not be deemed terminations of employment under Section 3.02 if the A&B subsidiary or subsidiaries involved have adopted this Plan and either the A&B Retirement Plan or the A&B Profit Sharing Plan, or both such plans:

(a) transfer from Alexander & Baldwin, Inc. to a subsidiary of

Alexander & Baldwin, Inc.;

(b) transfer from a subsidiary of Alexander & Baldwin, Inc. to Alexander & Baldwin, Inc.; and

(c) transfer from one subsidiary of Alexander & Baldwin, Inc. to another subsidiary of Alexander & Baldwin, Inc. Beginning with such transfer, and for the period of employment with the new employer, the new employer shall be obligated for all payments to the Participant required by Article IV of this Plan. The prior employer shall remain responsible for any payments to be made that pertain to the period of the Participant's participation while employed by that prior employer.

#### ARTICLE IV

##### BENEFITS

#### 4.01. PENSION BENEFITS.

(a) ENTITLEMENT TO PENSION BENEFITS. A Participant's pension benefit under this Plan shall equal one hundred percent of the difference between the benefit to which the Participant is entitled under the A&B Retirement Plan determined without regard to limitations imposed by the Internal Revenue Code (and, with respect to Participants listed in Appendix A to this Plan, without regard to amendments in the benefit formula after December 31, 1988, unless such amendments would produce a higher benefit) and the benefit to which the Participant is entitled under such plan determined after giving effect to those limitations. For the purpose of this Plan, the benefit to which the Participant is entitled under the A&B Retirement Plan shall be determined by including as part of the Participant's monthly compensation all deferred base salary and all deferred incentive awards under A&B's One-Year Performance Improvement Incentive Plan.

(b) FORMER EMPLOYEES OF CALIFORNIA AND HAWAIIAN SUGAR COMPANY. Notwithstanding the terms of Section 4.01(a) above, the benefit payable to a Participant (or Participant's spouse) under this Plan shall be reduced by the amount of any benefit payable to such Participant (or spouse) under the California and Hawaiian Sugar Company Supplemental Retirement Plan.

(c) PAYMENT OF PENSION BENEFITS. A Participant's pension benefit under this Plan, other than a benefit described in subsection (d), shall be a lump sum payment, payable upon the earlier of termination of employment or retirement, which equals the greater of the amounts determined under paragraph (1) and paragraph (2):

(1) An amount which is the Actuarial Equivalent of the benefit described in paragraphs (a) and (b) above.

(2) An amount which is the before-tax equivalent of the lower of two quotations obtained by the Administrator from insurance companies for the cost of a lifetime annuity that provides after-tax monthly benefits equivalent to those that a Participant would receive under this Plan if this Plan allowed monthly payments of the pension benefits hereunder.

(d) SELECT BENEFITS PROVIDED TO RETIRED FORMER EMPLOYEES OF CALIFORNIA AND HAWAIIAN SUGAR COMPANY. All other provisions of this Plan notwithstanding, the retired former employees of California and Hawaiian Sugar Company who are listed in Appendix B of this Plan shall be eligible to receive the benefits shown in Appendix B, and no other benefits shall be paid to such retired former employees under the provisions of this Plan. Payment of these benefits shall be according to the terms shown in Appendix B, and no other provisions of this Plan shall affect the amount or the form of payment of these benefits.

#### 4.02. DEFINED CONTRIBUTION BENEFITS.

(a) ENTITLEMENT TO DEFINED CONTRIBUTION BENEFITS. A

Participant's defined contribution benefit under this Plan shall equal the balance to the Participant's credit in the account maintained under Section 4.03.

No amount shall be credited to a Participant's account for a year unless the Participant is a participant in the A&B Profit Sharing Plan for that year.

(b) PAYMENT OF DEFINED CONTRIBUTION BENEFITS. At the time that the Administrator selects an eligible employee to be a Participant, the employee shall elect the form, time, and manner in which any defined contribution benefits to which he or she may become entitled under this Plan shall be paid. A Participant may elect any of the payment methods provided in the A&B Profit Sharing Plan, except that all elections must be made at the time the employee becomes a Participant in this Plan, and not at such other times as may be specified in the A&B Profit Sharing Plan. Such elections, once made, cannot be changed. The distribution of Defined Contribution Benefits shall commence within 30 days of the Participant's termination of employment.

4.03. MAINTENANCE OF ACCOUNTS. The Administrator shall establish and maintain an individual account for each Participant. The Administrator shall annually credit to a Participant's account as of the end of each year an amount equal to the difference between (i) the employer contribution and for feitures that would have been allocated to such Participant's account under the A&B Profit Sharing Plan with respect to such year were such allocation to be made without regard to the limitations of the Internal Revenue Code and (ii) the amount actually allocated to such Participant's account after having taken such limitations into account. For the purposes of this Plan, the benefit to which the Participant is entitled under the A&B Profit Sharing Plan shall be determined by including as part of the Participant's compensation all deferred base salary. Each Participant's account shall be credited with interest, compounded annually, at an annual rate equal to 1% above the New York Federal Reserve Bank discount rate in effect as of the date interest is computed and credited. Interest shall be computed and credited as of such date and on such account balance as specified by the Administrator. In the absence of such specifications, interest shall be credited and computed as of January 1 of each year on the balance of the account on the preceding January 1 or, if payments have been made out of an account during the preceding year, on the average balance of that account during the preceding year.

The account of each Participant shall be entered on the employer's books as a liability, payable when due out of general assets. Participant accounts shall not be funded by any trust or insurance contract; nor shall any assets be segregated or identified with any such account; nor shall any property or assets be pledged, encumbered, or otherwise subjected to a lien or security interest for payment of benefits.

4.04. VESTING OF BENEFITS. Except as otherwise provided in Section 6.02(a), all pension benefits under this Plan shall be contingent and forfeitable unless and until they vest in accordance with the vesting provisions of the A&B Retirement Plan, and all defined contribution benefits under this Plan shall be contingent and forfeitable unless and until they vest in accordance with the vesting provisions of the A&B Profit Sharing Plan that are applicable to the Participant's profit sharing account.

## ARTICLE V

### ADMINISTRATION OF THE PLAN

5.01. ADMINISTRATOR. The plan administrator of the A&B Retirement Plan shall be the Administrator of this Plan. The Administrator shall have full authority to administer the Plan. The Administrator shall have all of the powers granted by the A&B Retirement Plan or the A&B Master Trust Agreement to the plan administrator of the A&B Retirement Plan, and shall be subject to the same selection procedures and limitations of authority.

5.02. CLAIMS PROCEDURES. The Administrator shall employ the



claims procedures applicable under the A&B Retirement Plan.

## ARTICLE VI

### AMENDMENT AND TERMINATION

6.01. AUTHORITY OF COMPENSATION AND STOCK OPTION COMMITTEE. The right to amend, modify, partially terminate, or completely terminate this Plan shall be reserved to the Compensation and Stock Option Committee of the Board of Directors. However, no amendment, modification or termination shall reduce retroactively the benefits of any Participant under this Plan.

### 6.02. CHANGE IN CONTROL.

(a) TERMINATION, VESTING AND PAYMENT. Upon the occurrence of a Change in Control, as defined in Section 6.02(b), with respect to the company employing a Participant, the Plan shall immediately and automatically terminate with respect to such company. Upon such a termination, the interest of each Participant employed by the company or companies with respect to which the Plan has been terminated shall become non-forfeitable and immediately due and payable. Each such Participant shall receive, within thirty days of such termination, a lump sum payment in an amount equal to the sum of (i) the balance of his or her individual account as described in Sections 4.02 and 4.03 and (ii) an amount which is the Actuarial Equivalent of the benefits defined in Sections 4.01 of this Plan determined as of the date of the Change in Control. If the terms of such Change in Control provide, as a prerequisite to the consummation of the Change in Control, that the employer responsibilities under this Plan are to be assumed by the successor organization, then the Plan shall not terminate and no lump sum payment shall be made to any Participant. In any such case, however, the interest of each Participant employed by the company or companies with respect to which the Change in Control occurs shall become non-forfeitable at the date of such Change in Control.

(b) DEFINITION OF CHANGE IN CONTROL. For purposes of this Section 6.02, a "Change in Control" of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (defined, for purposes of this Section 6.02, as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 6.02, as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities; or (ii) during any period of twenty-four (24) consecutive months, at least a majority of the Board of Directors ceases to consist of individuals who have served continuously on such Board since the beginning of such period or whose election, or nomination for election by shareholders, was approved by a vote of at least two-thirds of the directors then still in office who have served continuously on such Board since the beginning of the period. A "Change in Control" of a subsidiary of Alexander & Baldwin, Inc. shall be deemed to have occurred if any "person" is or becomes the "beneficial owner," directly or indirectly, of securities of such subsidiary representing 35% or more of the combined voting power of its then outstanding securities. If a Change in Control shall take place with respect to any company, a Change in Control shall be deemed to have taken place with respect to any subsidiary of such company.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

7.01. BENEFITS NON-ASSIGNABLE. No right or interest of a Participant in this Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including but not by

way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, assignments for the benefit or creditors, receiverships, or in any other manner, excluding transfer by operation of law as a result solely of mental incompetency.

7.02. CONTROLLING LAW. This Plan shall be construed, administered, and governed in all respects in accordance with the laws of the State of Hawaii.

7.03. NOT AN EMPLOYMENT CONTRACT. The adoption and maintenance of this Plan shall not be deemed to confer on any Participant any right to continue in the employ of A&B, and shall not be deemed to interfere with the right of A&B to discharge any person or treat any person without regard to the effect that such treatment might have on the person as a Plan Participant.

7.04. GENDER AND NUMBER. Any masculine pronouns used herein shall refer to both men and women, and the use of any term herein in the singular may also include the plural unless otherwise indicated by context.

7.05. SEVERABILITY. If any provision of this Plan is held invalid or unenforceable by a court of competent jurisdiction, all remaining provisions shall continue to be fully effective.

#### ARTICLE VIII

##### ADOPTION BY SUBSIDIARIES

Any subsidiary of Alexander & Baldwin, Inc. that has adopted either the A&B Retirement Plan or the A&B Profit Sharing Plan may adopt this Plan for the benefit of its employees when one of its employees has been selected as a participant by the Administrator. Such adoption shall be authorized by a resolution of the Board of Directors of such subsidiary. In the event of such adoption of the Plan by a subsidiary of Alexander & Baldwin, Inc., the Administrator shall serve as agent of the subsidiary in administering the Plan. All power to amend, modify, or terminate the Plan shall continue as the unfettered prerogative of the Compensation and Stock Option Committee of the Board of Directors.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Restatement to be executed on its behalf by its duly authorized officers this 22nd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

#### APPENDIX A

##### PARTICIPANTS REFERRED TO IN SECTION 4.01 (A)

1. R. F. Cameron
2. J. C. Couch
3. R. J. Donohue
4. F. L. Fleischmann
5. A. J. Haskell
6. G. S. Holaday

7. J. B. Kelley
8. M. J. Marks
9. C. B. Mulholland
10. G. Y. Nakamatsu
11. G. J. North
12. R. J. Pfeiffer
13. G. R. Rogers
14. R. H. Rothman
15. R. K. Sasaki
16. D. P. Scott

APPENDIX B

Participant's Name			Date of Birth	Fixed Monthly Benefit*	Variable Units	Spouse's Name			Date of Birth	Monthly Benefit**
First	MI	Last				First	MI	Last		
Paul	A.	Cooper	7/15/05	437.67					None	
Edwin	R.	Duncan	4/08/20	396.36		Jean	K.	Duncan	4/02/19	66 2/3%
Harry	J.	Fitzgerald	10/26/19	358.58		Kathryn	T.	Fitzgerald	5/16/26	50%
Donald	W.	Hare	5/14/19	748.20		Dorothy	P.	Hare	5/21/19	66 2/3%
Lawrence	A.	Lindsay	2/25/25	786.04		Rita	A.	Lindsay	4/05/25	66 2/3%
Neil	L.	Pennington	5/12/23	613.16		Frances	M.	Pennington	5/28/25	66 2/3%
Frederick	W.	Schwer	4/26/19	228.40		Christine	W.	Schwer	8/14/18	66 2/3%
Lawson	U.	Williams	1/01/19	350.33		Mildred	A.	Williams	7/03/20	66 2/3%
Emmett	V.	Donovan (d)	11/06/18	304.05		June		Donovan	6/10/22	66 2/3%
Edward	F.	Harder (d)	1/07/19	605.28		Bette		Harder	3/02/20	66 2/3%
Robert	O.	Nagle (Note 1)	2/10/29	1333.50	658.85	Louise	H.	Nagle	2/06/28	100%
Robert	O.	Nagle (Note 2)	2/10/29	711.64	351.60	Louise	H.	Nagle	2/06/28	100%

\* The fixed monthly benefit payable plus the current value of the variable units are payable to the participant during the participant's lifetime except if payment option is a 66-2/3% (last survivor). In such case, if either participant or spouse dies, the survivor will receive 66-2/3% of the fixed monthly benefit or the current value of the variable units. The current value of the variable units shall be determined in the same way such value is determined under the provisions of the C and H Pension Plan for Salaried Employees.

\*\* The monthly benefit equal to the percentage shown multiplied times the participant's monthly benefit is payable to the spouse named above after the death of the participant during the spouse's lifetime.

(d) Deceased.

Note 1: The preceding footnotes notwithstanding, this benefit shall not be payable to Mr. Nagle or his surviving spouse on or after March 1, 1994.

Note 2: The preceding footnotes notwithstanding, this benefit shall only be payable to Mr. Nagle or his surviving spouse on or after March 1, 1994.

APPENDIX C

RULES FOR DETERMINING LUMP SUM BENEFITS

When the terms of this Plan require the determination of a lump sum payment which is the Actuarial Equivalent of any other benefit provided by this Plan, the following rules shall apply to the calculation of such lump sum payment:

1. The mortality table used shall be the mortality table then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments.

2. The discount rate shall be the after-tax equivalent of the discount rate then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments. The after-tax equivalent rate shall be determined by multiplying discount rate in use by the A&B Retirement Plan by the excess of 100% over the tax effected marginal tax rate declared by the Committee.
3. The Committee shall declare the tax effected marginal tax rate at the beginning of each calendar year.
4. The tax effected marginal tax rate shall apply to lump sum payments made at any time during such calendar year and may not be changed during the year.
5. The value of the benefit to a Surviving Spouse which is included in a Participant's Retirement Income shall be included in the calculation of the lump sum payment to which the Participant is entitled. Unless stated otherwise, the benefit to the Surviving Spouse shall be deemed to apply only if the death of the Participant occurs on or after the date the Retirement Income is deemed to commence under the terms of the provision giving rise to the Participant's right to a lump sum payment.
6. If the terms of the Plan provide for a benefit such that if it were paid as a monthly benefit it could have commenced at more than one future date, then for purposes of calculating the lump sum that is the Actuarial Equivalent of such benefit, it shall be deemed that the benefit would have commenced at the earliest possible date.
7. The early retirement reduction factors, if any, used to calculate the lump sum which is the Actuarial Equivalent of the benefit provided by the provisions of paragraph 6.02(a) as a result of a Change of Control, shall be the factors applicable to Participants of the A&B Retirement Plan who terminate employment after attaining eligibility for early retirement regardless of the Participant's age as of the Change of Control date.

A&B EXECUTIVE SURVIVOR/RETIREMENT BENEFIT PLAN

AMENDMENT NO. 1

The A&B Executive Survivor/Retirement Benefit Plan, as amended and restated effective July 1, 1991, is hereby amended, effective February 1, 1995, as follows:

1. Section 2.04 is hereby revised in its entirety to read as follows:

"2.04. 'Approved Early Retirement Date' means a date which meets each of the following requirements:

(a) The Participant has attained age 55,

(b) The Participant has at least five Years of Service,

(c) The date has been approved by the Chief Executive Officer of A&B."

2. Section 2.06 is hereby revised by replacing the reference to "Section 4.04" with "Section 4.10."

3. Sections 2.08 and 2.09 are hereby renumbered as Sections 2.09 and 2.10, respectively.

4. A new Section 2.08 is hereby added, as follows:

"2.08 'Change in Control' of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (defined, for purposes of this Section 2.08, as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 2.08, as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities; or (ii) during any period of twenty-four (24) consecutive months, at least a majority of the Board of Directors ceases to consist of individuals who have served continuously on such Board since the beginning of such period or whose election, or nomination for election by shareholders, was approved by a vote of at least two-thirds of the directors then still in office who have served continuously on such Board since the beginning of the period. A 'Change in Control' of a subsidiary of Alexander & Baldwin, Inc. shall be deemed to have occurred if any 'person' is or becomes the 'beneficial owner,' directly or indirectly, of securities of such subsidiary representing 35% or more of the combined voting power of its then outstanding securities. If a Change in Control shall take place with respect to any company, a Change in Control shall be deemed to have taken place with respect to any subsidiary of such company."

5. A new Section 2.12 is hereby added, as follows:

"2.12 'Early Retirement Factor' means the reduction factors used to calculate early retirement benefits under the A&B Retirement Plan for participants of such plan who retire from active service at or after attaining age 55."

6. The existing Section 2.10 is hereby renumbered as Section 2.13, and revised in its entirety to read as follows:

"2.13 'Final Base Compensation' means a Participant's Base Compensation in effect at the time of the Participant's retirement, termination of employment, termination of participation, death or disability, whichever is applicable, computed as an annual amount by multiplying the then applicable monthly Base Compensation in effect by 12."

7. Section 2.11 is hereby renumbered as Section 2.17, and revised in its entirety to read as follows:

"2.17 'Normal Retirement Date' means the first day of the month coincident with or next following the date the Participant attains age 65."

8. A new Section 2.11 is hereby added, as follows:

"2.11 'Disabled Participant.' 'Disabled' means a Participant who is unable to perform substantially all of the material and substantial duties of her or his regular position because of accidental bodily injury sustained or disease originating after the date of such person's designation as a Participant under this Plan. Notwithstanding the foregoing:

(i) if a Participant has been Disabled for a continuous period of 24 months, the Participant will cease to be considered Disabled unless he or she is unable to perform any occupation for which the Participant is or becomes reasonably qualified by education, training or experience because of such bodily injury or sickness; and

(ii) a Participant is not Disabled at any time that the Participant is working for pay or profit at any occupation."

9. Sections 2.12 and 2.13 are hereby renumbered as Sections 2.19 and 2.21, respectively.

10. Section 2.14 is hereby replaced with the following:

"2.14 'Immediate Change in Control Benefit' means the benefit described in subsection 4.08(a)."

11. Section 2.15 is hereby renumbered as Section 2.23, and revised by replacing the reference to "Section 4.01" with "Section 4.02."

12. A new Section 2.15 is hereby added, as follows:

"2.15 'Involuntary Termination Benefit' means the benefit described in Section 4.05."

13. Section 2.16 is hereby replaced with the following:

"2.16 'Normal Retirement Benefit' means ten annual amounts, each equal to the percentage (which shall be not less than 5% nor greater than 35%) of the Participant's Final Base Compensation as specified in such Participant's individual Participating Agreement, payable in monthly installments."

14. A new Section 2.18 is hereby added, as follows:

"2.18 'Normal Survivor Benefit' means ten annual amounts, each equal to 50% of the Participant's Final Base Compensation, payable in monthly installments."

15. A new Section 2.20 is hereby added, as follows:

"2.20 'Participation Termination Benefit' means the benefit described in Section 4.06."

16. A new Section 2.22 is hereby added, as follows:

"2.22 'Plan Termination Benefit' means the benefit described in Section 4.07."

17. A new Section 2.24 is hereby added, as follows:

"2.24 'Prorated Retirement Benefit' means Normal Retirement Benefit multiplied by the Proration Factor."

18. A new Section 2.25 is hereby added, as follows:

"2.25 'Prorated Survivor Benefit' means Normal Survivor Benefit multiplied by the Proration Factor."

19. A new Section 2.26 is hereby added, as follows:

"2.26 'Proration Factor' means:

(a) In the case of a Participant who is a Participant in the A&B 1985 Supplemental Executive Retirement Plan, or who was a former Participant in such plan, the ratio of (i) 300 minus the number of completed months between the date of calculation and the Participant's Normal Retirement Date, to (ii) 300.

(b) In the case of all other Participants, the ratio of (i) the Participant's Years of Service as of the calculation date, to (ii) the Years of Service the Participant would have earned at his or her Normal Retirement Date had he or she remained in employment status until such date."

20. A new Section 2.27 is hereby added, as follows:

"2.27 'Vested Change in Control Benefit' means the benefit described in Section 4.08(b)."

21. Section 4.01 is hereby renumbered as Section 4.02, as revised in its entirety to read as follows:

"4.02. Pre-Retirement Survivor Benefit. The Beneficiary of a Participant who dies before termination of employment shall be entitled to receive a Pre-Retirement Survivor Benefit consisting of the Normal Survivor Benefit commencing as soon as practicable after the Participant's death."

22. A new Section 4.01 is hereby added, as follows:

"4.01. Plan Benefits. A Participant shall be entitled to whichever of the benefits provided by Sections 4.02 to 4.09 provides the greatest benefit. Under no circumstance shall a Participant be entitled to benefits provided by more than one such Section."

23. Sections 4.02 and 4.03 are hereby deleted in their entirety.

24. A new Section 4.03 is hereby added, as follows:

"4.03 Normal Retirement Benefit.

(a) Eligibility. A Participant who meets the following requirements shall be entitled to the Normal Retirement Benefit described in subsection (b) below:

(1) The Participant has completed three years of participation in the Plan; and

(2) The Participant retires from employment on or after his or her Normal Retirement Date.

(b) Benefit. A Participant's Normal Retirement Benefit shall be the benefit in paragraph (1) below unless within 90 days prior to retirement, the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) and the Committee has approved such request. In the latter case, a Participant's Normal Retirement Benefit shall be the benefit in paragraph (2) below.

(1) The Participant's Normal Survivor Benefit commencing as soon as practicable after the Participant's death.

(2) The Participant's Normal Retirement Benefit commencing on the first day of the month following his or her retirement."

25. Sections 4.04, 4.05 and 4.06 are hereby renumbered as Sections 4.10, 4.11 and 4.12.

26. Section 4.05 is hereby renumbered as Section 4.11, and subsection (d) thereof is revised in its entirety to read as follows:

(d) "Disability. A Disabled Participant shall continue to be eligible for retirement benefits under the Plan, regardless of the nonperformance of services for A&B. Failure to return to employee status at the termination of the Participant's disabled status shall be deemed a voluntary termination of employment if the Participant is offered employment in a position substantially equivalent to the position held by the Participant at the time his or her disabled status began. Otherwise, such failure to return to employee status shall be deemed an involuntary termination of employment."

27. A new Section 4.04 is hereby added, as follows:

"4.04 Approved Early Retirement Benefit.

(a) Eligibility. A Participant who meets the following requirements shall be entitled to the Approved Early Retirement Benefit described in subsection (b) below:

(1) The Participant has completed three years of participation in the Plan, and

(2) The Participant retires from employment on or after his or her Approved Early Retirement Date and before his or her Normal Retirement Date.

(b) Benefit. A Participant's Approved Early Retirement Benefit shall be the benefit in paragraph (1) below unless within 90 days prior to retirement, the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) below and the Committee has approved such request. In the latter case, a Participant's Approved Early Retirement Benefit shall be the benefit in paragraph (2) below.

(1) The Participant's Normal Survivor Benefit commencing as soon as practicable after the Participant's death.

(2) The Participant's Normal Retirement Benefit multiplied by the Early Retirement Factor applicable at the Participant's age as of his or her Approved Early Retirement Date and commencing on the first day of the month following his or her retirement."

28. A new Section 4.05 is hereby added, as follows:



"4.05 Involuntary Termination Benefit.

(a) Eligibility. A Participant who meets the requirements in paragraph (1) and paragraph (2) shall be entitled to the Involuntary Termination Benefit described in subsection (b) below:

(1) The Participant has completed three years of participation in the Plan, and

(2) The Participant's employment is terminated involuntarily.

(b) Benefit. A Participant's Involuntary Termination Benefit shall be a lump sum payment which is the greater of the Actuarial Equivalent of the benefits defined in paragraph (1) below or the Actuarial Equivalent of the benefits defined in paragraph (2) below. The Involuntary Termination Benefit shall be paid as soon as practicable after the date of the Participant's involuntary termination.

(1) The Participant's Prorated Survivor Benefit determined as of the involuntary termination date and commencing as soon as practicable after the Participant's death.

(2) The Participant's Prorated Retirement Benefit commencing on the Participant's Normal Retirement Date."

29. A new Section 4.06 is hereby added, as follows:

"4.06 Participation Termination Benefit.

(a) Eligibility. A Participant who meets the following requirements shall be entitled to the Participation Termination Benefit described in subsection (b) below:

(1) The Participant has completed three years of participation in the Plan, and

(2) The Participant's participation in the Plan is terminated prior to the Participant's termination of employment or retirement as a result of the determination by the Chief Executive Officer that the Participant is no longer eligible to participate in the Plan.

(b) Benefit. A Participant's Participation Termination Benefit shall be the benefit in paragraph (1) below during the continuation of the Participant's employment. Upon the Participant's subsequent termination (voluntary or involuntary) of employment or retirement, it shall be the benefit in paragraph (1) below unless the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) below and the Committee has approved such request. In the latter case, a Participant's Participation Termination Benefit shall be the benefit in paragraph (2) below. In the event of the Participant's death following such termination or retirement and prior to the approval of the Participant's written request for the benefit in paragraph (2) below, the benefit in paragraph (1) below shall be deemed in effect.

(1) The Participant's Prorated Survivor Benefit determined as of the participation termination date and commencing as soon as practicable after the Participant's death.

(2) The Participant's Prorated Retirement Benefit commencing on the Participant's Normal Retirement Date or Approved Early Retirement Date, provided that if the benefit commences on an Approved Early Retirement Date it shall be reduced by the Early Retirement Factor applicable to the Participant's age as of his or her Approved Early Retirement Date."

30. A new Section 4.07 is hereby added, as follows:

"4.07 Plan Termination Benefit.

(a) Eligibility. A Participant of the Plan as of the date the Plan is terminated by the Committee shall be entitled to the Plan Termination Benefit described in subsection (b) below.

(b) Benefit. A Participant's Plan Termination Benefit shall be the benefit in paragraph (1) below during the continuation of employment. Upon the Participant's termination of employment or retirement, it shall be the benefit in paragraph (1) below unless within 90 days prior to voluntary termination or retirement, or within 90 days following ratification of involuntary employment, the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) below and the Committee has approved such request. In the latter case, a Participant's Plan Termination Benefit shall be the benefit in paragraph (2) below.

(1) The Participant's Prorated Survivor Benefit commencing as soon as practicable after the Participant's death.

(2) The Participant's Prorated Retirement Benefit commencing on the first day of the first month that would have qualified as the Participant's Approved Early Retirement Date if he or she had remained employed as a Participant until such date and then received approval from the CEO for such early retirement reduced by the Early Retirement Factor Applicable to the Participant's age as of such Approved Early Retirement Date."

31. A new Section 4.08 is hereby added, as follows:

"4.08 Change in Control Benefits.

(a) Change in Control of Alexander & Baldwin, Inc. Upon the occurrence of a Change in Control, as defined in Section 2.08, with respect to Alexander & Baldwin, Inc., the provisions of paragraph (1) below shall apply unless the terms of such Change in Control provide, as a prerequisite to the consummation of the Change in Control, that the employer responsibilities under this Plan are to be assumed by the successor organization. In such later case, the provisions of paragraph (2) below shall apply.

(1) The Plan shall immediately and automatically terminate and each Participant shall become entitled to an Immediate Change in Control Benefit. The Immediate Change in Control Benefit shall be a lump sum payment which is the greater of the Actuarial Equivalent of the benefits defined in paragraph (b)(1) below or the Actuarial Equivalent of the benefits defined in (b)(2). The Immediate Change in Control Benefit shall be immediately due and shall be paid within thirty days of such Plan termination.

(2) Each Participant, as defined in this paragraph (2), shall become entitled to a Vested Change in Control Benefit. Upon future termination of employment or retirement, the Participant shall be entitled to the greater of his or her Vested Change in Control Benefit or the benefits otherwise provided by any other benefit section of this Plan. During the Participant's continuation of employment, a Participant's Vested Change in Control Benefit shall be the benefit in paragraph (b)(1) below. Upon the Participant's termination (voluntary or involuntary) of employment or retirement, however, the Participant's Vested Change in Control Benefit shall be a lump sum payment which is the greater of the Actuarial Equivalent of benefits defined in paragraph (b)(1) below, the Actuarial Equivalent of the benefits defined in paragraph (b)(2) below, and the Actuarial Equivalent of the benefits defined in paragraph (b)(3) below.

(b) Benefits.

(1) The Participant's Normal Survivor Benefit determined as of the date of the Change in Control commencing as soon as practicable after the Participant's death.

(2) The Participant's Normal Retirement Benefit determined as of the date of the Change in Control:

(i) commencing on the first day of the first month that would have qualified as the Participant's Approved Early Retirement Date if he or she had remained employed as a Participant until such date and then received approval from the CEO for such early retirement, and

(ii) reduced by the Early Retirement Factor Applicable to the Participant's age at the date the benefit commences.

(3) Benefits provided by any other Section of this Plan."

32. A new Section 4.09 is hereby added, as follows:

"4.09 Benefits Upon Change in Control of a Subsidiary. Upon the occurrence of a Change in Control, as defined in Section 2.08, with respect to a subsidiary of Alexander & Baldwin, Inc., a Participant who is an employee of such subsidiary shall be entitled to a Plan Termination Benefit determined as if the Plan terminated as of date of the Change in Control."

33. Section 7.01 is hereby revised in its entirety to read as follows:

"7.01. The right to amend, modify, partially terminate, or completely terminate this Plan is reserved to the Committee. However, no amendment, modification or termination shall adversely affect the right of any Participant or Beneficiary who is receiving benefits under the Plan at the time of such amendment, modification or termination or who is entitled to benefits under the provisions of Section 4.06 as a former Participant of the Plan. The right of other Participants as of the date the Plan is terminated shall be determined under the provisions of Section 4.07."

34. Except as modified by this Amendment, all terms and provisions of the A&B Executive Survivor/Retirement Benefit Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 23rd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B EXECUTIVE SURVIVOR/RETIREMENT BENEFIT PLAN  
AMENDED AND RESTATED EFFECTIVE FEBRUARY 1, 1995

## ESTABLISHMENT AND PURPOSE

- 1.01 ESTABLISHMENT OF PLAN. Alexander & Baldwin, Inc. hereby establishes the A&B Executive Survivor/Retirement Benefit Plan (the "Plan"), effective January 1, 1986.
- 1.02 PURPOSE OF PLAN. It is the purpose of the Plan to provide supplemental death benefits and an optional supplemental retirement benefit for certain designated executives of A&B. The Plan is intended to be exempt from the participation, vesting, funding and fiduciary requirements of Title I of the Employee Retirement Income Security Act of 1974 because it provides benefits for a select group of highly compensated management employees.

## ARTICLE II

### DEFINITIONS

- 2.01 "ACTUARIAL EQUIVALENT" means a form of benefit differing in time, period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practices, as more particularly specified by the definition of the same term in the A&B Retirement Plan.
- 2.02 "A&B" means Alexander & Baldwin, Inc., its affiliates, and their successors.
- 2.03 "A&B RETIREMENT PLAN" means the A&B Retirement Plan for Salaried Employees, as amended from time to time.
- 2.04 "APPROVED EARLY RETIREMENT DATE" means a date which meets each of the following requirements:
- (a) The Participant has attained age 55,
  - (b) The Participant has at least five Years of Service,
  - (c) The date has been approved by the Chief Executive Officer of A&B.
- 2.05 "BASE COMPENSATION" means base salary, including amounts deferred under any deferral plan or arrangement with A&B, but excluding incentive compensation and all other plans or forms of remuneration.
- 2.06 "BENEFICIARY" means the person, persons or entity designated pursuant to Section 4.10.
- 2.07 "BOARD" means the Board of Directors of A&B.
- 2.08 "CHANGE IN CONTROL" of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (defined, for purposes of this Section 2.08, as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 2.08, as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities; or (ii) during any period of twenty-four (24) consecutive months, at least a majority of the Board of Directors ceases to consist of individuals who have served continuously on such Board since the beginning of such period or whose election, or nomination for election by shareholders, was approved by a vote of at least two-thirds of the directors then still in office who have served continuously on such Board since the beginning of the period. A "Change in Control" of a subsidiary of Alexander & Baldwin, Inc. shall be deemed to have occurred if any

"person" is or becomes the "beneficial owner," directly or indirectly, of securities of such subsidiary representing 35% or more of the combined voting power of its then outstanding securities. If a Change in Control shall take place with respect to any company, a Change in Control shall be deemed to have taken place with respect to any subsidiary of such company.

- 2.09 "CODE" means the Internal Revenue Code of 1954, as amended.
- 2.10 "COMMITTEE" means the Compensation and Stock Option Committee of the Board.
- 2.11 "DISABLED PARTICIPANT." "Disabled" means a Participant who is unable to perform substantially all of the material and substantial duties of her or his regular position because of accidental bodily injury sustained or disease originating after the date of such person's designation as a Participant under this Plan. Notwithstanding the foregoing:
- (i) if a Participant has been Disabled for a continuous period of 24 months, the Participant will cease to be considered Disabled unless he or she is unable to perform any occupation for which the Participant is or becomes reasonably qualified by education, training or experience because of such bodily injury or sickness; and
  - (ii) a Participant is not Disabled at any time that the Participant is working for pay or profit at any occupation.
- 2.12 "EARLY RETIREMENT FACTOR" means the reduction factors used to calculate early retirement benefits under the A&B Retirement Plan for participants of such plan who retire from active service at or after attaining age 55.
- 2.13 "FINAL BASE COMPENSATION" means a Participant's Base Compensation in effect at the time of the Participant's retirement, termination of employment, termination of participation, death or disability, whichever is applicable, computed as an annual amount by multiplying the then applicable monthly Base Compensation in effect by 12.
- 2.14 "IMMEDIATE CHANGE IN CONTROL BENEFIT" means the benefit described in subsection 4.08(a).
- 2.15 "INVOLUNTARY TERMINATION BENEFIT" means the benefit described in Section 4.05.
- 2.16 "NORMAL RETIREMENT BENEFIT" means ten annual amounts, each equal to the percentage (which shall be not less than 5% nor greater than 35%) of the Participant's Final Base Compensation as specified in such Participant's individual Participating Agreement, payable in monthly installments.
- 2.17 "NORMAL RETIREMENT DATE" means the first day of the month coincident with or next following the date the Participant attains age 65.
- 2.18 "NORMAL SURVIVOR BENEFIT" means ten annual amounts, each equal to 50% of the Participant's Final Base Compensation, payable in monthly installments.
- 2.19 "PARTICIPANT" means an employee who meets the conditions set forth in Section 3.01.
- 2.20 "PARTICIPATION TERMINATION BENEFIT" means the benefit described in Section 4.06.
- 2.21 "PLAN" means the plan set forth in this document, as amended from time to time.
- 2.22 "PLAN TERMINATION BENEFIT" means the benefit described in Section 4.07.
- 2.23 "PRE-RETIREMENT SURVIVOR BENEFIT" means the benefit described in Section 4.02 .
- 2.24 "PRORATED RETIREMENT BENEFIT" means Normal Retirement Benefit multiplied by

the Proration Factor.

2.25 "PRORATED SURVIVOR BENEFIT" means Normal Survivor Benefit multiplied by the Proration Factor.

2.26 "PRORATION FACTOR" means:

- (a) In the case of a Participant who is a Participant in the A&B 1985 Supplemental Executive Retirement Plan, or who was a former Participant in such plan, the ratio of (i) 300 minus the number of completed months between the date of calculation and the Participant's Normal Retirement Date, to (ii) 300.
- (b) In the case of all other Participants, the ratio of (i) the Participant's Years of Service as of the calculation date, to (ii) the Years of Service the Participant would have earned at his or her Normal Retirement Date had he or she remained in employment status until such date.

2.27 "VESTED CHANGE IN CONTROL BENEFIT" means the benefit described in Section 4.08(b).

2.28 "YEARS OF SERVICE" means the number of years and fractions of years which qualify as Years of Credited Vesting Service as that term is defined in the A&B Retirement Plan.

### ARTICLE III

#### PARTICIPATION

3.01 PARTICIPATION. Participants shall be management or highly compensated employees who have been specifically designated as Participants by the Chief Executive Officer of A&B, who have demonstrated insurability to the satisfaction of A&B, and who have executed a Participation Agreement (including a waiver of group life insurance coverage over \$50,000). Participation will begin on the date specified in the Participation Agreement and shall continue until the earlier of termination of the Participant's employee status or until a determination by the Chief Executive Officer of A&B that the Participant no longer is eligible to participate.

### ARTICLE IV

#### BENEFITS

4.01 PLAN BENEFITS. A Participant shall be entitled to whichever of the benefits provided by Sections 4.02 to 4.09 provides the greatest benefit. Under no circumstance shall a Participant be entitled to benefits provided by more than one such Section.

4.02 PRE-RETIREMENT SURVIVOR BENEFIT. The Beneficiary of a Participant who dies before termination of employment shall be entitled to receive a Pre-Retirement Survivor Benefit consisting of the Normal Survivor Benefit commencing as soon as practicable after the Participant's death.

4.03 NORMAL RETIREMENT BENEFIT.

- (a) ELIGIBILITY. A Participant who meets the following requirements shall be entitled to the Normal Retirement Benefit described in subsection (b) below:
  - (1) The Participant has completed three years of participation in the Plan; and
  - (2) The Participant retires from employment on or after his or her Normal Retirement Date.

(b) BENEFIT. A Participant's Normal Retirement Benefit shall be the benefit in paragraph (1) below unless within 90 days prior to retirement, the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) and the Committee has approved such request. In the latter case, a Participant's Normal Retirement Benefit shall be the benefit in paragraph (2) below.

(1) The Participant's Normal Survivor Benefit commencing as soon as practicable after the Participant's death.

(2) The Participant's Normal Retirement Benefit commencing on the first day of the month following his or her retirement.

#### 4.04 APPROVED EARLY RETIREMENT BENEFIT.

(a) ELIGIBILITY. A Participant who meets the following requirements shall be entitled to the Approved Early Retirement Benefit described in subsection (b) below:

(1) The Participant has completed three years of participation in the Plan, and

(2) The Participant retires from employment on or after his or her Approved Early Retirement Date and before his or her Normal Retirement Date.

(b) BENEFIT. A Participant's Approved Early Retirement Benefit shall be the benefit in paragraph (1) below unless within 90 days prior to retirement, the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) below and the Committee has approved such request. In the latter case, a Participant's Approved Early Retirement Benefit shall be the benefit in paragraph (2) below.

(1) The Participant's Normal Survivor Benefit commencing as soon as practicable after the Participant's death.

(2) The Participant's Normal Retirement Benefit multiplied by the Early Retirement Factor applicable at the Participant's age as of his or her Approved Early Retirement Date and commencing on the first day of the month following his or her retirement.

#### 4.05 INVOLUNTARY TERMINATION BENEFIT.

(a) ELIGIBILITY. A Participant who meets the requirements in paragraph (1) and paragraph (2) shall be entitled to the Involuntary Termination Benefit described in subsection (b) below:

(1) The Participant has completed three years of participation in the Plan, and

(2) The Participant's employment is terminated involuntarily.

(b) BENEFIT. A Participant's Involuntary Termination Benefit shall be a lump sum payment which is the greater of the Actuarial Equivalent of the benefits defined in paragraph (1) below or the Actuarial Equivalent of the benefits defined in paragraph (2) below. The Involuntary Termination Benefit shall be paid as soon as practicable after the date of the Participant's involuntary termination.

(1) The Participant's Prorated Survivor Benefit determined as of the involuntary termination date and commencing as soon as practicable after the Participant's death.

(2) The Participant's Prorated Retirement Benefit commencing on the Participant's Normal Retirement Date.

#### 4.06 PARTICIPATION TERMINATION BENEFIT.

- (a) ELIGIBILITY. A Participant who meets the following requirements shall be entitled to the Participation Termination Benefit described in subsection (b) below:
- (1) The Participant has completed three years of participation in the Plan, and
  - (2) The Participant's participation in the Plan is terminated prior to the Participant's termination of employment or retirement as a result of the determination by the Chief Executive Officer that the Participant is no longer eligible to participate in the Plan.
- (b) BENEFIT. A Participant's Participation Termination Benefit shall be the benefit in paragraph (1) below during the continuation of the Participant's employment. Upon the Participant's subsequent termination (voluntary or involuntary) of employment or retirement, it shall be the benefit in paragraph (1) below unless the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) below and the Committee has approved such request. In the latter case, a Participant's Participation Termination Benefit shall be the benefit in paragraph (2) below. In the event of the Participant's death following such termination or retirement and prior to the approval of the Participant's written request for the benefit in paragraph (2) below, the benefit in paragraph (1) below shall be deemed in effect.
- (1) The Participant's Prorated Survivor Benefit determined as of the participation termination date and commencing as soon as practicable after the Participant's death.
  - (2) The Participant's Prorated Retirement Benefit commencing on the Participant's Normal Retirement Date or Approved Early Retirement Date, provided that if the benefit commences on an Approved Early Retirement Date it shall be reduced by the Early Retirement Factor applicable to the Participant's age as of his or her Approved Early Retirement Date.

#### 4.07 PLAN TERMINATION BENEFIT.

- (a) ELIGIBILITY. A Participant of the Plan as of the date the Plan is terminated by the Committee shall be entitled to the Plan Termination Benefit described in subsection (b) below.
- (b) BENEFIT. A Participant's Plan Termination Benefit shall be the benefit in paragraph (1) below during the continuation of employment. Upon the Participant's termination of employment or retirement, it shall be the benefit in paragraph (1) below unless within 90 days prior to voluntary termination or retirement, or within 90 days following ratification of involuntary employment, the Participant has applied in writing to receive the benefit in paragraph (2) below in lieu of the benefit in paragraph (1) below and the Committee has approved such request. In the latter case, a Participant's Plan Termination Benefit shall be the benefit in paragraph (2) below.
- (1) The Participant's Prorated Survivor Benefit commencing as soon as practicable after the Participant's death.
  - (2) The Participant's Prorated Retirement Benefit commencing on the first day of the first month that would have qualified as the Participant's Approved Early Retirement Date if he or she had remained employed as a Participant until such date and then received approval from the CEO for such early retirement reduced by the Early Retirement Factor Applicable to the Participant's age as of such Approved Early Retirement Date.

#### 4.08 CHANGE IN CONTROL BENEFITS.



(a) CHANGE IN CONTROL OF ALEXANDER & BALDWIN, INC. Upon the occurrence of a Change in Control, as defined in Section 2.08, with respect to Alexander & Baldwin, Inc., the provisions of paragraph (1) below shall apply unless the terms of such Change in Control provide, as a prerequisite to the consummation of the Change in Control, that the employer responsibilities under this Plan are to be assumed by the successor organization. In such later case, the provisions of paragraph (2) below shall apply.

- (1) The Plan shall immediately and automatically terminate and each Participant shall become entitled to an Immediate Change in Control Benefit. The Immediate Change in Control Benefit shall be a lump sum payment which is the greater of the Actuarial Equivalent of the benefits defined in paragraph (b)(1) below or the Actuarial Equivalent of the benefits defined in (b)(2). The Immediate Change in Control Benefit shall be immediately due and shall be paid within thirty days of such Plan termination.
- (2) Each Participant, as defined in this paragraph (2), shall become entitled to a Vested Change in Control Benefit. Upon future termination of employment or retirement, the Participant shall be entitled to the greater of his or her Vested Change in Control Benefit or the benefits otherwise provided by any other benefit section of this Plan. During the Participant's continuation of employment, a Participant's Vested Change in Control Benefit shall be the benefit in paragraph (b)(1) below. Upon the Participant's termination (voluntary or involuntary) of employment or retirement, however, the Participant's Vested Change in Control Benefit shall be a lump sum payment which is the greater of the Actuarial Equivalent of benefits defined in paragraph (b)(1) below, the Actuarial Equivalent of the benefits defined in paragraph (b)(2) below, and the Actuarial Equivalent of the benefits defined in paragraph (b)(3) below.

(b) BENEFITS.

- (1) The Participant's Normal Survivor Benefit determined as of the date of the Change in Control commencing as soon as practicable after the Participant's death.
- (2) The Participant's Normal Retirement Benefit determined as of the date of the Change in Control:
  - (i) commencing on the first day of the first month that would have qualified as the Participant's Approved Early Retirement Date if he or she had remained employed as a Participant until such date and then received approval from the CEO for such early retirement, and
  - (ii) reduced by the Early Retirement Factor Applicable to the Participant's age at the date the benefit commences.
- (3) Benefits provided by any other Section of this Plan.

4.09 BENEFITS UPON CHANGE IN CONTROL OF A SUBSIDIARY. Upon the occurrence of a Change in Control, as defined in Section 2.08, with respect to a subsidiary of Alexander & Baldwin, Inc., a Participant who is an employee of such subsidiary shall be entitled to a Plan Termination Benefit determined as if the Plan terminated as of date of the Change in Control.

4.10 DESIGNATION OF BENEFICIARIES. A Participant may file with the Administrator on forms provided by the Administrator a written designation of one or more primary beneficiaries and one or more contingent beneficiaries to whom benefits otherwise due the Participant shall be made after the death of the Participant. Such payments will be divided among the primary beneficiaries who survive the Participant in such proportion as directed in the written designation. If no primary beneficiary survives the

Participant for 30 days, such payment will be divided among the contingent beneficiaries who survive the Participant for 30 days in such proportion as directed in the written designation. If no primary or contingent beneficiary survives the Participant for 30 days, or if no beneficiary has been designated by the Participant, such payments will be made to the estate of the Participant.

#### 4.11 ADDITIONAL BENEFITS PROVISIONS

- (a) BENEFIT AGREEMENT. The Administrator shall provide to each Participant a form of Participation Agreement which shall set forth the Participant's acceptance of the benefits provided under the Plan and the Participant's agreement to be bound by the terms of the Plan.
- (b) EXCLUSION FOR SUICIDE OR SELF-INFLICTED INJURY. Notwithstanding any other provision of the Plan, no benefits shall be paid to any Participant or Beneficiary in the event of the death of the Participant as the result of suicide or self-inflicted injury within two years of the later of the date he or she first became a Participant or the date the Participant executed the Participation Agreement referred to in subsection 4.05(a).
- (c) LEAVE OF ABSENCE. A Participant who is on an approved leave of absence with salary, or on an approved leave of absence without salary for a period of not more than 90 days, shall be deemed to be a Participant employed by A&B during such leave of absence. A Participant who is on an approved leave of absence without salary for a period in excess of 90 days shall be deemed to have voluntarily terminated his or her employment as of the end of such 90-day period.
- (d) DISABILITY. A Disabled Participant shall continue to be eligible for retirement benefits under the Plan, regardless of the nonperformance of services for A&B. Failure to return to employee status at the termination of the Participant's disabled status shall be deemed a voluntary termination of employment if the Participant is offered employment in a position substantially equivalent to the position held by the Participant at the time his or her disabled status began. Otherwise, such failure to return to employee status shall be deemed an involuntary termination of employment.
- (e) TERMINATION FOR GOOD CAUSE. Notwithstanding any other provision of this Plan, all rights of the Participant, any Beneficiary, or the rights of their executors or administrators, or any other person, to receive benefits under this Plan shall be forfeited if the Participant's employment with A&B is terminated for Good Cause. For purposes of this subsection, "Good Cause" means (a) the willful and continued failure by a Participant to substantially perform his or her duties with A&B (other than any such failure resulting from a Participant's incapacity due to physical or mental illness) or (b) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to A&B, monetarily or otherwise. For purposes of this definition, no act, or failure to act, shall be considered "willful" unless done, or omitted to be done, not in good faith and without reasonable belief that the action or omission was in the best interest of A&B.
- (f) ALTERNATIVE FORMS OF BENEFIT. The Board of Directors or the Committee in its sole discretion may elect to pay the Participant, spouse or Beneficiary a lump-sum Actuarial Equivalent or other form of benefit that it deems appropriate in lieu of the benefit form otherwise provided.
- (g) WITHHOLDING. Benefit payments hereunder shall be subject to applicable federal, state and local withholding for taxes.

4.12 GROUP LIFE INSURANCE. A&B will maintain for each Participant, throughout each Participant's lifetime, group life insurance coverage in the amount of \$50,000. The life insurance benefits payable under such group life

insurance will be in addition to the benefits payable under the provisions of this plan, and will be in lieu of any life insurance benefits to which a Participant may otherwise be entitled under the Alexander & Baldwin, Inc. Retiree Health and Welfare Benefit Plan.

#### ARTICLE V

##### SOURCE OF PAYMENTS

5.01 SOURCE OF PAYMENTS. All benefits payable under this Plan shall be paid in cash from the general funds of A&B, and no trust account, escrow, fiduciary relationship or other security arrangement shall be established to assure payment. No Participant or Beneficiary shall have any right, title or interest whatsoever in any investments which A&B may make to aid it in meeting its obligations hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between A&B and any Participant, any Beneficiary or a Participant, or any other person. Any amounts payable under the Plan shall continue for all purposes to be part of the general assets of A&B and, thus, subject to the claims of A&B's creditors. A&B shall in no way be restricted with regard to the control, investment and use of such amounts. To the extent that any person acquires a right to receive benefits from A&B under this Plan, such right shall be no greater than, nor different from, the right of an unsecured general creditor of A&B.

#### ARTICLE VI

##### ADMINISTRATION OF THE PLAN

6.01 ADMINISTRATOR. The Administrator of the A&B Retirement Plan shall be the Administrator of this Plan. The Administrator shall have full authority to administer the Plan. The Administrator shall have all of the powers granted by the A&B Retirement Plan to the Administrator of such plan and shall be subject to the same procedures and limitations of authority.

6.02 CLAIMS PROCEDURE. The Administrator shall employ the claims procedures as are applicable under the A&B Retirement Plan.

#### ARTICLE VII

##### AMENDMENT AND TERMINATION

7.01 The right to amend, modify, partially terminate, or completely terminate this Plan is reserved to the Committee. However, no amendment, modification or termination shall adversely affect the right of any Participant or Beneficiary who is receiving benefits under the Plan at the time of such amendment, modification or termination or who is entitled to benefits under the provisions of Section 4.06 as a former Participant of the Plan. The rights of other Participants as of the date the Plan is terminated shall be determined under the provisions of Section 4.07.

#### ARTICLE VIII

##### MISCELLANEOUS PROVISIONS

8.01 BENEFITS NOT ASSIGNABLE. No Participant or Beneficiary, or any other person having or claiming to have any interest of any kind or character in or under this Plan or in any payment therefrom shall have the right to sell, assign, transfer, convey, hypothecate, anticipate, pledge or otherwise dispose of such interest; and to the extent permitted by law, such interest shall not be subject to any liabilities or obligations of the Participant or to any bankruptcy proceedings, creditor claims, attachment, garnishments, execution, levy or other legal process against such Parti

participant or his or her property.

8.02 CONTROLLING LAW. This Plan shall be construed, administered, and governed in all respects in accordance with the laws of the State of Hawaii.

8.03 NOT AN EMPLOYMENT CONTRACT. The adoption and maintenance of this Plan shall not be deemed to confer on any Participant any right to continue in the employ of A&B, and shall not be deemed to interfere with the right of A&B to discharge any person with or without cause or treat any person without regard to the effect that such treatment might have on the person as a Participant.

8.04 BINDING AGREEMENT. This Plan shall be binding upon and inure to the benefit of A&B, its successors and assigns, and the Participants and their Beneficiaries, heirs, executors, administrators and legal representatives.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Restatement to be executed on its behalf by its duly authorized officers this 23rd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B 1985 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

AMENDMENT NO. 1

The A&B 1985 Supplemental Executive Retirement Plan, as amended and restated effective July 1, 1991, is hereby amended, effective February 1, 1995, as follows:

1. Section 1.02 is hereby amended by replacing the phrase "this plan" with the phrase "this Plan" throughout.

2. Sections 2.01 through 2.03 are hereby renumbered as Sections 2.03 through 2.05.

3. A new Section 2.01 is hereby added, as follows:

"2.01. 'Actuarial Equivalent' means a form of benefit differing in time period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practice and the rules contained in Appendix B of this Plan."

4. A new Section 2.02 is hereby added, as follows:

"2.02. 'Approved Early Retirement Date' means the first day of any month after the Participant has attained age 55 and prior to his or her Normal Retirement Date on which the Participant retires with the approval of the Committee."

5. Section 2.04 is hereby renumbered as Section 2.07.

6. Section 2.05 is hereby renumbered as Section 2.09.

7. Section 2.06 is hereby renumbered as Section 2.11.

8. Section 2.07 is hereby renumbered as Section 2.12, and revised by deleting the words "Health and Welfare."

9. A new Section 2.06 is hereby added, as follows:

"'Benefit Commencement Age' means the greater of age 55 and the Participant's age at the date of determination."

10. Section 2.08 is hereby renumbered as Section 2.18.

11. A new Section 2.08 is hereby added, as follows:

"2.08. 'Change in Control' of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any 'person' (defined, for purposes of this section 2.08, as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the 'beneficial owner' (defined, for purposes of this section 2.08, as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Alexander &

Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities; or (ii) during any period of twenty-four (24) consecutive months, at least a majority of the Board of Directors ceases to consist of individuals who have served continuously on such Board since the beginning of such period or whose election, or nomination for election by shareholders, was approved by a vote of at least two-thirds of the directors then still in office who have served continuously on such Board since the beginning of the period. A 'Change in Control' of a subsidiary of Alexander & Baldwin, Inc. shall be deemed to have occurred if any 'person' is or becomes the 'beneficial owner,' directly or indirectly, of securities of such subsidiary representing 35% or more of the combined voting power of its then outstanding securities. If a Change in Control shall take place with respect to any company, a Change in Control shall be deemed to have taken place with respect to any subsidiary of such company."

12. Section 2.09 is hereby renumbered as Section 2.20.

13. Section 2.10 is hereby deleted in its entirety.

14. A new Section 2.10 is hereby added, as follows:

"2.10 'Early Retirement Factor' means the reduction defined in Section 4.02(e)."

15. Section 2.11 is hereby renumbered as Section 2.24, and revised in its entirety as follows:

"2.24. 'Retirement Income' means the amount determined in (a) below paid in accordance with the provisions of (b) or (c), whichever is applicable below:

(a) The amount of Retirement Income shall equal the amount to which the Participant would be entitled as a single life annuity at his or her Normal Retirement Date under the A&B Retirement Plan determined (i) without regard to limitations imposed by the Internal Revenue Code, (ii) as if the Participant had 25 years of credited benefit service, (iii) as if 'Monthly Compensation' as defined in section 1.20 of the A&B Retirement Plan included in the year earned the deferred portion of base salary and each bonus awarded under the Company's One-Year Performance Improvement Incentive Plan and (iv) with respect to Participants listed in Appendix A to this Plan, as if the benefit formula in effect on December 31, 1988 under the A&B Retirement Plan for Salaried Employees had continued in effect (provided such benefit formula produces a higher benefit than the formula subsequently in effect).

(b) In the case of a Participant who is not married at the time a lump sum payment described in Article IV is paid, Retirement Income shall be deemed payable for the life of the Participant.

(c) In the case of a Participant who is married at the time a lump sum payment described in Article IV is paid, 100% of Retirement Income shall be deemed payable for the life of the Participant and 50% of Retirement Income shall be deemed payable to his or her Surviving Spouse for life following the death of the Participant."

16. Section 2.12 is hereby renumbered as Section 2.25.

17. A new Section 2.13 is hereby added, as follows:

"2.13 'Immediate Change in Control Benefit' means the benefit described in subsection 4.06(a)."

18. A new Section 2.14 is hereby added, as follows:

"2.14 'Involuntary Termination Benefit' means the benefit described in Section 4.03."

19. A new Section 2.15 is hereby added, as follows:

"2.15 'Normal Retirement Benefit' means the benefit described in Section 4.01."

20. A new Section 2.16 is hereby added, as follows:

"2.16 'Normal Retirement Date' means the first day of the month coincident with or next following the date the Participant attains age 65."

21. A new Section 2.17 is hereby added, as follows:

"2.17 'Other Benefits' means the sum of:

(1) The benefit payable under the A&B Retirement Plan;

(2) The benefit payable under the defined benefit provisions of the A&B Excess Benefits Plan; and

(3) Any benefit which the Participant is eligible to receive or has received from the qualified defined benefit pension plan of another employer excluding benefits attributable to the Participant's own contributions."

22. A new Section 2.19 is hereby added, as follows:

"2.19 'Participation Termination Benefit' means the benefit described in Section 4.04."

23. A new Section 2.21 is hereby added, as follows:

"2.21 'Plan Termination Benefit' means the benefit described in Section 4.05."

24. A new Section 2.22 is hereby added, as follows:

"2.22 'Preretirement Death Benefit' means the benefit described in Section 4.07."

25. A new Section 2.23 is hereby added, as follows:

"2.23 'Prorated Retirement Income' means Retirement Income, as defined in Section 2.24 multiplied by a fraction, the numerator of which shall be 300 minus the number of months between the date of determination and the Participant's Normal Retirement Date, and the denominator of which shall be 300."

26. A new Section 2.26 is hereby added, as follows:

"2.26 'Vested Change in Control Benefit' means the benefit described in subsection 4.06(b)."

27. A new Section 2.27 is hereby added, as follows:

"2.27 'Years of Service' means the number of years and fractions of years which qualify as Years of Credited Vesting Service as that term is defined in the A&B Retirement Plan."

28. Section 4.00 is hereby revised in its entirety to read as follows:

"4.00. Payment of Benefits. All benefits provided by Sections 4.01 to 4.07 shall be paid in the form of a lump sum payment which is the greater of the amounts determined under paragraph (1) and paragraph (2) below:

(1) An amount which is the Actuarial Equivalent of the benefit otherwise defined by such Sections.

(2) An amount which is the before-tax equivalent of the lower of two quotations obtained by the Company from insurance companies for the cost of a lifetime annuity that provides after-tax monthly benefits equivalent to those that a Participant would receive under the Plan if the Plan allowed monthly payments of the benefits hereunder.

A Participant shall be entitled to whichever of the benefits provided by Sections 4.01 to 4.06 provides the greatest benefit, and under no circumstances shall a Participant be entitled to benefits provided by more than one such Section."

29. Section 4.01 is hereby revised in its entirety to read as follows:

"4.01. Normal Retirement.

(a) Eligibility. A Participant who retires from employment (i) after completing three years of participation in the Plan and (ii) on or after his or her Normal Retirement Date shall be entitled to a Normal Retirement Benefit as described in (b) below.

(b) Amount of Benefit. A Participant's Normal Retirement Benefit shall equal his or her Retirement Income, reduced by the Participant's Other Benefits in accordance with rules contained in Appendix C.

(c) Monthly Benefit Commencement Date. A Participant's Normal Retirement Benefit shall be deemed to commence as of the Participant's retirement date.

(d) Lump Sum Payment Date. The lump sum payment of the Normal Retirement Benefit shall be paid as soon as practicable after the Participant's retirement date."

30. Section 4.02 is hereby revised in its entirety to read as follows:

"4.02. Approved Early Retirement

(a) Eligibility. A Participant who retires from active service (i) after completing at least three years of participation in the Plan and (ii) on his or her Approved Early Retirement Date shall be entitled to an Approved Early Retirement Benefit as described in (b) below.

(b) Benefit. A Participant's Approved Early Retirement Benefit shall equal his or her Prorated Retirement Income as of the Participant's Approved Early Retirement Date reduced by (i) the Early Retirement Factor applicable at the Participant's age at his or her Approved Early Retirement Date and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) Monthly Benefit Commencement Date. A Participant's Approved Early Retirement Benefit shall be deemed to commence as of the Participant's Approved Early Retirement Date.

(d) Lump Sum Payment Date. The lump sum payment of the Approved Early Retirement Benefit shall be paid as soon as practicable after the Participant's Approved Early Retirement Date.

(e) Early Retirement Factor. The 'Early Retirement Factor' shall be a reduction of .25% for each of the first 24 months between the date of determination and the first day of the month coincident with or next following the Participant's 62nd birthday, and an additional reduction of .50% for each such month in excess of 24 months between such dates."



31. Section 4.03 is hereby renumbered as Section 4.07, and revised in its entirety to read as follows:

"4.07. Preretirement Death Benefit.

(a) Eligibility. The Surviving Spouse of a Participant or former Participant described in (A), (B), (C) or (D) below who dies prior to terminating employment or retiring on or after attaining age 55 shall be entitled to a Preretirement Death Benefit as described in (b) below.

(A) A Participant.

(B) A former Participant who is entitled to a Participation Termination Benefit.

(C) a former Participant who is entitled to a Plan Termination Benefit.

(D) a former Participant who is entitled to a Vested Change in Control Benefit.

(b) Benefit. A Surviving Spouse's Preretirement Death Benefit shall equal 50% of the benefit to which the Participant would have been entitled under whichever of Sections 4.01, 4.02, 4.03, 4.04, 4.05, or 4.06 would have applied if the Participant or former Participant had terminated employment or retired on the day immediately prior to his or her death, determined without regard to (i) any requirement for Committee approval of an Approved Early Retirement Date, or (ii) any requirement for 3 years of participation. Such benefit shall be reduced by Other Benefits as provided in Appendix C.

(c) Monthly Benefit Commencement Date. A Surviving Spouse's Preretirement Death Benefit shall be deemed to commence as of the first day of the later of (i) the month following the death of the Participant and (ii) the month following the month in which the Participant or former Participant would have attained age 55 and completed 5-years of service had he or she continued in employment until such date, and to continue for the life of the Surviving Spouse.

(d) Lump Sum Payment Date. The lump sum payment of the Surviving Spouse's Preretirement Death Benefit shall be paid as soon as practicable after the death of the Participant."

32. Section 4.04 is hereby renumbered as Section 4.08, and revised in its entirety to read as follows:

"4.08. Retiree Health and Welfare Benefits. For purposes of the A&B Retiree Plan:

(a) Normal Retirement Date. A Participant who is entitled to a Normal Retirement Benefit shall be deemed to have the greater of (i) his or her actual Completed Years of Service, and (ii) twenty-five (25) Completed Years of Service.

(b) Early Retirement Date. A Participant or former Participant who is entitled to one of the benefits described in paragraph (1) below shall be deemed to have the rights described in paragraph (2) below.

(1) The benefits described by this paragraph are:

(A) an Approved Early Retirement Benefit,

(B) a Participation Termination Benefit if such termination occurs at or after the Participant attained age 55,

(C) a Plan Termination Benefit if such termination occurs at or after the Participant attained age 55,

(D) a Vested Change in Control Benefit or a prior Immediate Change in Control Benefit if such Change in Control occurred at or after the Participant attained age 55.

(2) A Participant who is subject to the provisions of this paragraph shall automatically become a Participant under the A&B Retiree Plan, without regard to the age and service requirements in Article III of the A&B Retiree Plan. For purposes of determining such Participant's Health Care Contributions under the A&B Retiree Plan, the number of Completed Years of Service of such Participant shall be deemed to be equal to 25 years multiplied by the fraction used to determine such Participant's or former Participant's Prorated Retirement Income, provided however, that on or after such Participant's Normal Retirement Date he or she shall be deemed to have twenty-five (25) Completed Years of Service."

33. A new Section 4.03 is hereby added, as follows:

"4.03. Involuntary Termination of Employment.

(a) Eligibility. A Participant whose employment is terminated involuntarily after completing at least three years of participation in the Plan shall be entitled to a Involuntary Termination Benefit.

(b) Benefit. A Participant's Involuntary Termination Benefit shall equal his or her Prorated Retirement Income determined as of the date of the Participant's involuntary termination reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of monthly benefit commencement date determined under the provisions of subsection (c) below and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) Monthly Benefit Commencement Date. A Participant's Involuntary Termination Benefit shall be deemed to commence as of his or her Normal Retirement Date unless an Approved Early Retirement Date is approved by the Committee. In such latter case, it shall be deemed to commence as of the Approved Early Retirement Date.

(d) Lump Sum Payment Date. The lump sum payment of the Involuntary Termination Benefit shall be paid as soon as practicable after the involuntary termination of the Participant's employment."

34. A new Section 4.04 is hereby added, as follows:

"4.04. Termination of Participation.

(a) Eligibility. A Participant, with at least three years of participation, whose position ceases to qualify as an Eligible Position shall be entitled to a Participation Termination Benefit described in (b) below.

(b) Benefit. A Participant's Participation Termination Benefit shall equal his or her Prorated Retirement Income determined as of the date his or her participation terminates reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of subsection (c) below and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) Monthly Benefit Commencement Date. A Participant's Participation Termination Benefit shall be deemed to commence as of his or her Normal Retirement Date unless an Approved Early Retirement Date is approved by the Committee. In such latter case, it shall be deemed to commence as of the Approved Early Retirement Date.

(d) Lump Sum Payment Date. The lump sum payment of the Participation Termination Benefit shall be paid as soon as practicable after the Participant subsequently terminates employment or retires."

35. A new Section 4.05 is hereby added, as follows:

"4.05. Termination of the Plan.

(a) Eligibility. A Participant of the Plan at the time it is terminated shall be entitled to a Plan Termination Benefit.

(b) Benefit. A Participant's Plan Termination Benefit shall equal his or her Prorated Retirement Income determined as of the date the Plan is terminated reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of subsection (c) below and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) Monthly Benefit Commencement Date. A Participant's Plan Termination Benefit shall be deemed to commence as of his or her Benefit Commencement Age determined as of the date the Participant subsequently terminates employment or retires.

(d) Lump Sum Payment Date. The lump sum payment of the Plan Termination Benefit shall be paid as soon as practicable after the Participant terminates employment or retires."

36. A new Section 4.06 is hereby added, as follows:

"4.06. Change in Control. Upon the occurrence of a Change in Control, as defined in Section 2.08, the provisions of subsection (a) below shall apply unless the terms of such Change in Control provide, as a prerequisite to the consummation of the Change in Control, that the employer responsibilities under this Plan are to be assumed by the successor organization. In the latter case, the provisions of subsection (b) below shall apply:

(a) Immediate Change in Control Benefit.

(1) Eligibility. The Plan shall immediately and automatically terminate and each Participant shall be entitled to an Immediate Change in Control Benefit as described in (2) below.

(2) Benefit. A Participant's Immediate Change in Control Benefit shall equal his or her Prorated Retirement Income determined as of the Change in Control date, reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of paragraph (3) below, and (ii) further reduced by Other Benefits as provided in Appendix C.

(3) Monthly Benefit Commencement Date. A Participant's Immediate Change in Control Benefit shall be deemed to commence as of his or her Benefit Commencement Age determined as of the Change in Control Date.

(4) Lump Sum Payment Date. The lump sum payment of the Immediate Change in Control Benefit shall be immediately due and shall be paid within thirty days of such Plan termination.

(b) Vested Change in Control Benefit.

(1) Eligibility. Each Participant as of the Change in Control date shall be entitled to a Vested Change in Control Benefit as described in (2) below.

(2) Benefit. A Participant's Vested Change in Control Benefit shall equal his or her Prorated Retirement Income determined as of the Change in Control date, reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of paragraph (3) below, and (ii) further reduced by Other Benefits as provided in Appendix C.

(3) Monthly Benefit Commencement Date. A Participant's Vested Change in Control Benefit shall be deemed to commence as of his or her Benefit Commencement Age determined as of the date the Participant subsequently terminates employment or retires.

(4) Lump Sum Payment Date. The lump sum payment of the Vested Change in Control Benefit shall be paid as soon as practicable after the Participant terminates employment or retires."

37. Section 6.01 is hereby amended by adding the phrase "voluntarily or" before the phrase "for Cause" in the first sentence.

38. Section 6.02 is hereby deleted in its entirety.

39. A new Appendix B is hereby added, as follows:

#### "APPENDIX B

##### RULES FOR DETERMINING ACTUARIAL EQUIVALENT

When the terms of this Plan require the determination of a lump sum payment which is the Actuarial Equivalent of any other benefit provided by this Plan, the following rules shall apply to the calculation of such lump sum payment:

1. The mortality table used shall be the mortality table then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments.
2. The discount rate shall be the after-tax equivalent of the discount rate then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments. The after-tax equivalent rate shall be determined by multiplying discount rate in use by the A&B Retirement Plan by the excess of 100% over the tax effected marginal tax rate declared by the Committee.
3. The Committee shall declare the tax effected marginal tax rate at the beginning of each calendar year.
4. The tax effected marginal tax rate shall apply to lump sum payments made at any time during such calendar year and may not be changed during the year.
5. The value of the benefit to a Surviving Spouse which is included in a Participant's Retirement Income shall be included in the calculation of the lump sum payment to which the Participant is entitled. Unless stated otherwise, the benefit to the Surviving Spouse shall be deemed to apply only if the death of the Participant occurs on or after the date the Retirement Income is deemed to commence under the terms of the provision giving rise to the Participant's right to a lump sum payment.
6. If the terms of the Plan provide for a benefit such that if it were paid as a monthly benefit it could have commenced at more than one future date, then for purposes of calculating the lump

sum that is the Actuarial Equivalent of such benefit, it shall be deemed that the benefit would have commenced at the earliest possible date.

7. The early retirement reduction factors, if any, used to calculate the lump sum which is the Actuarial Equivalent of the benefit provided by the provisions of Section 4.06 as a result of a Change of Control, shall be the factors applicable to Participants of the A&B Retirement Plan who terminate employment after attaining eligibility for early retirement regardless of the Participant's age as of the Change of Control date."
40. A new Appendix C is hereby added, as follows:

"APPENDIX C

RULES FOR THE OFFSET OF BENEFITS  
DESCRIBED IN ARTICLE IV

1. Any increase in Other Benefits which occur after termination of employment or retirement shall not be taken into account.
2. In the case of a Participant who is not married at the time benefits are deemed to commence under this Plan, Other Benefits shall be determined as though such payments were made in the form of a straight life annuity.
3. In the case of a Participant who is married at the time a lump sum benefit is payable under this Plan, Other Benefits shall be determined as though such payments were made in the form of joint and 50% survivor form of payment with his or her spouse designated as the contingent annuitant.
4. It shall be assumed that Other Benefit payments (whether or not in payment status) commence under such other plans of the same date benefits commence under this Plan. In all cases, the provisions of the A&B Retirement Plan shall be used to determine the adjustment made to the Other Benefits for commencement prior to a Participant's Normal Retirement Date or to determine the equivalent joint and 50% survivor amount."

41. Except as modified by this Amendment, all terms and provisions of the A&B 1985 Supplemental Executive Retirement Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 23rd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B 1985 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN  
AMENDED AND RESTATED EFFECTIVE FEBRUARY 1, 1995

## ESTABLISHMENT AND PURPOSE

1.01. ESTABLISHMENT OF PLAN. Alexander & Baldwin, Inc. hereby establishes, effective January 1, 1986, the A&B 1985 Supplemental Executive Retirement Plan (the "Plan").

1.02. PURPOSE OF PLAN. It is the purpose of this Plan to enhance the Company's ability to hire and retain executives by providing a means for the Company to provide executives selected as participants with retirement benefits and health and welfare benefits equal to the benefits which they would receive under the Alexander & Baldwin, Inc. Retirement Plan for Salaried Employees and the Alexander & Baldwin, Inc. Retiree Health and Welfare Benefit Plan, if certain changes had been made to those plans. This Plan is intended to be a nonqualified supplemental retirement plan for a select group of highly compensated management executives and is exempt from the participation, vesting, funding and fiduciary requirements of Title I of the Employee Retirement Income Security Act of 1974.

## ARTICLE II

### DEFINITIONS

2.01. "Actuarial Equivalent" means a form of benefit differing in time period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practice and the rules contained in Appendix B of this Plan.

2.02. "Approved Early Retirement Date" means the first day of any month after the Participant has attained age 55 and prior to his or her Normal Retirement Date on which the Participant retires with the approval of the Committee.

2.03. "A&B" and "Company" mean Alexander & Baldwin, Inc. and its affiliates and their successors.

2.04. "A&B Retiree Plan" means the Alexander & Baldwin, Inc. Retiree Health and Welfare Benefit Plan, as amended from time to time.

2.05. "A&B Retirement Plan" means the A&B Retirement Plan for Salaried Employees, as amended from time to time.

2.06. "Benefit Commencement Age" means the greater of age 55 and the Participant's age at the date of determination.

2.07. "Board" means the Board of Directors of Alexander & Baldwin, Inc.

2.08. "Change in Control" of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (defined, for purposes of this Section 2.08, as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 2.08, as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities; or (ii) during any period of twenty-four (24) consecutive months, at least a majority of the Board of Directors ceases to consist of individuals who have served continuously on such Board since the beginning of such period or whose election, or nomination for election by shareholders, was approved by a vote of at least two-thirds of the directors then still in office who have served continuously on such Board since the beginning of the period. A "Change in Control" of a subsidiary of Alexander & Baldwin, Inc. shall be deemed to have occurred if any "person" is or becomes the "beneficial owner," directly or indirectly, of

securities of such subsidiary representing 35% or more of the combined voting power of its then outstanding securities. If a Change in Control shall take place with respect to any company, a Change in Control shall be deemed to have taken place with respect to any subsidiary of such company.

2.09. "Committee" means the Compensation and Stock Option Committee of the Board.

2.10. "Early Retirement Factor" means the reduction defined in Section 4.02(e).

2.11. "Eligible Position" means an executive position assigned at least 1,600 points under the Company's job evaluation program. Exceptions to the eligibility requirements of this section may be made by the Chief Executive Officer of Alexander & Baldwin, Inc., with the approval of the Committee.

2.12. "Health Care Contributions" means the contributions paid by the Company, under Article IV of the A&B Retiree Plan, towards the cost of premiums for health care insurance coverage.

2.13. "Immediate Change in Control Benefit" means the benefit described in subsection 4.06(a).

2.14. "Involuntary Termination Benefit" means the benefit described in Section 4.03.

2.15. "Normal Retirement Benefit" means the benefit described in Section 4.01.

2.16. "Normal Retirement Date" means the first day of the month coincident with or next following the date the Participant attains age 65.

2.17. "Other Benefits" means the sum of:

- (1) The benefit payable under the A&B Retirement Plan;
- (2) The benefit payable under the defined benefit provisions of the A&B Excess Benefits Plan; and
- (3) Any benefit which the Participant is eligible to receive or has received from the qualified defined benefit pension plan of another employer excluding benefits attributable to the Participant's own contributions.

2.18. "Participant" means an executive in an Eligible Position selected by the Committee pursuant to Section 3.01.

2.19. "Participation Termination Benefit" means the benefit described in Section 4.04.

2.20. "Plan" means the plan set forth in this document, as amended from time to time.

2.21. "Plan Termination Benefit" means the benefit described in Section 4.05.

2.22. "Preretirement Death Benefit" means the benefit described in Section 4.07.

2.23. "Prorated Retirement Income" means Retirement Income, as defined in Section 2.24 multiplied by a fraction, the numerator of which shall be 300 minus the number of months between the date of determination and the Participant's Normal Retirement Date, and the denominator of which shall be 300.

2.24. "Retirement Income" means the amount determined in (a) below paid in accordance with the provisions of (b) or (c), whichever is applicable below:

(a) The amount of Retirement Income shall equal the amount to which the Participant would be entitled as a single life annuity at his or her Normal Retirement Date under the A&B Retirement Plan determined (i) without regard to limitations imposed by the Internal Revenue Code, (ii) as if the Participant had 25 years of credited benefit service, (iii) as if "Monthly Compensation" as defined in Section 1.20 of the A&B Retirement Plan included in the year earned the deferred portion of base salary and each bonus awarded under the Company's One-Year Performance Improvement Incentive Plan and (iv) with respect to Participants listed in Appendix A to this Plan, as if the benefit formula in effect on December 31, 1988 under the A&B Retirement Plan for Salaried Employees had continued in effect (provided such benefit formula produces a higher benefit than the formula subsequently in effect).

(b) In the case of a Participant who is not married at the time a lump sum payment described in Article IV is paid, Retirement Income shall be deemed payable for the life of the Participant.

(c) In the case of a Participant who is married at the time a lump sum payment described in Article IV is paid, 100% of Retirement Income shall be deemed payable for the life of the Participant and 50% of Retirement Income shall be deemed payable to his or her Surviving Spouse for life following the death of the Participant.

2.25. "Surviving Spouse" means the spouse of a Participant who survives the Participant and to whom the Participant was married on the Participant's retirement date or (if earlier) date of death.

2.26. "Vested Change in Control Benefit" means the benefit described in subsection 4.06(b).

2.27. "Years of Service" means the number of years and fractions of years which qualify as Years of Credited Vesting Service as that term is defined in the A&B Retirement Plan.

### ARTICLE III

#### ELIGIBILITY AND PARTICIPATION

3.01. PARTICIPATION. A Participant is an executive who holds an Eligible Position or who is being hired or promoted into an Eligible Position and who is selected by the Committee to be a Participant. An executive selected by the Committee shall become a Participant as of the date specified by the Committee and shall remain a Participant until the date upon which the Participant's employment in an Eligible Position terminates for any reason.

### ARTICLE IV

#### BENEFITS

4.00. PAYMENT OF BENEFITS. All benefits provided by Sections 4.01 to 4.07 shall be paid in the form of a lump sum payment which is the greater of the amounts determined under paragraph (1) and paragraph (2) below:

(1) An amount which is the Actuarial Equivalent of the benefit otherwise defined by such Sections.

(2) An amount which is the before-tax equivalent of the lower of two quotations obtained by the Company from insurance companies for the cost of a lifetime annuity that provides after-tax monthly benefits equivalent to those that a Participant would receive under the Plan if the Plan allowed monthly payments of the benefits hereunder.

A Participant shall be entitled to whichever of the benefits provided by Sections 4.01 to 4.06 provides the greatest benefit, and under no circumstances shall a Participant be entitled to benefits provided by more than one such Section.



4.01. NORMAL RETIREMENT.

(a) ELIGIBILITY. A Participant who retires from employment (i) after completing three years of participation in the Plan and (ii) on or after his or her Normal Retirement Date shall be entitled to a Normal Retirement Benefit as described in (b) below.

(b) AMOUNT OF BENEFIT. A Participant's Normal Retirement Benefit shall equal his or her Retirement Income, reduced by the Participant's Other Benefits in accordance with rules contained in Appendix C.

(c) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Normal Retirement Benefit shall be deemed to commence as of the Participant's retirement date.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Normal Retirement Benefit shall be paid as soon as practicable after the Participant's retirement date.

4.02. APPROVED EARLY RETIREMENT

(a) ELIGIBILITY. A Participant who retires from active service (i) after completing at least three years of participation in the Plan and (ii) on his or her Approved Early Retirement Date shall be entitled to an Approved Early Retirement Benefit as described in (b) below.

(b) BENEFIT. A Participant's Approved Early Retirement Benefit shall equal his or her Prorated Retirement Income as of the Participant's Approved Early Retirement Date reduced by (i) the Early Retirement Factor applicable at the Participant's age at his or her Approved Early Retirement Date and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Approved Early Retirement Benefit shall be deemed to commence as of the Participant's Approved Early Retirement Date.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Approved Early Retirement Benefit shall be paid as soon as practicable after the Participant's Approved Early Retirement Date.

(e) EARLY RETIREMENT FACTOR. The "Early Retirement Factor" shall be a reduction of .25% for each of the first 24 months between the date of determination and the first day of the month coincident with or next following the Participant's 62nd birthday, and an additional reduction of .50% for each such month in excess of 24 months between such dates.

4.03. INVOLUNTARY TERMINATION OF EMPLOYMENT.

(a) ELIGIBILITY. A Participant whose employment is terminated involuntarily after completing at least three years of participation in the Plan shall be entitled to a Involuntary Termination Benefit.

(b) BENEFIT. A Participant's Involuntary Termination Benefit shall equal his or her Prorated Retirement Income determined as of the date of the Participant's involuntary termination reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of monthly benefit commencement date determined under the provisions of subsection (c) below and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Involuntary Termination Benefit shall be deemed to commence as of his or her Normal Retirement Date unless an Approved Early Retirement Date is approved by the Committee. In such latter case, it shall be deemed to commence as of the Approved Early Retirement Date.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Involuntary Termination Benefit shall be paid as soon as practicable after the involun-

tary termination of the Participant's employment.

4.04. TERMINATION OF PARTICIPATION.

(a) ELIGIBILITY. A Participant, with at least three years of participation, whose position ceases to qualify as an Eligible Position shall be entitled to a Participation Termination Benefit described in (b) below.

(b) BENEFIT. A Participant's Participation Termination Benefit shall equal his or her Prorated Retirement Income determined as of the date his or her participation terminates reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of subsection (c) below and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Participation Termination Benefit shall be deemed to commence as of his or her Normal Retirement Date unless an Approved Early Retirement Date is approved by the Committee. In such latter case, it shall be deemed to commence as of the Approved Early Retirement Date.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Participation Termination Benefit shall be paid as soon as practicable after the Participant subsequently terminates employment or retires.

4.05. TERMINATION OF THE PLAN.

(a) ELIGIBILITY. A Participant of the Plan at the time it is terminated shall be entitled to a Plan Termination Benefit.

(b) BENEFIT. A Participant's Plan Termination Benefit shall equal his or her Prorated Retirement Income determined as of the date the Plan is terminated reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of subsection (c) below and (ii) further reduced by Other Benefits as provided in Appendix C.

(c) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Plan Termination Benefit shall be deemed to commence as of his or her Benefit Commencement Age determined as of the date the Participant subsequently terminates employment or retires.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Plan Termination Benefit shall be paid as soon as practicable after the Participant terminates employment or retires.

4.06. CHANGE IN CONTROL. Upon the occurrence of a Change in Control, as defined in Section 2.08, the provisions of subsection (a) below shall apply unless the terms of such Change in Control provide, as a prerequisite to the consummation of the Change in Control, that the employer responsibilities under this Plan are to be assumed by the successor organization. In the latter case, the provisions of subsection (b) below shall apply:

(a) IMMEDIATE CHANGE IN CONTROL BENEFIT.

(1) ELIGIBILITY. The Plan shall immediately and automatically terminate and each Participant shall be entitled to an Immediate Change in Control Benefit as described in (2) below.

(2) BENEFIT. A Participant's Immediate Change in Control Benefit shall equal his or her Prorated Retirement Income determined as of the Change in Control date, reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of paragraph (3) below, and (ii) further reduced by Other Benefits as provided in Appendix C.

(3) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Immediate Change in Control Benefit shall be deemed to commence as of his or her Benefit Commencement Age determined as of the Change in Control Date.

(4) LUMP SUM PAYMENT DATE. The lump sum payment of the Immediate Change in Control Benefit shall be immediately due and shall be paid within thirty days of such Plan termination.

(b) VESTED CHANGE IN CONTROL BENEFIT.

(1) ELIGIBILITY. Each Participant as of the Change in Control date shall be entitled to a Vested Change in Control Benefit as described in (2) below.

(2) BENEFIT. A Participant's Vested Change in Control Benefit shall equal his or her Prorated Retirement Income determined as of the Change in Control date, reduced by (i) the Early Retirement Factor applicable at the Participant's age determined as of the monthly benefit commencement date determined under the provisions of paragraph (3) below, and (ii) further reduced by Other Benefits as provided in Appendix C.

(3) MONTHLY BENEFIT COMMENCEMENT DATE. A Participant's Vested Change in Control Benefit shall be deemed to commence as of his or her Benefit Commencement Age determined as of the date the Participant subsequently terminates employment or retires.

(4) LUMP SUM PAYMENT DATE. The lump sum payment of the Vested Change in Control Benefit shall be paid as soon as practicable after the Participant terminates employment or retires.

4.07. PRERETIREMENT DEATH BENEFIT.

(a) ELIGIBILITY. The Surviving Spouse of a Participant or former Participant described in (A), (B), (C) or (D) below who dies prior to terminating employment or retiring on or after attaining age 55 shall be entitled to a Preretirement Death Benefit as described in (b) below.

(A) A Participant.

(B) A former Participant who is entitled to a Participation Termination Benefit.

(C) a former Participant who is entitled to a Plan Termination Benefit.

(D) a former Participant who is entitled to a Vested Change in Control Benefit.

(b) BENEFIT. A Surviving Spouse's Preretirement Death Benefit shall equal 50% of the benefit to which the Participant would have been entitled under whichever of Sections 4.01, 4.02, 4.03, 4.04, 4.05, or 4.06 would have applied if the Participant or former Participant had terminated employment or retired on the day immediately prior to his or her death, determined without regard to (i) any requirement for Committee approval of an Approved Early Retirement Date, or (ii) any requirement for 3 years of participation. Such benefit shall be reduced by Other Benefits as provided in Appendix C.

(c) MONTHLY BENEFIT COMMENCEMENT DATE. A Surviving Spouse's Preretirement Death Benefit shall be deemed to commence as of the first day of the later of (i) the month following the death of the Participant and (ii) the month following the month in which the Participant or former Participant would have attained age 55 and completed 5 years of service had he or she continued in employment until such date, and to continue for the life of the Surviving Spouse.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Surviving Spouse's Preretirement Death Benefit shall be paid as soon as practicable

after the death of the Participant.

4.08. RETIREE HEALTH AND WELFARE BENEFITS. For purposes of the A&B Retiree Plan:

(a) NORMAL RETIREMENT DATE. A Participant who is entitled to a Normal Retirement Benefit shall be deemed to have the greater of (i) his or her actual Completed Years of Service, and (ii) twenty-five (25) Completed Years of Service.

(b) EARLY RETIREMENT DATE. A Participant or former Participant who is entitled to one of the benefits described in paragraph (1) below shall be deemed to have the rights described in paragraph (2) below.

(1) The benefits described by this paragraph are:

(A) an Approved Early Retirement Benefit,

(B) a Participation Termination Benefit if such termination occurs at or after the Participant attained age 55,

(C) a Plan Termination Benefit if such termination occurs at or after the Participant attained age 55,

(D) a Vested Change in Control Benefit or a prior Immediate Change in Control Benefit if such Change in Control occurred at or after the Participant attained age 55.

(2) A Participant who is subject to the provisions of this paragraph shall automatically become a Participant under the A&B Retiree Plan, without regard to the age and service requirements in Article III of the A&B Retiree Plan. For purposes of determining such Participant's Health Care Contributions under the A&B Retiree Plan, the number of Completed Years of Service of such Participant shall be deemed to be equal to 25 years multiplied by the fraction used to determine such Participant's or former Participant's Prorated Retirement Income, provided however, that on or after such Participant's Normal Retirement Date he or she shall be deemed to have twenty-five (25) Completed Years of Service.

## ARTICLE V

### SOURCE OF PAYMENTS

5.01. SOURCE OF PAYMENTS. All benefits payable under this Plan shall be paid in cash from the general funds of the Company, and no trust account, escrow, fiduciary relationship or other security arrangement shall be established to assure payment, other than, at the option of the Company, an escrow account the amounts in which remain subject to the claims of the Company's general creditors in the event of insolvency or bankruptcy. No Participant or Participant's Surviving Spouse shall have any right, title or interest whatsoever in any investments which the Company may make to aid the Company in meeting its obligations hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and any Participant, any Surviving Spouse, or any other person. To the extent that any person acquires a right to receive benefits from the Company under this Plan, such right shall be no greater than, nor different from the right of an unsecured general creditor of the Company.

## ARTICLE VI

### FORFEITABILITY

6.01. FORFEITABILITY OF BENEFITS. Notwithstanding any other provision of this Plan, no payment of unpaid benefits shall be made, and all rights under the Plan of the Participant, Surviving Spouse, the Participant's executors

or administrators, or any other person, to receive benefits under this Plan shall be forfeited if the Participant's employment with the Company is terminated voluntarily or for Cause. For the purpose of this Plan, termination for Cause shall mean termination upon (a) the willful and continued failure by a Participant to substantially perform his or her duties with the Company (other than any such failure resulting from a Participant's incapacity due to physical or mental illness) or (b) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this paragraph, no act, or failure to act, shall be considered "willful" unless done, or omitted to be done, not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

## ARTICLE VII

### AMENDMENT AND TERMINATION

7.01. AMENDMENT AND TERMINATION. The Committee reserves the right to amend, modify, partially terminate, or completely terminate the Plan. However, no amendment, modification or termination shall reduce retroactively the benefits of any Participant or any Surviving Spouse under the Plan.

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

8.01. BENEFITS NOT ASSIGNABLE. No Participant or Surviving Spouse, or any other person having or claiming to have any interest of any kind or character in or under this Plan or in any payment therefrom shall have the right to sell, assign, transfer, convey, hypothecate, anticipate, pledge or otherwise dispose of such interest; and to the extent permitted by law, such interest shall not be subject to any liabilities or obligations of the Participant or to any bankruptcy proceedings, creditor claims, attachment, garnishments, execution, levy or other legal process against such Participant or his or her property.

8.02. CONTROLLING LAW. This Plan shall be construed, administered, and governed in all respects in accordance with the laws of the State of Hawaii.

8.03. NOT AN EMPLOYMENT CONTRACT. The adoption and maintenance of this Plan shall not be deemed to confer on any Participant any right to continue in the employ of A&B, and shall not be deemed to interfere with the right of A&B to discharge any person with or without cause or treat any person without regard to the effect that such treatment might have on the person as a Participant.

8.04. SEVERABILITY. If any provision of this Plan is held invalid or unenforceable by a court of competent jurisdiction, all remaining provisions shall continue to be fully effective.

8.05. BINDING AGREEMENT. This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participants and their heirs, executors, administrators and legal representatives.

8.06. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Committee, under the authority of the Board. Subject to the express provisions of the Plan, the Committee shall have complete authority to interpret the Plan, to prescribe, amend and rescind regulations relating to its administration, and to make all other determinations that are necessary in the course of its administration. All decisions made by the Committee with respect to the administration of the Plan shall be final and binding on all persons having an interest in the Plan. The Committee may from time to time delegate any right, power or duty concerning the operation or administration of the Plan to one or more committees, individuals or entities.

8.07. ADOPTION BY SUBSIDIARIES. Any subsidiary of Alexander & Baldwin, Inc. that has adopted the A&B Retirement Plan may adopt this Plan for the benefit of its employees when one of its employees has been selected as a Participant by the Committee. Such adoption shall be authorized by a resolution of the Board of Directors of such subsidiary. In the event of such adoption of the Plan by a subsidiary of Alexander & Baldwin, Inc. the Committee shall serve as agent of the subsidiary in administering the Plan. All power to amend, modify, or terminate the Plan shall continue as the unfettered prerogative of the Committee.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Restatement to be executed on its behalf by its duly authorized officers this 23rd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

#### APPENDIX A

##### PARTICIPANTS REFERRED TO IN SECTION 2.24

1. R. F. Cameron
2. R. J. Donohue
3. F. L. Fleischmann
4. G. Y. Nakamatsu
5. R. H. Rothman

#### APPENDIX B

##### RULES FOR DETERMINING ACTUARIAL EQUIVALENT

When the terms of this Plan require the determination of a lump sum payment which is the Actuarial Equivalent of any other benefit provided by this Plan, the following rules shall apply to the calculation of such lump sum payment:

1. The mortality table used shall be the mortality table then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments.
2. The discount rate shall be the after-tax equivalent of the discount rate then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments. The after-tax equivalent rate shall be determined by multiplying discount rate in use by the A&B Retirement Plan by the excess of 100% over the tax effected marginal tax rate declared by the Committee.
3. The Committee shall declare the tax effected marginal tax rate at the beginning of each calendar year.
4. The tax effected marginal tax rate shall apply to lump sum payments made at any time during such calendar year and may not be changed during the year.
5. The value of the benefit to a Surviving Spouse which is included in a Participant's Retirement Income shall be included in the calculation of the lump sum payment to which the Participant is entitled. Unless stated otherwise, the benefit to the Surviving Spouse shall be deemed to apply

only if the death of the Participant occurs on or after the date the Retirement Income is deemed to commence under the terms of the provision giving rise to the Participant's right to a lump sum payment.

6. If the terms of the Plan provide for a benefit such that if it were paid as a monthly benefit it could have commenced at more than one future date, then for purposes of calculating the lump sum that is the Actuarial Equivalent of such benefit, it shall be deemed that the benefit would have commenced at the earliest possible date.
7. The early retirement reduction factors, if any, used to calculate the lump sum which is the Actuarial Equivalent of the benefit provided by the provisions of Section 4.06 as a result of a Change of Control, shall be the factors applicable to Participants of the A&B Retirement Plan who terminate employment after attaining eligibility for early retirement regardless of the Participant's age as of the Change of Control date.

#### APPENDIX C

##### RULES FOR THE OFFSET OF BENEFITS DESCRIBED IN ARTICLE IV

1. Any increase in Other Benefits which occur after termination of employment or retirement shall not be taken into account.
2. In the case of a Participant who is not married at the time benefits are deemed to commence under this Plan, Other Benefits shall be determined as though such payments were made in the form of a straight life annuity.
3. In the case of a Participant who is married at the time a lump sum benefit is payable under this Plan, Other Benefits shall be determined as though such payments were made in the form of joint and 50% survivor form of payment with his or her spouse designated as the contingent annuitant.
4. It shall be assumed that Other Benefit payments (whether or not in payment status) commence under such other plans of the same date benefits commence under this Plan. In all cases, the provisions of the A&B Retirement Plan shall be used to determine the adjustment made to the Other Benefits for commencement prior to a Participant's Normal Retirement Date or to determine the equivalent joint and 50% survivor amount.

A&B RETIREMENT PLAN FOR OUTSIDE DIRECTORS

AMENDMENT NO. 1

The A&B Retirement Plan for Outside Directors, as amended and restated effective October 24, 1991, is hereby amended, effective February 1, 1995, as follows:

1. A new Section 2.00 is hereby added, as follows:

"2.00. 'Actuarial Equivalent' means a form of benefit differing in time period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practice and the rules contained in Appendix C of this Plan."

2. Sections 2.10 and 2.11 are hereby renumbered as Sections 2.13 and 2.14, respectively.

3. A new Section 2.10 is hereby added, as follows:

"2.10. 'Retirement Date' means the latter of the date the Participant ceases to be a Director or attains age 65."

4. A new Section 2.11 is hereby added, as follows:

"2.11. 'Retirement Income' means fifty percent (50%) of the Participant's Final Retainer plus ten percent (10%) of the Participant's Final Retainer for each Year of Service in excess of five (5), but not in excess of one hundred percent (100%) of the Participant's Final Retainer after ten (10) Years of Service."

5. A new Section 2.12 is hereby added, as follows:

"2.12. 'Retirement Income Benefit' means the benefit defined in Section 4.01."

6. Section 3.02(a) is hereby amended in its entirety to read as follows:

"(a) Retirement Income Benefits. Upon a Plan termination resulting from a Change in Control, each Participant shall be paid his or her Retirement Income Benefit within thirty (30) days of such termination. The Retirement Income Benefit shall be calculated as indicated in Section 4.02., and further provided that it shall (i) be based on Years of Service determined as of the date the Change in Control occurs and (ii) determined as though the Participant ceased to be a Director as of the date of such Plan termination."

7. Section 3.02(b) is hereby amended by replacing "Section 5.03" with "Section 5.02."

8. Section 4.01 is hereby replaced in its entirety with the following:

"4.01. Retirement Income Benefit. A Participant's Retirement Income Benefit shall be the greater of the amounts described in subsections (a) and (b) below, and shall be paid within thirty (30) days of the Participant's Retirement Date.

(a) A lump sum payment which is the Actuarial Equivalent of the Participant's Retirement Income paid one twelfth monthly for the life of the Participant with the first payment commencing on the Participant's Retirement Date."



9. A new Appendix A is hereby added, as follows:

"APPENDIX A

Rules For Determining Lump Sum Benefits

When the terms of this Plan require the determination of a lump sum payment which is the Actuarial Equivalent of any other benefit provided by this Plan, the following rules shall apply to the calculation of such lump sum payment:

1. The mortality table used shall be the mortality table then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments.
2. The discount rate shall be the after-tax equivalent of the discount rate then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments. The after-tax equivalent rate shall be determined by multiplying the discount rate in use by the A&B Retirement Plan by the excess of 100% over the tax effected marginal tax rate declared by the Committee.
3. The Committee shall declare the tax effected marginal tax rate at the beginning of each calendar year.
4. The tax effected marginal tax rate shall apply to lump sum payments made at any time during such calendar year and may not be changed during the year."

10. Except as modified by this Amendment, all terms and provisions of the A&B Retirement Plan for Outside Directors shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 22nd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Assistant Secretary

A&B RETIREMENT PLAN FOR OUTSIDE DIRECTORS  
AMENDED AND RESTATED EFFECTIVE FEBRUARY 1, 1995

ARTICLE I

ESTABLISHMENT AND PURPOSE

1.01. ESTABLISHMENT OF PLAN. Alexander & Baldwin, Inc., hereby establishes the A&B Retirement Plan for Outside Directors, effective January 1, 1986.

1.02. PURPOSE OF PLAN. It is the purpose of this Plan to provide eligible Directors with (a) retirement income benefits, and (b) certain post-retirement health care insurance benefits for themselves and their eligible spouses at group premium rates. The Plan is intended to be exempt from the participation, vesting, funding and fiduciary requirements of Title I of the Employee

Retirement Income Security Act of 1974 because it does not cover any "employee" within the meaning of Section 3(6) of such Act.

## ARTICLE II

### DEFINITIONS

2.00. "Actuarial Equivalent" means a form of benefit differing in time period, or manner of payment from a specified benefit provided in the Plan, but having the same present value when determined in accordance with generally accepted actuarial practice and the rules contained in Appendix A of this Plan.

2.01. "A&B" means Alexander & Baldwin, Inc., or any successor.

2.02. "Administrator" means the person described in Section 7.01.

2.03. "Director" means a member of the Board of Directors of A&B.

2.04. "Final Retainer" means the annual rate of retainer payable to an Outside Director as of the last date served as an Outside Director.

2.05. "Fixed Dollar Amount" for each Participant shall be the amount shown on Exhibit A for the area in which the Participant resides as of the date the Participant commences health care insurance coverage under Section 5.02.

2.06. "Outside Director" means a Director who is not an employee of A&B or any subsidiary of A&B.

2.07. "Participant" means an Outside Director who is eligible to participate in the Plan under the conditions of Section 3.01.

2.08. "Plan" means the plan set forth in this document, as amended from time to time.

2.09. "Retirement Benefits" means the Retirement Income Benefits described in Article IV and the Health Care Benefits described in Article V.

2.10. "Retirement Date" means the latter of the date the Participant ceases to be a Director and the date the Participant attains age 65.

2.11. "Retirement Income" means fifty percent (50%) of the Participant's Final Retainer plus ten percent (10%) of the Participant's Final Retainer for each Year of Service in excess of five (5), but not in excess of one hundred percent (100%) of the Participant's Final Retainer after ten (10) Years of Service.

2.12. "Retirement Income Benefit" means the benefit defined in Section 4.02

2.13. "Spouse" means any individual who is legally married to a Participant, except an individual separated from the Participant under a legal separation decree.

2.14. "Years of Service" means a 365-day period (or a fraction thereof) as an Outside Director, whether or not consecutive.

## ARTICLE III

### ELIGIBILITY AND PARTICIPATION

3.01. ELIGIBILITY. A person who is an Outside Director at any time after December 31, 1985 shall be eligible for the Retirement Benefits under this Plan, as follows:

(a) He or she shall be eligible for Retirement Income Benefits under Article IV if he or she has at least five (5) Years of Service.

(b) He or she shall be eligible for Health Care Benefits under Article V if he or she has at least ten (10) Years of Service, retires on or after January 1, 1992, and enrolls in Medicare Part B coverage upon reaching age sixty-five (65).

3.02. CHANGE IN CONTROL. Upon the occurrence of a "Change in Control," as defined hereafter, the Plan shall immediately and automatically terminate. Upon such a termination, the interest of each Participant shall become due and payable as described in Sections 3.02(a) and 3.02(b) below; provided, however, that, if the terms of the Change in Control provide, as a prerequisite to the consummation of the Change in Control, that A&B's responsibilities under this Plan are to be assumed by the successor organization, then the Plan shall not terminate and no lump-sum payment shall be made to any Participant. For purposes of this provision, a "Change in Control" shall mean a Change in Control of A&B of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not A&B in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (i) any "person" (defined, for purposes of this Section 3.02, as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 3.02, as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of A&B representing thirty-five percent (35%) or more of the combined voting power of A&B's then outstanding securities; or (ii) during any period of twenty-four (24) consecutive months, at least a majority of the Board ceases to consist of individuals who have served continuously on the Board since the beginning of such period or whose election, or nomination for election by A&B's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who have served continuously on the Board since the beginning of the period.

(a) Retirement Income Benefits. Upon a Plan termination resulting from a Change in Control, each Participant shall be paid his or her Retirement Income Benefit within thirty (30) days of such termination. The Retirement Income Benefit shall be calculated as indicated in Section 4.02., and further provided that it shall (i) be based on Years of Service determined as of the date the Change in Control occurs and (ii) determined as though the Participant ceased to be a Director as of the date of such Plan termination.

(b) Health Care Benefits. Upon a Plan termination resulting from a Change in Control, the successor organization shall continue to provide Health Care Benefits under Article V to the following Outside Directors: (i) Outside Directors who were Outside Directors immediately prior to the Change in Control, beginning with the applicable starting date under Section 5.02, and (ii) Outside Directors for whom health care insurance coverage under the Plan had commenced prior to the Change in Control. The Health Care Benefits payable to the foregoing Outside Directors shall be no less than the applicable percentages of the Fixed Dollar Amount under Section 5.01 under the terms of the Plan that existed immediately prior to the Change in Control, plus the income tax offset benefits described in Section 5.03.

3.03. VESTING. All Retirement Benefits payable under this Plan shall be fully vested at all times.

#### ARTICLE IV

##### RETIREMENT INCOME BENEFIT

4.01. RETIREMENT. A Participant shall be entitled to the Retirement Income Benefit described in Section 4.02 upon the Participant's Retirement Date. The Retirement Income Benefit shall be paid within thirty days of the Participant's Retirement Date.

4.02. RETIREMENT INCOME BENEFIT. A Participant's Retirement Income Benefit shall be the greater of the amounts described in subsections (a) and (b)

below.

(a) A lump sum payment which is the Actuarial Equivalent of the Participant's Retirement Income paid one twelfth monthly for the life of the Participant with the first payment commencing on the Participant's Retirement Date.

(b) The before-tax equivalent of the lower of two quotations obtained by the Administrator from insurance companies for the cost of a lifetime annuity that provides after-tax monthly benefits equivalent to those that a Participant would receive under this Plan if this Plan allowed monthly payments of the retirement benefits hereunder.

## ARTICLE V

### HEALTH CARE BENEFITS

5.01. BENEFIT LEVEL. A Participant who is eligible under Section 3.01(b) shall have the right to elect health care insurance coverage for himself or herself and for his or her Spouse. The amount paid by A&B toward the cost of premiums on behalf of the Participant shall be a percentage of the Fixed Dollar Amount based on the Participant's Years of Service in accordance with the following schedule:

Years of Service	Percentage of Fixed Dollar Amount
less than 10	(not eligible)
10	50%
11	60%
12	70%
13	80%
14	90%
15 or more	100%

A Participant who elects to obtain health care insurance coverage for himself/herself in accordance with Section 5.04 shall have the right to elect health care insurance coverage for his or her Spouse through the same health care provider, provided the Participant or Spouse pays the full cost of the additional premiums for such Spouse's coverage and provided further that the Spouse elects Medicare Part B coverage upon reaching age sixty-five (65).

5.02. COVERAGE AND PAYMENT CONDITIONS. Health care insurance coverage for a Participant who has made the required election under Section 5.04 shall begin on the first day of the month coinciding with or next following the later of (a) the date the Participant attains age 65, or (b) the date the Participant ceases to be an Outside Director. If the Participant elects coverage for his or her Spouse, then such Spouse's coverage shall begin on the later of (i) the date the Spouse attains age 65, or (ii) the date the Participant's applicable coverage begins. A Participant's health care insurance shall continue until the earlier of the Participant's death or the date upon which the Participant ceases to pay any required premiums. Health care insurance coverage for the Participant's Spouse shall continue until the earlier of (i) the death of the covered Spouse, or (ii) the date on which the Participant or the Participant's Spouse fails to pay the required premiums.

5.03. INCOME TAX OFFSET BENEFIT. In an effort to offset approximately the Federal and State income taxes payable by reason of the payments of health care insurance premiums herein by A&B, a Participant who elects coverage under Section 5.01 shall also receive a lump sum, payable annually, equal to sixty-five percent (65%) of the portion of annual premiums paid by A&B.

5.04. REQUIRED ELECTIONS. Each Participant shall have the right to elect to obtain health care insurance coverage through one or more health care provider(s) selected by A&B. Details of each of the health care insurance coverages depend on the health care provider(s) selected and may vary from year

to year. A Participant's election to obtain health care insurance coverage under this Plan, whether for himself or herself or for the Participant and his or her Spouse, shall be made in writing in the manner prescribed by the Administrator. Such election must be made not later than forty-five (45) days following the Participant's applicable benefit commencement date under Section 5.02. If the Participant fails to make such election as required herein, he or she shall be deemed to have waived health care benefits under the Plan. If the Participant fails to pay any required premiums, whether for himself or herself or for his or her Spouse, such Participant or Spouse coverage, as applicable, shall be terminated.

5.05. FUNDING POLICY. A&B retains the right to enter into contracts with one or more health care providers to provide any health care benefits under this Plan and to replace such providers at any time. Overages will be in the form of Medicare supplements and may vary from year to year at A&B's sole discretion. Overages provided under this Plan are secondary to Medicare and to benefits provided through any other plans.

## ARTICLE VI

### PAYMENTS FROM THE PLAN

6.01. SOURCE OF PAYMENTS. All benefits payable under this Plan shall be paid in cash from the general funds of A&B, and no trust account, escrow, fiduciary relationship, or other security arrangement shall be established to assure payment other than, at the option of A&B, an escrow account the amounts in which remain subject to the claims of A&B's general creditors in the event of insolvency or bankruptcy.

6.02. NO OTHER BENEFITS. There are no death benefits under this Plan, and no benefits are provided under this Plan to anyone other than a Participant and, in the case of health care insurance coverage, an eligible Spouse.

6.03. INALIENABILITY. No Participant or beneficiary, or any other person having or claiming to have any interest of any kind or character in or under this Plan or in any of the deferred accounts or any part thereof or payment therefrom shall have the right to sell, assign, transfer, convey, hypothecate, anticipate, pledge or otherwise dispose of such interest; and to the extent permitted by law, such interest shall not be subject to any liabilities or obligations of the participant or to any bankruptcy proceedings, creditor claims, attachment, garnishments, execution, levy or other legal process against such Participant or his/her property.

## ARTICLE VII

### ADMINISTRATION OF THE PLAN

7.01. ADMINISTRATOR. The Administrator of the A&B Retirement Plan for Salaried Employees shall be the Administrator of this Plan. The Administrator shall have full authority to administer the Plan. The Administrator shall have all of the powers granted by the A&B Retirement Plan for Salaried Employees to the Administrator of such Plan, and shall be subject to the same procedures and limitations of authority.

7.02. CLAIMS PROCEDURE. The Administrator shall employ the claim procedures as are applicable under the A&B Retirement Plan for Salaried Employees.

## ARTICLE VIII

### AMENDMENT AND TERMINATION

8.01. The Board of Directors of A&B reserves the right to amend, modify, partially terminate, or completely terminate this Plan. However, no amendment, modification or termination shall reduce retroactively the benefits of any

Participant under this Plan below the level to which the Participant would have been entitled if the Participant had ceased to be a Director on the date of such amendment, modification or termination.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Restatement to be executed on its behalf by its duly authorized officers this 22nd day of February, 1995.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

#### APPENDIX A

##### RULES FOR DETERMINING LUMP SUM BENEFITS

When the terms of this Plan require the determination of a lump sum payment which is the Actuarial Equivalent of any other benefit provided by this Plan, the following rules shall apply to the calculation of such lump sum payment:

1. The mortality table used shall be the mortality table then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments.
2. The discount rate shall be the after-tax equivalent of the discount rate then in use by the A&B Retirement Plan for the purpose of determining lump sum payments to participants of such plan who are entitled to such payments. The after-tax equivalent rate shall be determined by multiplying the discount rate in use by the A&B Retirement Plan by the excess of 100% over the tax effected marginal tax rate declared by the Committee.
3. The Committee shall declare the tax effected marginal tax rate at the beginning of each calendar year.
4. The tax effected marginal tax rate shall apply to lump sum payments made at any time during such calendar year and may not be changed during the year.

## EXHIBIT 11

ALEXANDER & BALDWIN, INC.  
 COMPUTATION OF EARNINGS PER SHARE  
 FOR THE YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992  
 (In thousands, except per share amounts)

	1994	1993	1992
Primary Earnings Per Share (a)			
Net income	\$74,608	\$66,989	\$18,954
Average number of shares outstanding	46,059	46,338	46,294
Primary earnings per share	\$1.62	\$1.45	\$0.41
Fully Diluted Earnings Per Share			
Net income	\$74,608	\$66,989	\$18,954
Average number of shares outstanding	46,059	46,338	46,294
Effect of assumed exercise of outstanding stock options	51	31	39
Average number of shares outstanding after assumed exercise of outstanding stock options	46,110	46,369	46,333
Fully diluted earnings per share	\$1.62	\$1.44	\$0.41

(a) The computations of primary earnings per share do not include the effects of assumed exercises of employee stock options because such effects were immaterial for all years.

1994 FORM 10-K EXHIBIT 13  
 ALEXANDER & BALDWIN, INC.  
 1994 ANNUAL REPORT TO SHAREHOLDERS

ELECTRONIC FILE FORMAT FOR SEC TRANSMISSION

NOTE:

Page numbers referenced in this report refer to the published document.

Photo captions and descriptions of graphs which are included in the published document are noted in brackets in this electronic file format.

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 [Four photos - caption: Representing A&B's business segments are (from top to bottom): Matson's S.S. Maui, the first American vessel to be converted to a technologically advanced "open top" design; Kahului Ikena, a residential development on Maui, one of many A&B Properties' projects underway on that island; Matson Leasing containers in Bangkok exemplifying the five-year-old company's growing international presence; and Kauai coffee trees growing at McBryde, where value was added to the food products segment with the successful launch in 1994 of a roasted, packaged coffee.]

[Cover photo caption: An aerial view of Maui's North Shore with the world famous wind surfing spot, Ho'okipa Beach Park, in the foreground. The vast expanse of land pictured is practically all property owned by A&B.]

Financial Highlights

	1994 -----	1993 -----	Change -----
Revenue	\$1,208,165,000	\$979,466,000	+ 23%
Net Income	\$74,608,000	\$66,989,000	+ 11%
Per Share	\$1.62	\$1.45	+ 12%
Cash Dividends	\$40,563,000	\$40,777,000	- 1%
Per Share	\$0.88	\$0.88	--
Average Shares Outstanding	46,059,000	46,338,000	- 1%
Total Assets	\$ 1,932,788,000	\$1,912,375,000	+ 1%
Shareholders' Equity	\$632,614,000	\$587,006,000	+ 8%
Per Share	\$13.85	\$12.65	+ 9%
Return on Beginning			
Shareholders' Equity	12.7%	12.0%	--
Current Ratio	1.4 to 1	1.3 to 1	--
Ratio: Long-term Debt and			
Capital Leases to	.32 to 1	.37 to 1	--
Total Capital			



Employees 3,581 3,709 - 3%

Amounts reflect the results of California and Hawaiian Sugar Company, Inc. subsequent to acquisition in June 1993.

[Photo caption: The 4-story Alexander & Baldwin Building in the heart of downtown Honolulu has been a city landmark and the Company's headquarters for 66 years.]

#### A Tribute to R.J. Pfeiffer

Robert J. Pfeiffer will retire from Alexander & Baldwin, Inc. (A&B) on March 31, 1995 after 37 and one-half years of distinguished service to the Company, nearly 15 of which he has spent as Chairman of the Board and over 12 as Chief Executive Officer ---- more than any other individual in A&B's 125-year history, except John Waterhouse, son-in-law of Company co-founder, Samuel T. Alexander.

The officers and employees of A&B wish to recognize and express their appreciation for Mr. Pfeiffer's extraordinary record of leadership and contributions to the Company. In his nearly four decades of service, a period of significant growth and prosperity, he left an enduring mark on A&B. Under his direction, the Company grew in strength and capability and, as a result, is better equipped to face the future.

Mr. Pfeiffer began his A&B career at a Matson Navigation Company, Inc. (Matson) subsidiary in 1956. He was appointed Matson President and CEO in 1973, and he has served as Matson's chairman continuously from 1979 until his retirement from A&B this year. The year 1973 also saw Mr. Pfeiffer assume his first corporate office at A&B, when he was named Senior Vice President. In 1979 he was appointed President of A&B. He became CEO and Chairman of the Board in 1980. Under his stewardship, A&B has grown, modernized, diversified and established a reputation as a leader in each of the areas in which it does business. Here are a few indicators of the Company's progress during the Pfeiffer years:

	1973	1980	1994
Total Revenue	\$170,247,000	\$461,278,000	\$1,208,165,000
Shareholders' Equity	159,014,000	328,066,000	632,614,000
Total Assets	241,168,000	655,492,000	1,932,788,000

With Mr. Pfeiffer at the helm, Matson steered a course through a period of tremendous growth, change and success and, in the process, was transformed into one of the world's most efficient, modern ocean transportation companies.

Under Mr. Pfeiffer's leadership, A&B also modernized and diversified the agribusiness activities in which the Company has its roots. The pioneering investments made in drip irrigation of A&B's sugar plantations and automation of its mills during this time ensured that the Company would maintain its leading position in Hawaii sugar production.

Mr. Pfeiffer also directed the revitalization of the Company's property development and management activities, thoughtfully pursuing the development of commercial, industrial and residential properties on Maui and Kauai, while continuing to uphold A&B's tradition of responsible stewardship of its landholdings. He oversaw the key, final phases of development and sale of the Wailea Resort on Maui, and then astutely employed the proceeds of the sale to acquire a variety of Mainland properties in order to diversify the Company's substantial real estate portfolio.

The Pfeiffer years also witnessed the birth of a major new area of enterprise

for the Company ---- worldwide marine container leasing, which has developed into a growing profit center.

No summation of Mr. Pfeiffer's tenure at A&B would be complete without mention of the care, concern and energy he devoted to building on the tradition of Company involvement in the communities in which it operates. While Mr. Pfeiffer took on a leadership role in numerous professional and community groups, perhaps one of his most notable achievements was the creation of the Alexander & Baldwin Foundation, which has become a leading supporter of educational, cultural and human services organizations throughout Hawaii and on the West Coast.

Bob Pfeiffer adopted as his watchword the Hawaiian "imua," which means "to progress, to go forward." There is no word, in any language, better suited to describe his attitude, his life, his legacy. We will miss him, and we extend to him and his family our aloha and mahalo upon his retirement.

[Photo caption: John C. Couch, President and Chief Executive Officer, and R. J. Pfeiffer, Chairman of the Board, on the balcony of the historic Alexander & Baldwin Building]

To Our Shareholders

Fellow Shareholders

While Alexander & Baldwin, Inc. (A&B) continued to make satisfactory progress in a number of key areas in 1994, overall financial results were not as good as we had hoped. Accomplishments during the year, however, did demonstrate the Company's financial and operating strength. Strong cash flow permitted the Company to proceed with important capital expenditures, while concurrently reducing debt, repurchasing shares and continuing regular cash dividend payments.

Freight volume in our ocean transportation business was the highest since that business began 112 years ago. Growing world trade propelled our international marine container leasing business to record earnings. The increasing pace of our property development and management business created important opportunities to realize significant added value from our real property assets. There even were some heartening developments in our food products business, although the results of those operations were disappointing. Looking ahead, although the food products segment faces some major challenges, in general we are encouraged by more favorable local, national and international economic trends than we have seen in recent years.

A&B's 1994 net income was \$74.6 million, up 11 percent from \$67.0 million in 1993. Earnings per share rose to \$1.62, up 12 percent from \$1.45 in 1993. Cash flow from operations, before expenditures for real estate developments, was \$194 million in 1994, just slightly below the record \$195 million in 1993.

Repurchase Program Reflects Long-term Commitment

A&B's strong operating cash flow enabled the Company to proceed with its current stock repurchase program. In December 1993, the Board of Directors authorized the Company to repurchase up to two million shares during 1994 and 1995. The purchase authorization provides a means of improving overall returns to shareholders without jeopardizing financial flexibility or missing attractive growth opportunities. In 1994, A&B repurchased 722,500 shares at a total cost of \$17.7 million. As a result, each remaining shareholder has a larger ownership stake. At the same time, cash flow was sufficient for the Company to fund \$102 million in capital investments, to retire \$53 million of outstanding debt, and to pay dividends of \$40.6 million.

Matson Meets Cargo Surges

During 1994, Matson Navigation Company, Inc. (Matson) demonstrated its capability to handle efficiently significant increases in freight volume on

short notice. During the 24-day labor strike that shut down its major competitor, Matson's newest vessel, the MV R. J. Pfeiffer, carried a record cargo lift. In addition, the newly converted "open top" vessels, SSs Maui and Kauai, fully utilized the ten-percent capacity increase provided by their recent conversions.

In 1994, Matson successfully completed the largest computer software system development effort in its history. This project encompassed the complete rewrite of Matson's most critical business applications: customer service, booking, billing and equipment control. The ramifications for improved customer service are significant.

In addition, Matson increased its focus on building strategic alliances with international carriers by offering them a wider variety of services, which now include stevedoring and terminal services, intermodal services, coastwise feeder vessel operations and container leasing. Matson's intermodal container shipping subsidiary, Matson Intermodal System, Inc. (MIS), continued to grow in 1994, largely because of this strategy. MIS now is the exclusive east-west intermodal agent for both Columbus Line and Blue Star Line.

In July 1994, Matson launched its newest business venture, the Pacific Coast Shuttle, by employing the former reserve vessel, S.S. Manulani, in a service which operates between Los Angeles and the Pacific Northwest ports of Seattle and Vancouver, British Columbia. This new service has attracted major international carriers as customers.

#### Container Leasing

Matson Leasing Company, Inc. (Matson Leasing) continued to strengthen its international presence by opening a new office in Rio de Janeiro. Matson Leasing now has direct representation in every major trading area in the world. The fleet size grew by about 11 percent to 160,000 twenty-foot equivalent units (TEUs). A larger fleet, higher utilization and rate stability resulted in a 15-percent increase in revenue.

#### A&B Properties, Inc. Leads Maui Development

A&B Properties' performance improved again in 1994, a noteworthy step in a difficult period for real estate. A&B's property operations continue to build an impressive inventory of development projects, especially in Hawaii. At the same time, they continue to benefit from geographic diversity, with about half of all leasing income received from properties outside Hawaii.

On Maui, A&B Properties has led the way in promoting the growth and revitalization of retail activity. Maui's first Kmart store opened in 1993 on a site leased from A&B Properties and since has become one of Kmart Corporation's top performers. Progress continues at Triangle Square, with the first phase of a new factory outlet mall, Maui Factory Stores, nearing completion. Ground was broken in January 1995 for a new, 134,000 square-foot Costco store on A&B property in Kahului. Also, plans have been initiated for the redevelopment of a 20-acre site, now occupied by the 44-year-old Kahului Shopping Center.

Kahului Industrial Park represents the Company's continued expansion of its valuable light industrial and commercial holdings on Maui. This new development is located in close proximity to the airport, harbor and the Kahului/Wailuku urban core of Maui. Phase I consists of 76 acres and its addition will increase A&B Properties' light industrial lands on Maui by approximately one-third. Sales and leasing activity is expected to begin in late 1995 or early 1996.

Arapahoe Marketplace shopping center near Denver was sold for \$21 million in December. The sale demonstrates another way A&B Properties adds value to the Company's real property investments. The Colorado property had been purchased for \$17 million, with tax-deferred proceeds from prior land sales. Since acquisition of the property just after it was constructed in 1989, average rents increased 16 percent, while operating costs remained constant. A&B Properties intends to reinvest the sale proceeds in other income-producing properties, utilizing tax-deferred property exchanges.

In 1994, A&B Properties also sold two parcels of land that were among properties purchased from California and Hawaiian Sugar Company, Inc. (C&H) in June 1993. Although acquired in connection with the purchase of C&H, those properties were surplus to C&H's needs. The most valuable of the two parcels was 19.4 acres in Aiea on Oahu, which was sold for \$17.8 million.

#### Low Food Products Margins

Operating in an extremely volatile market and one negatively impacted by ineffective administration of the domestic sugar support program, A&B's food products segment struggled in 1994. Hawaiian Commercial & Sugar Company on Maui suffered because of relatively low yields. McBryde Sugar Company, Limited, on Kauai, faced even greater challenges due to its higher sugar production costs, and startup costs associated with its efforts to pioneer the large-scale growing and marketing of coffee.

As discussed in last year's annual report, the decision to buy C&H in 1993 allowed A&B to integrate its sugar-growing activities with those of sugar refining and marketing. Unfortunately, refined sugar prices have been depressed, while raw sugar costs remained relatively high and volatile. The price decline has been most significant in the western markets. Falling refined sugar prices were primarily due to problems with administration of the sugar support program. These problems, as well as flaws in the current legislation, are among issues to be addressed when the various domestic agricultural commodity support programs are reviewed for renewal later this year.

#### Outlook for 1995

As your Company begins its 125th year of progress, economic indicators signal modest growth opportunities ahead. A&B continues to grow beyond Hawaii, but about 80 percent of the Company's operating profit still depends primarily on economic activity in the State. The visitor industry remains the largest single component of Hawaii's Gross State Product. After three down years, visitor arrivals and visitor days improved steadily during 1994 and the Hawaii Visitors Bureau projects continued growth during 1995. The construction industry, however, remains at a cyclical low.

Looking beyond Hawaii, growing international trade and stronger fundamentals in the marine container leasing industry bode well for Matson Leasing. Worldwide container trade is estimated to have increased about eight percent in 1994, compared with less than four percent in 1993. In addition, the economic recovery on the U.S. Mainland has had a positive impact on A&B Properties, with its Mainland property portfolio realizing an average occupancy rate of 97 percent.

Each of the Company's business segments will continue to focus on achieving greater operating efficiencies and exploring growth opportunities. At Matson, the Company looks forward to the growth of the new Pacific Coast Shuttle service, as well as continued implementation of programs that will improve the efficiency of current operations and enhance the level of customer service. Matson Leasing will continue to expand its container fleet in response to customers' needs. A&B Properties will proceed with land entitlement efforts, as well as continue to build on its success in development and redevelopment of property for which entitlements have been granted and zoning is approved. With labor negotiations scheduled during 1995 for C&H and for both Hawaii plantations, and with the expiration of current federal agriculture support programs, the food products segment, however, faces an unusual degree of uncertainty.

The current sugar support program has disadvantaged the sugarcane sector of the sweetener industry, which includes sugar beet growers and processors, corn growers and processors, as well as sugarcane growers and refiners. A&B will continue to work with these industry groups, congressional representatives and Administration personnel to help structure a new program that will represent a better balancing of all sweetener interests, including those of producers as well as consumers.

#### Application of Economic Value Added (EVA)

A&B is highly diversified, with businesses that have varied financial characteristics. Because the Company's overall returns on invested capital have been inadequate during the past few years, the Company in 1994 began the evaluation of a new financial management framework called Economic Value Added, or EVA(R).

EVA combines traditional measures of operating profit with measurement of capital returns to create a single, easily understood measure. It allows that same measure to be used for corporate and unit planning, for capital investment analysis, for period reporting and, potentially, for measurement of management performance. Calculated from existing accounting measures, EVA promises to help operating managers at all levels take greater responsibility for the stewardship of capital invested in their respective operations. The Company will be applying EVA techniques during 1995 on a trial basis to assess their utility and to help focus attention throughout the organization on returns being generated on capital employed.

#### Management Share Ownership

Over the past few years, there has been increased attention given to the importance of share ownership by corporate officers as a means of promoting goal congruence with shareholders in general. In that regard, in 1994 the Board of Directors established share ownership guidelines for corporate officers of A&B. The response has been reassuring. The number of officers who elected to take a portion of their incentive compensation in stock rather than cash increased dramatically in 1993 and 1994. At this point, the top 15 officers own outright (i.e., separate from beneficial ownership through stock option grants) approximately 640,000 shares or 1.4 percent of the total shares outstanding. We believe increasing share ownership by key A&B officers is a healthy trend.

As shareholders, we would like to thank the employees of A&B and its subsidiaries for their diligent efforts and hard work in 1994. As officers, we pledge to our Board of Directors and fellow shareholders our continued efforts to make A&B a superior investment.

/s/ John C. Couch  
John C. Couch  
President and  
Chief Executive Officer

/s/ R. J. Pfeiffer  
R. J. Pfeiffer  
Chairman of the Board

February 17, 1995

[Photo caption: Matson continues to build strategic alliances with international carriers by offering them a variety of services. The Company's new Pacific Coast Shuttle service has attracted major international carriers as customers since it was launched in mid-1994.]

[Photo caption: Top: A&B Properties has successfully led the development of new retail markets on Maui. The island's first Kmart opened in 1993 and already has become one of the retailer's top performers.

Bottom: By applying the latest technology to existing operations, C&H now is able to supply high quality liquid sweeteners more efficiently to industrial customers in Hawaii, utilizing a new liquid sugar plant at Aiea on Oahu.]

[Photo caption: Matson's newly converted S.S. Kauai sails under the Golden Gate Bridge in San Francisco, where the ocean transportation company has its headquarters. Benefits of conversion work completed on this vessel in 1994 include the industry-leading "open top" design and life-extension work that will add ten to 15 years to the vessel's service life.]

## Review of Operations

The following table shows the operating profit for each segment for the last three years. Results and prospects for each segment are discussed in the following pages.

(Dollars in thousands)	PERCENT OF		Percent of		Percent of	
	1994	TOTAL	1993	Total	1992	Total
	-----	--	-----	--	-----	--
Ocean Transportation	\$97,319	61	\$91,194	57	\$97,195	77
Container Leasing	16,604	10	13,047	8	12,509	10
Property Development and Management:						
Leasing	23,163	15	22,975	14	21,357	17
Sales	18,522	12	18,570	12	16,820	13
Food Products	(418)	0	12,692	8	(26,175)	(21)
Other	3,143	2	2,357	1	4,263	4

[Graph entitled "A&B Operating Profit by Source 1984-1994": Graph shows the contribution to total operating profit of each business segment. Data points for the most recent 5 years of the graph are contained in the Industry Segment Information.]

## Matson

The ocean transportation operations of Alexander & Baldwin, Inc. (A&B) are conducted by Matson Navigation Company, Inc. (Matson), a wholly owned subsidiary headquartered in San Francisco. Matson is the principal carrier of containerized cargo and automobiles between the U.S. Pacific Coast and Hawaii, with a fleet of four container ships and four combination container/trailer ships in regularly scheduled service between Hawaii and Los Angeles, Oakland and the U.S. Pacific Northwest. The service includes transshipment of cargo by three barges operating between Honolulu and the islands of Hawaii, Maui and Kauai. Matson also operates a container barge between Honolulu and several mid-Pacific islands. In 1994, Matson launched a new coastwise service using one container ship that operates along the West Coast. Matson's other ocean transportation subsidiaries offer stevedoring and terminal services, intermodal services and harbor tug-boat services.

Matson's mission is to be a customer's preferred provider of cargo transportation services by offering a high-value service characterized by reliability, frequency and ease-of-use.

## Operating Results

In 1994, ocean transportation operations provided 50 percent of A&B's revenue and 61 percent of its operating profit. For explanations of year-to-year changes in results, please refer to Management's Discussion and Analysis beginning on page 29.

	1994	1993	1992
	-----	-----	-----
	(in thousands)		
Revenue	\$604,754	\$551,687	\$537,669
Operating			

Profit\*                    97,319                    91,194                    97,195

\* Before interest expense, corporate expense and income taxes

Hawaii Cargo Volume

In 1994, total containerized freight reached a record level for Matson, up four percent from 1993. Over the past ten years, Matson's containerized freight carriage has grown at an annual compound rate of five percent.

Total Hawaii cargo carriage for the past three years was:

	1994 -----	1993 -----	1992 -----
		(in thousands)	
Freight (TFEUs*)	241,000	232,000	236,000
Automobiles	117,000	109,000	111,000

\* Twenty-four foot equivalent units

Westbound container volume surpassed 1993's record high by two percent. 1994's record numbers were primarily due to the April Teamster's strike that shut down the operations of Matson's major competitor for 24 days. Eastbound container volume rose nine percent over 1993, due in part to increases in household goods shipments and the return of other carriers' empty containers.

Automobile volume increased seven percent in 1994, marking a notable gain, but nevertheless was lower than the record years of 1990 and 1991. The decrease from those years is attributable to the curtailment of manufacturers' incentives for rental-car fleet purchases in late 1991.

[Graphs: Ten year freight (TFEUs) showing growth from slightly more than 150,000 TFEUs in 1985 to the 1994 level of 241,000 TFEUs; Ten year automobile volume showing growth from approximately 69,000 units in 1985 to 117,000 in 1994.]

1994 Progress

The April Teamster's strike required Matson to meet virtually all of Hawaii's ocean transportation needs and resulted in record or near-record freight volumes on Matson vessels for nearly six weeks. Freight capacity was greatly enhanced by recent fleet improvements. Matson's newest container ship, the MV R. J. Pfeiffer, built in 1992, carried a record for the Company's fleet: 1,369 containers. The newly converted "open top" (i.e., without hatch covers) vessels, SSs Maui and Kauai, sailed with maximum loads, with container capacity that was more than ten-percent greater than it had been before their conversion. In some cases, containers were stacked 11 high. Matson's ability to handle the surge in freight efficiently also benefited from its terminal and intermodal subsidiaries; in many instances, freight was moved by rail or truck to alternate Matson West Coast facilities in order to make the earliest departure for Hawaii. In August 1994, the State of Hawaii's Senate and House of Representatives issued two separate proclamations commending Matson for its success in carrying the wide range of commodities needed by the State without any disruption to the regular flow of goods.

In 1994, Matson completed the largest computer software system development that the Company has ever undertaken. The project exemplifies Matson's ongoing commitment to applying technological innovations to improve its operations and provide better service to its customers.

In the past decade, information systems, transportation technology and the growth of intermodalism have allowed Matson to create a transportation network

that can pace the flow of freight effectively to meet customers' precise distribution needs. Today, Matson provides many of its customers with fully integrated logistics services that involve the Company in the entire transportation process, from point of origin to destination. Matson's centralized Customer Service Center in Los Angeles dramatically simplifies for customers the task of making arrangements for ocean, truck and rail services, and for equipment needs.

Matson was distinguished with two honors in 1994 that ranked its Hawaii service among the best in the industry by logistics professionals. Matson received a Transportation Quality Award from Traffic Management magazine for the second straight year, obtaining the highest overall rating for ocean carriers. This rating was based on results from a national quality survey that asked readers to rate carriers in five key performance areas: price, on-time delivery, customer service, damage/claim record and financial stability. Matson also was named a 1994 Quality Carrier by Distribution magazine, based on responses from a survey conducted by the publication.

Matson subsidiaries continued to grow in 1994 and benefit from new customer accounts. Matson's contract stevedoring subsidiary, Matson Terminals, Inc. (MTI), experienced gains in both earnings and asset utilization in 1994. Matson Intermodal System, Inc. (MIS) increased its contribution to operating profit, largely by combining its intermodal services with MTI's stevedoring services to provide customers with an attractive strategic partner. These customer accounts represent Matson's increased focus on building strategic alliances with international carriers by offering a variety of services.

Consistent with this strategy, Matson launched its new Pacific Coast Shuttle service in July 1994. With the completion of Matson's two-ship "open top" modification project, the reserve vessel, S.S. Manulani, could be employed in a service that operates between Los Angeles and the Pacific Northwest ports of Seattle and Vancouver, British Columbia. The three primary markets the Pacific Coast Shuttle targets are: feeder service for other ocean carriers under connecting carrier agreements, domestic cargo moving between California and Washington, and U.S. foreign commerce (primarily moving between Vancouver, B.C. and Southern California).

Matson currently has 28 connecting carrier agreements signed. Eleven of these are with companies that are among the world's largest ocean carriers. Both transit times and freight rates for the service are competitive with rail and truck transportation alternatives. At year end, the new service was approaching break-even.

New labor contracts were signed in 1994 with the unlicensed offshore unions, Marine Engineers and Beneficial Association, American Radio Association and Masters, Mates & Pilots. International Longshoremen's and Warehousemen's Union bargaining-unit agreements in Hawaii also were ratified in 1994.

In 1995, negotiations commence for machinists unions in Northern and Southern California. Matson feels confident that the upcoming negotiations will result in a satisfactory outcome and does not anticipate any disruption of service.

#### Shipping Rates

On November 17, 1994, Matson filed a 3.8-percent general rate increase that became effective on January 22, 1995, as scheduled. In the ten-year period ending in 1994, Honolulu's Consumer Price Index has risen 59 percent, the U.S. CPI has risen 43 percent, while Matson's rates have increased just 21 percent.

#### Issues, Plans to Address Them

- o Maritime Reform Legislation -- Congress adjourned on October 8, 1994 without passage of maritime reform legislation. The proposed maritime reform bill provided for a new system of subsidy payments for American ships sailing in international commerce and included specific protections to ensure that domestic carriers, like Matson, would not be put at a competitive disadvantage by subsidy recipients. The House passed the Administration-sponsored bill, but it was never subjected to a vote in the



Senate. It is expected that maritime reform legislation will be reintroduced in 1995, but identifying an acceptable funding source for the program will remain a major obstacle to enactment. Matson continues to support efforts to develop a new, comprehensive maritime policy, and will remain actively involved in these efforts.

- o Competition -- Matson remains the premier carrier in the trade, principally due to its commitment to customer service. This is evidenced by Matson's competitive advantages in number of sailings, on-time arrivals, capacity, variety of container equipment and other unique services.

#### Operating Profit Outlook

In 1995, Matson expects freight volume to be comparable to 1994. Though 1994's container volume was inflated by a non-recurring surge that resulted from the Teamster's strike, other factors such as an improving Hawaii economy should result in Matson performing close to 1994's record highs. Earnings also should benefit from the continued growth of the Pacific Coast Shuttle service and improved subsidiary performance due to growth of customer accounts at MTI and expansion of MIS' business.

[Ocean Transportation section photo captions: (1) C. Bradley Mulholland, President and Chief Executive Officer, Matson Navigation Company, Inc. (2) Opposite page: Matson's flagship, MV R.J. Pfeiffer, carried record cargo during the April Teamster's strike. The strike resulted in record or near-record freight volumes on Matson vessels for nearly six weeks. (3) Matson Intermodal System, Inc. provides Matson with the most efficient and economical truck and rail services available. MIS continues to expand its business, particularly with shipping companies already utilizing other services of Matson or its subsidiaries. (4) Top & Bottom Left: Matson's Hawaii service is distinguished by the diversified commodities it carries, ranging from large rolling stock, such as the city of Honolulu's "The Bus," to eastbound goods, such as the growing market of floriculture and nursery products. (5) Above: Matson's Pacific Coast Shuttle service underscores the Company's ongoing focus on seeking ways to improve asset utilization and to expand its earnings base. The new service required little capital investment because it utilizes existing personnel, information systems, West Coast terminals and the former reserve vessel, S.S. Manulani.]

#### MATSON LEASING

##### Segment Description

Marine container leasing operations of A&B are conducted by Matson Leasing Company, Inc. (Matson Leasing), a wholly owned subsidiary of Matson. Headquartered in San Francisco, Matson Leasing has established itself as one of the premier marine container lessors in the world since beginning operations in 1989. Matson Leasing has 12 offices in North and South America, Europe, Asia, and Australia, utilizing 92 depot locations worldwide.

Matson Leasing leases standard, dry cargo twenty-foot and forty-foot steel containers, the predominant type of containers in use worldwide. At year-end 1994, approximately 112,000 containers were employed by Matson Leasing. Expressed in twenty-foot equivalent units (TEUs), the fleet numbered approximately 160,000 TEUs.

Matson Leasing's long-range goal is to be a mid-sized container lessor, which will allow a balance of economies of scale with flexibility. It has and will continue to differentiate itself from competitors by providing superior, technologically-enhanced service and by remaining selective about which customers and markets to serve. Matson Leasing is one of the industry's most efficient leasing companies, which is important in the scale-driven container leasing industry. When coupled with A&B's corporate strengths, Matson Leasing's reputation for reliability and a service-driven culture make it an attractive long-term partner for its customers.

Matson Leasing's customers are primarily international ocean carriers. By

year-end 1994, Matson Leasing had long-term and master leases with over 170 companies. Matson Leasing's top-ten customers accounted for approximately 42 percent of the Company's revenue, with no customer representing more than ten percent of Matson Leasing's revenue.

With lessees frequently searching for alternatives in the container leasing industry, Matson Leasing seeks to be the lessor of choice. Matson Leasing provides a highly responsive and consistent service that reinforces its commitment to be a long-term partner with its customers. Matson Leasing also offers considerable value by providing additional services, such as management information products and maintenance cost containment programs that lower its customers' overall cost of doing business.

#### Operating Results

In 1994, container leasing operations provided five percent of A&B's revenue and ten percent of its operating profit. For explanations of year-to-year changes in results, please refer to Management's Discussion and Analysis beginning on page 29.

	1994 -----	1993 ----- (in thousands)	1992 -----
Revenue	\$64,132	\$55,662	\$50,468
Operating Profit*	16,604	13,047	12,509

\* After interest expense, before corporate expense and income taxes

#### 1994 Progress

Demand for leased containers improved in 1994. Part of this positive shift was due to the increase in worldwide containerized trade of an estimated eight percent, compared with just a four percent growth rate between 1992 and 1993. Containerized trade in 1995 is expected to grow at seven percent, as the world's major trading economies continue to improve modestly overall.

The upward trend in demand was reflected in Matson Leasing's utilization rate, which averaged 88 percent in 1994, posting significant gains from 1993's 83 percent. Uncertain market conditions pushed rates lower early in 1994 but, by year-end, rates had stabilized and demand had strengthened.

Matson Leasing added over 11,000 new containers to its fleet in 1994, representing over 15,000 TEUs. These acquisitions increased fleet size in 1994 by 11 percent over 1993. A significant fleet expansion program also is planned for 1995.

In only five years, Matson Leasing has established a worldwide network of area offices. In 1994, a new office was opened in Rio de Janeiro, Brazil and an agent was appointed in South Africa. Matson Leasing now has direct representation in virtually every major trading area in the world.

Matson Leasing continues to develop value-added information systems, which will provide a platform for improving overall customer service. Since it was formed in 1989, Matson Leasing has been at the forefront in implementing Electronic Data Interchange (EDI) for both fleet management and customer service purposes. Matson Leasing is a founding member of the Concord EDI Group, a trade association of leasing companies, steamship lines, depot operators, survey companies and industry-related service providers. The Concord EDI Group's objective is to provide a forum for the international intermodal transportation industry to discuss and develop EDI guidelines.

The proprietary Mat-Flex system, introduced in 1993, allows customers to

design the manner in which billing information is displayed, making coordination with customers' data systems much easier. A new Customer Access system provides comprehensive information about Matson Leasing containers on lease to customers. These innovations have helped Matson Leasing further its goal of becoming the leader in the use of technology to enhance customer service.

Matson Leasing continues to strive to be the most efficient lessor in the industry by maintaining a highly automated, streamlined organization. In the container leasing industry, a key measure of efficiency is TEUs per employee. Matson Leasing continues to outperform its counterparts in this measure, with only 67 employees at year-end.

#### Issue, Plans to Address It

- o Global Trade Imbalances -- Despite the assumptions of continued reasonable growth in demand, Matson Leasing and the industry will be challenged to manage changing global imbalances in trade successfully. A number of economies are emerging from recessions. The resulting shifts in trade patterns and container flows require careful inventory management. Japan, for example, is currently emerging from a recession and expectations are that the container trade imbalance into Japan will grow.

#### Operating Profit Outlook

Stronger container leasing fundamentals bode well for Matson Leasing in 1995. Utilization rates should continue to rise, although moderately. Lease rates also are expected to rise in 1995, as they traditionally lag increases in utilization. Similarly, fleet expansion planned for 1995 should result in further gains in Matson Leasing's market share. Mitigating the above positive factors will be the impact of increased interest rates. Considering all these factors, Matson Leasing expects modest gains in operating profit in 1995.

[Container Leasing section photo captions: (1) Matson Leasing's reputation in the international containerized trade has contributed greatly to Matson's ability to build strategic alliances with international carriers. Blue Star Line is an example of a carrier that is a customer of Matson Leasing, as well as of Matson Terminals and Matson Intermodal System. (2) Left: Frederick M. Gutterson, President and Chief Executive Officer, Matson Leasing Company, Inc. (3) Right: Matson Leasing's international presence extends to even remote locations such as Ayutthaya, the capital of ancient Siam. (4) Left: Matson Leasing, which celebrated its fifth anniversary in 1994, has established itself as one of the premier container lessors in the world. Matson Leasing containers today are seen in all major international trading areas, such as Hong Kong. (5) Right: Matson Leasing's new Customer Access system is the Company's latest technological innovation to improve customer service. Matson Leasing remains an industry leader in information systems, particularly in the development of Electronic Data Interchange (EDI).]

#### ABHI

The property development and management and the food products operations of Alexander & Baldwin, Inc. (A&B) are conducted by A&B-Hawaii, Inc. (ABHI). ABHI's operations extend from the cultivation of sugar cane in the fertile central valley of Maui to refining and distributing sugar throughout the Western United States, and from the development of master-planned communities in Hawaii to the management of prime commercial, light industrial and retail properties on the Mainland.

ABHI is responsible for the stewardship of some of A&B's most valuable assets, its extensive landholdings in Hawaii. In all of its property-related activities, both in Hawaii and elsewhere, A&B strives to be a responsible steward of the land, employing its landholdings at their highest and best use, consistent with community needs.

The extent and nature of the Company's landholdings dictate that, for the foreseeable future, the highest and best use of the vast majority of its land is

for agriculture and conservation. ABHI's own agribusiness operations utilize 47,000 acres of land for sugarcane and coffee cultivation. Because sugar cane currently is the best crop for a large percentage of the cultivatable land, A&B is committed to improving the efficiency of those operations.

In 1993, A&B purchased, through ABHI, the portion of California and Hawaiian Sugar Company, Inc. (C&H) that it did not already own. C&H refines raw cane sugar in the San Francisco Bay Area and in Hawaii, and distributes industrial and grocery products throughout the Western United States. This purchase allowed ABHI to move closer to consumers, with the potential for creating and capturing additional value for shareholders.

#### Property Development and Management

##### Segment Description

The property development and management activities of A&B are conducted by ABHI and its subsidiary, A&B Properties, Inc. At year-end 1994, A&B owned approximately 92,900 acres of land, including 68,900 acres on Maui, 21,900 acres on Kauai, and 2,100 acres elsewhere. An additional 17,900 acres on Maui and Kauai were leased from others. Approximately 92,100 acres of land owned by A&B are planted in sugar cane and coffee or employed in other agricultural, conservation or related uses. Currently, about 810 acres are fully zoned for urban use. Of the 92,100 acres now zoned for agriculture or conservation, 1,350 acres are designated for urban use, and an estimated 9,800 acres in Hawaii and 1,800 acres on the Mainland have foreseeable development potential.

The combination of the large amount of land that the Company owns and the location of that land provides A&B the opportunity to serve growing residential, commercial and industrial markets on Maui and Kauai. Current uses of A&B land vary from watershed and conservation areas to master-planned communities, and from shopping malls and traditional residential developments to leased commercial properties.

Four directional statements guide the activities of A&B Properties:

- o Maintain an appropriate, market-oriented pace of entitlements, and related development activity;
- o Provide new sources of recurring income and cash flow through leasing;
- o Redevelop existing properties in the Company's portfolio, when appropriate, to ensure they are maintained at their highest and best use; and
- o Develop and maintain a geographically diversified portfolio of commercial, industrial and residential properties.

#### Operating Results

In 1994, property development and management operations provided eight percent of A&B's revenue and 27 percent of its operating profit. For explanations of year-to-year changes in results, please refer to Management's Discussion and Analysis beginning on page 29.

	1994 -----	1993 -----	1992 -----
		(in thousands)	
Revenue:			
Leasing	\$33,387	\$32,606	\$30,386
Sales	60,767	32,559	27,529
	-----	-----	-----
Total	\$94,154	\$65,165	\$57,915

	=====	=====	=====
Operating Profit:*			
Leasing	\$23,163	\$22,975	\$21,357
Sales	18,522	18,570	16,820
	-----	-----	-----
Total	\$41,685	\$41,545	\$38,177
	=====	=====	=====

\* Before interest expense, corporate expense and income taxes;  
after Hurricane loss in 1992

#### 1994 Progress

##### Entitlements

Work to obtain entitlements for urban use in 1994 focused on: A&B's Kukui'ula development on Kauai, the proposed master-planned community at Pilot Hill Ranch in California and the Company's continued participation in the update of Maui's Community Plans.

In late 1993, a petition was filed for reclassification to urban use of 822 additional acres at Kukui'ula. Public hearings on the petition held by the State Land Use Commission concluded in early 1995. During these hearings, both the State of Hawaii and the County of Kauai testified in support of the Kukui'ula project. A decision by the State Land Use Commission is expected by the end of April. Should the petition be granted, County-level zoning of approximately 500 of these acres will be pursued. This acreage would be added to the approximately 220 acres for which State and County approvals already have been received, to comprise the first phase of residential development of Kukui'ula.

Pilot Hill Ranch, an 1,800-acre parcel in El Dorado County, California, approximately 40 miles northeast of Sacramento, is intended to be developed as a master-planned residential community. El Dorado County currently is updating its General Plan. The immediate entitlement objective is to have the project's proposed land uses designated in the General Plan. The County is expected to act on the Plan during 1995.

The Company also continues to pursue numerous projects as part of the current ten-year update of the County of Maui's Community Plans. Community Plans in Hawaii generally are the first step in the lengthy governmental land-approval process, and they are intended to create a "blueprint" for planned development activity over the following decade. A&B is seeking various urban designations for its undeveloped lands within the four of nine County Plan regions where the Company's lands are located. It is not yet known, however, which or how many of these new designations will be approved.

##### Development

A&B development activity in 1994 centered around the Company's efforts in Kahului, Maui.

The cornerstone of this activity is the 76-acre first phase of Kahului Industrial Park, a light industrial/commercial business park ideally located near Maui's primary airport and harbor. Construction bids have been received and will be evaluated during the first quarter of 1995. Construction should commence in mid-1995 and is expected to be completed by year-end 1996. Initial sales activity will commence in late 1995 or early 1996, with a seven- to ten-year absorption period for the first phase.

The Company is pursuing exciting retail opportunities in Kahului as well. A 13-acre, A&B-owned site, originally leased to Sam's Club, has been transferred to PriceCostco, Inc. Costco plans to open a 134,000 square-foot retail facility in mid-1995. Across the street, construction of the 28,000 square-foot first phase of a factory outlet center at Triangle Square will be completed in early 1995. Construction of Triangle Square's second phase, comprising five buildings totaling 80,000 square feet, should commence in mid-1995.

Residential developments on Maui include Kahului Ikena, a 102-unit market-priced townhouse project in Kahului, and various Maui agricultural lot subdivisions. Completion of Kahului Ikena should occur in mid-1995. ABHI is examining whether to market this residential project on a rental basis or as condominiums. Other residential sales activity in 1995 will come from Haiku Mauka, a 39-lot agricultural subdivision.

Development activity also continued on the Company's five-lot industrial subdivision at Port Allen on Kauai. Sales of these lots are expected in 1995.

#### Sales Activity

##### Large Parcel and Improved Property Sales

1994 sales included a number of key properties in the Company's development and leasing portfolios. In November, the Company sold to a sports apparel retailer, for \$17.8 million, a 19.4-acre industrial parcel in Aiea on Oahu, that it originally acquired from C&H. In December, ABHI sold Crockett Ranch, a large California parcel also acquired from C&H, to the East (San Francisco) Bay Regional Park District for \$3.2 million. Finally, in December 1994, ABHI sold Arapahoe Marketplace, a 192,000 square-foot retail shopping center located in Greenwood Village, Colorado, to an institutional investor for approximately \$21 million.

##### Improved Lot Sales

Also in Kahului, in 1994, ten lots in the Kamehameha Parkway Industrial Subdivision, encompassing 4.4 acres, were sold for \$6.1 million. Three of the remaining four lots were sold in January 1995.

##### Subdivision Sales

In 1994, seven lot sales in Haiku Mauka were closed, at an average price of about \$182,000. Six lot sales were made in January 1995, with 24 lots remaining to be sold.

In addition, the last five lots at Haiku Hill, a 37-lot agricultural subdivision, were sold early in 1994.

On Kauai, sales activity continued at Eleele Nani II, the Company's mixed use housing project. In 1994, eight of 17 market-priced lots were sold. In addition, 20 lots were sold to the County of Kauai for inclusion in its affordable housing program.

#### Leased Property Portfolio

##### Hawaii Portfolio

The Hawaii leased property portfolio continued to perform according to expectations. Occupancy remained high, averaging 92 percent over the course of the year, despite significant vacancies at Kahului Shopping Center in anticipation of its planned redevelopment.

##### Mainland Portfolio

Arapahoe Marketplace was the first property sold since the Company's significant Mainland property investments were made in 1989-90. During the five years in which A&B owned Arapahoe, the property's tenant mix was upgraded significantly. The value created in this process was recognized both through higher lease rents and a significant profit on the sale of the property.

The Mainland portfolio continued its strong overall performance. Occupancy averaged 97 percent during the year, reaching an all-time high of 99 percent by October 1994. Lease rents firmed in practically all markets.

#### Issues, Plans to Address Them

- o Kukui'ula -- The Kauai economy has yet to recover from Hurricane Iniki's

effects. Some major hotels remain closed. Unemployment is in excess of 12 percent. The physical effects of the storm have required revisions to Kukui'ula's master plan and to the existing zoning for the project's original 220-acre first phase. The most prudent course of action is to wait for some signs of economic recovery while completing the rezoning process. Consequently, construction activity at Kukui'ula will remain suspended during 1995.

- o Replacement of Arapahoe -- Arapahoe Marketplace contributed over 13 percent of Mainland leasing operating profit. Management plans to replace the property in the portfolio, using a tax-deferred real property exchange. Potential replacement sites across the Western United States have been visited, and a number of attractive opportunities have been identified. Replacement property is expected to be acquired by mid-1995.

#### Operating Profit Outlook

Property leasing revenue and operating profit are both expected to be modestly higher in 1995 than in 1994. A portion of the leased property portfolio will post lower results, due to the sale of Arapahoe Marketplace and the redevelopment of Kahului Shopping Center. Higher lease rates elsewhere and the planned opening of Costco and Triangle Square, however, should more than offset these decreases. Property sales in 1995 are expected to be lower because it will be difficult to replicate the major sales in the fourth quarter of 1994, given the current inventory of salable properties.

The importance of 1995 property development and management activities to the Company's future, however, should not be underestimated. During the year, important groundwork will be completed for revenue to be generated during the next ten years. Kahului Industrial Park's initial sales, the Kukui'ula rezoning, the entitlement of Pilot Hill Ranch and progress on the Maui Community Plans all represent near-term actions with the potential for creating significant long-term value.

[Property Development and Management section photo captions: (1) W. Allen Doane, Executive Vice President and Chief Operating Officer, A&B-Hawaii, Inc. (2) Opposite page: Although Maui's beauty is known to many who arrive via Kahului Airport (upper right) to vacation there, the economic heart of the island is the town of Kahului. A&B land and developments in and around that area are used for a wide, and growing, variety of agricultural, industrial, commercial and residential purposes. (3) Property development and sales in Hawaii during 1994 included construction on Maui of Phase I of a factory outlet center (left) and sale on Oahu of an old C&H refinery and surrounding land (right). (4) A&B Properties' Mainland portfolio contributes about half of all leasing income. The Company's Great Southwest property in the Dallas area (top) benefited in 1994 from the region's growth as a major distribution center. Arapahoe Marketplace near Denver (bottom) exemplifies A&B Properties' ability to add value to an existing asset by upgrading the tenant mix, and then realizing the added value by selling the property.]

#### Food Products

##### Segment Description

ABHI's food products segment includes the agribusiness operations of Hawaiian Commercial & Sugar Company (HC&S) on Maui and McBryde Sugar Company, Limited (McBryde) on Kauai, as well as the sugar refining and marketing operations of C&H. A&B remains the largest sugar producer in Hawaii, producing about 34 percent of the State's total crop in 1994. ABHI's plantations produce raw sugar, molasses, coffee and salable electric power. C&H, the largest sugar refiner in the Western United States, supplies about ten percent of the refined sugar produced in the country to consumer and industrial markets.

A&B remains committed to a healthy and efficient agricultural industry in Hawaii. The company has adopted a three-part strategy to guide its food products operations:

- o Lay the ground work for long-term operating success at C&H through capital improvements to the refinery, investments in and extension of the C&H brand, and examination of marketing opportunities throughout North America, while taking other initiatives to reduce operating costs and increase efficiency;
- o Invest in Hawaii's sugar industry through the expansion of cultivated acreage, and improvements in operating technology and agronomy at HC&S; and
- o Achieve long-term, large scale diversification of agricultural operations through the coffee initiative at McBryde.

#### Operating Results

In 1994, food products operations provided 37 percent of A&B's revenue. The operating loss in the segment totaled \$418,000. For explanations of year-to-year changes in results, please refer to Management's Discussion and Analysis beginning on page 29.

	1994 -----	1993 -----	1992 -----
	(in thousands)		
Revenue	\$441,209	\$304,007	\$104,053
Operating Profit:*			
Before Hurricane			
Loss	(418)	12,692	(2,272)
After Hurricane			
Loss	(418)	12,692	(26,175)

\* Before interest expense, corporate expense and income taxes

#### 1994 Progress

##### C&H

1994 was a difficult year for C&H. Ineffective administration of sugar price supports and an excess supply of beet sugar created a challenging operating environment for the sugarcane refiner. Relatively high raw cane sugar prices combined with low prices for refined sugar products to destroy normal margins. During the year, however, a number of initiatives were undertaken which should lead to short-term improvements in operating results and enhancement of long-term profitability.

Work began early in the year on the construction, by a third party, of a 240 megawatt cogeneration plant adjacent to the C&H refinery at Crockett, California. When operational, the plant will use natural gas to produce steam and electricity. The steam will be used to power the C&H refinery, significantly reducing energy costs. Construction progressed throughout 1994, and the facility is expected to begin operations in mid-1996.

C&H's new liquid sugar refinery at Aiea, Oahu started operations in 1994. The plant supplies liquid sweeteners to industrial customers in Hawaii. Introduction of this high-tech plant allowed for the closure, and subsequent sale, of the old C&H refinery and surrounding land, and for substantial cost savings.

Improvements also were started on C&H's Crockett refinery. Additional capacity to handle foreign raw sugar was installed, while several packaging lines are being upgraded to adjust to changing consumer demand. Opportunities for both geographic expansion and product-line extensions were identified and pursued in 1994. Aggressive cost-cutting and staff reductions were



accomplished. These and other initiatives will be pursued further in 1995.

#### Agribusiness

Sugar - Sugar production at HC&S was 12.5 tons sugar per acre (TSA), higher than the 12.3 TSA attained for the same fields in 1992, but lower than the 13.4 TSA achieved in 1993. In an effort to improve yields further, HC&S is evaluating its agronomic practices, including a critical review of fertilization, cultivation and irrigation practices. In addition, planting of new higher-yielding cane varieties is being accelerated. At McBryde, sugar operations struggled. An anticipated recovery in yields from the relatively low levels of the hurricane-damaged 1993 crop did not materialize.

At HC&S, a technologically advanced ultrafiltration plant was developed, constructed and then initially tested during the latter part of 1994. When fully operational, this new process should increase sugar recovery at the Puunene mill by one and one-half percent, increasing production by more than 3,000 tons. A second phase, which could quadruple the increase, currently is being evaluated. The Puunene mill is the larger and more modern of two mills at HC&S, and processes about two-thirds of the cane grown on the plantation.

In December, an agreement was reached to lease 1,300 additional acres of land. Cultivation of about 500 of these acres in sugar cane will begin immediately, with the first harvest expected for late 1996. This and subsequent plantings eventually will add over 7,000 tons to HC&S' production, further reducing unit costs.

Coffee - While progress was made on several fronts in coffee operations at McBryde, the overall results of the year reflected the developmental nature of the coffee crop. The amount of green coffee produced was significantly higher, and the quality of the crop improved, but per-acre recovery rates remained relatively low. The launch of a roasted and packaged product in Hawaii was successful. The Company is marketing the remainder of the crop on the Mainland and in Japan in whole bean form. The larger crop and better quality have attracted buyers' interest. Production is expected nearly to double during the 1995 season.

Agribusiness operating statistics for the past three years were:

	1994	1993	1992
	-----	-----	-----
Raw sugar produced (tons)	223,000	240,000	216,000
Molasses produced (tons)	67,000	68,000	57,000
Electricity sold (megawatt hours)	122,000	118,000	114,000
Green coffee produced (pounds)	1,365,000	550,000	450,000
Cultivated acreage:			
Sugar	43,000	43,000	43,000
Coffee	4,000	4,300	4,850

#### Issues, Plans to Address Them

- o Farm Bill -- An effective domestic sugar program must ensure a fair price to consumers and fair returns to producers. A&B is working with sweetener industry groups to ensure that such a program is included in the upcoming renewal of U.S. agricultural programs.
- o Labor Contract Renegotiations -- On January 31, the collective bargaining agreement between the Hawaii sugar growers and the International Longshoremen's and Warehousemen's Union (ILWU) Local 142 expired. In addition, C&H's agreements with the Sugar Workers Union and the ILWU expire on May 31,

1995. The uncertain market outlook and the currently weak financial situation of the businesses that make up the food products segment, combined with less than robust economies in both Hawaii and California, all point to a difficult negotiating environment.

- o McBryde Operations -- On Kauai, the McBryde plantation continues to struggle. Sugar operations at this plantation are hindered by their small size and historically poor yields, while coffee has yet to prove its potential. During 1994, a number of operating alternatives for McBryde were being evaluated to improve the plantation's outlook. This work continues in 1995.

#### Operating Profit Outlook

It appears that 1995 will be another year which presents a challenging operating environment for the food products segment. At C&H, short-term margin pressure, which subsided only slightly with the implementation of marketing allotments by the U.S. Department of Agriculture in late 1994, is expected to continue. While HC&S is taking steps to remain cost competitive, McBryde's future success undoubtedly will require significant changes in its operations.

The challenges posed by currently unfavorable market conditions, labor negotiations and reconsideration of the farm bill could make 1995 another difficult year for ABHI's food products operations.

[Food Products section photo captions: (1) Top: HC&S' technologically advanced ultrafiltration plant utilizes a new process that will increase sugar recovery and, concurrently, increase the quality of sugar produced. (2) Bottom: Information systems improve the efficiency of C&H's refinery operations at Crockett. In the pan control room, all functions are monitored centrally. (3) Top: C&H's Crockett sugar refinery is ideally located for distribution purposes, as it is part of a deep water port, and next to a major rail line and an interstate highway. (4) Bottom: David G. Koncelik, President and Chief Executive Officer, California and Hawaii Sugar Company, Inc. and Jon A. Wolthuis, Vice President, Refinery Operations, at C&H's Crockett facility, where a new 240 megawatt cogeneration plant is under construction. Steam from the new plant will reduce significantly C&H's energy costs. (5) A display of ABHI's food products (top) includes C&H refined sugar, Kauai Coffee and Maui brand washed raw sugar. Packaging (bottom) of ABHI's newest food product, Kauai Coffee, which was marketed for the first time during 1994.]

#### General Information

[Photo caption: A&B's Board of Directors (clockwise) John C. Couch, Maryanna G. Shaw, Walter A. Dods Jr., Carson R. McKissick, Charles M. Stockholm, Charles G. King, Alexander C. Waterhouse, Michael J. Chun, Leo E. Denlea Jr., Robert G. Reed III, C. Bradley Mulholland, R. J. Pfeiffer.]

#### Board of Directors

Members of the current Board of Directors, including one advisory director, beneficially own approximately ten percent of A&B shares.

At the Annual Meeting of Shareholders on April 28, 1994, shareholders elected a total of 11 directors, all of whom were nominated by the Board. Re-elected were Michael J. Chun, John C. Couch, Leo E. Denlea Jr., Walter A. Dods Jr., Charles G. King, Carson R. McKissick, C. Bradley Mulholland, R.J. Pfeiffer, Robert G. Reed III, Maryanna G. Shaw and Charles M. Stockholm. Alexander C. Waterhouse serves as an advisory director at the pleasure of the Board.

#### Management, Organization

Frederick M. Gutterson, vice president of Matson, became senior vice president of Matson on April 28, 1994. He remains president and chief executive officer of Matson Leasing Company, Inc.



& management:								
Leasing	8,322	8,298	8,315	8,452	7,989	8,198	8,118	8,301
Sales	45,940	2,136	4,082	8,609	11,072	1,772	7,612	12,103
Food products	133,569	118,983	103,209	85,448	120,315	120,188	43,470	20,034
Other	1,748	697	666	805	772	707	715	751
	-----	-----	-----	-----	-----	-----	-----	-----
Total revenue	\$361,520	\$301,086	\$291,141	\$254,418	\$297,637	\$282,757	\$212,658	\$186,414
	=====	=====	=====	=====	=====	=====	=====	=====
Operating Profit:								
Ocean transportation	\$23,322	\$22,114	\$29,591	\$22,292	\$22,795	\$21,317	\$24,858	\$22,224
Container leasing	4,719	4,478	4,294	3,113	3,686	3,276	3,070	3,015
Property development & management:								
Leasing	5,382	5,709	5,896	6,176	4,974	5,999	5,897	6,105
Sales	9,115	748	3,124	5,535	8,458	12	2,940	7,160
Food products	1,036	(1,404)	14	(64)	7,606	4,973	1,073	(960)
Other	1,146	636	733	628	583	420	611	743
	-----	-----	-----	-----	-----	-----	-----	-----
Total operating profit	44,720	32,281	43,652	37,680	48,102	35,997	38,449	38,287
Interest expense	7,300	6,457	7,102	6,843	9,203	6,699	6,742	6,158
General corporate expenses	3,941	4,653	4,143	4,659	5,220	4,526	4,685	4,433
	-----	-----	-----	-----	-----	-----	-----	-----
Income before income taxes	33,479	21,171	32,407	26,178	33,679	24,772	27,022	27,696
Income taxes	10,528	7,359	11,473	9,267	9,958	16,910	9,661	9,651
	-----	-----	-----	-----	-----	-----	-----	-----
Net income	\$22,951	\$13,812	\$20,934	\$16,911	\$23,721	\$7,862	\$17,361	\$18,045
	=====	=====	=====	=====	=====	=====	=====	=====
Earnings per share	\$0.50	\$0.30	\$0.45	\$0.37	\$0.52	\$0.17	\$0.37	\$0.39
	=====	=====	=====	=====	=====	=====	=====	=====

## FINANCIAL REPORT

- 25 Independent Auditors' Report
- 26 Eleven-Year Summary of Selected Financial Data
- 28 Industry Segment Information
- 29 Management's Discussion and Analysis
- 32 Statements of Income
- 33 Statements of Cash Flows
- 34 Balance Sheets
- 36 Statements of Shareholders' Equity
- 37 Notes to Financial Statements

## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALEXANDER & BALDWIN, INC.:

We have audited the accompanying balance sheets of Alexander & Baldwin, Inc. and its subsidiaries as of December 31, 1994 and 1993, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1994 (pages 28 and 32 to 43). 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 generally accepted auditing standards. 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 financial statements present fairly, in all material respects, the financial position of Alexander & Baldwin, Inc. and its subsidiaries at December 31, 1994 and 1993, and the results of their operations

and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 4 to the financial statements, in 1994 the Company changed its method of accounting for investments to conform with Statement of Financial Accounting Standards No. 115.

As discussed in Note 2 to the financial statements, in 1992 the Company changed its method of accounting for postretirement benefits other than pensions to conform with Statement of Financial Accounting Standards No. 106.

DELOITTE & TOUCHE LLP  
Honolulu, Hawaii  
January 27, 1995

Eleven-Year Summary of Selected Financial Data  
(Dollars and shares in thousands except per-share amounts)  
Alexander & Baldwin, Inc. and Subsidiaries

	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Annual Operations:											
Net sales and other operating revenue	\$1,208,165	\$979,466	\$754,416	\$748,454	\$757,960	\$846,318	\$701,908	\$655,276	\$536,668	\$506,311	\$485,964
Deduct:											
Cost of goods sold and operating expenses	1,067,228	837,495	621,552	590,867	561,979	513,434	495,234	470,928	409,563	399,362	388,959
Interest expense	27,702	28,802	23,881	24,575	29,602	26,965	27,406	21,104	16,042	18,453	21,449
Hurricane loss			24,803								
Income taxes	38,627	46,180	23,675	44,206	58,412	107,218	61,535	62,167	575	37,051	31,926
Income from continuing operations	74,608	66,989	60,505	88,806	107,967	198,701	117,733	101,077	110,488	51,445	43,630
Cumulative effect of change in accounting principle			(41,551)								
Net income	\$74,608	\$66,989	\$18,954	\$88,806	\$107,967	\$198,701	\$117,733	\$101,077	\$110,488	\$51,445	\$43,630
Earnings per share:											
Income from continuing operations	\$1.62	\$1.45	\$1.31	\$1.92	\$2.34	\$4.29	\$2.35	\$1.93	\$1.97	\$0.92	\$0.79
Cumulative effect of change in accounting principle			(0.90)								
Net income	\$1.62	\$1.45	\$0.41	\$1.92	\$2.34	\$4.29	\$2.35	\$1.93	\$1.97	\$0.92	\$0.79
Return on beginning equity	12.7%	12.0%	3.30%	16.70%	23.50%	45.20%	31.70%	21.40%	27.90%	13.90%	12.60%
Cash dividends per share	\$0.88	\$0.88	\$0.88	\$0.88	\$0.86	\$0.80	\$0.77	\$0.68	\$0.66	\$0.47	\$0.40
Average number of shares outstanding	46,059	46,338	46,294	46,213	46,133	46,326	50,079	52,444	55,990	55,750	55,561
Gross profit percentage	22.2%	25.6%	29.8%	32.4%	36.0%	48.5%	38.8%	37.2%	35.2%	33.3%	31.1%
Effective income tax rate	34.1%	40.8%	28.1%	33.2%	35.1%	35.0%	34.3%	38.1%	0.5%	41.9%	42.3%
Market price range per share:											
High	\$28.250	\$28.000	\$30.500	\$29.500	\$38.000	\$39.500	\$36.750	\$32.000	\$24.500	\$14.750	\$13.125
Low	21.250	22.500	21.500	21.000	19.000	31.250	20.875	16.000	14.000	10.875	8.125
Close	22.250	26.750	24.750	28.250	22.250	37.500	31.500	21.625	22.500	14.250	11.917
At Year End:											
Shareholders of record	6,729	7,056	7,507	7,749	7,860	7,650	7,201	6,859	6,749	6,662	6,731
Shares outstanding	45,691	46,404	46,333	46,229	46,201	46,096	50,099	50,347	56,095	55,789	55,618
Shareholders' equity	\$632,614	\$587,006	\$559,099	\$578,669	\$530,298	\$459,712	\$439,729	\$371,007	\$473,283	\$396,718	\$370,225
Per share	13.85	12.65	12.07	12.52	11.48	9.97	8.78	7.37	8.44	7.11	6.66
Total assets	1,932,788	1,912,375	1,685,928	1,554,959	1,371,170	1,142,143	1,070,483	981,737	934,032	863,836	786,569
Working capital	71,716	72,713	45,907	26,031	51,626	34,460	35,974	42,262	67,533	87,418	86,908
Cash and cash equivalents	9,557	32,691	21,118	18,888	47,460	23,556	22,794	26,695	34,507	56,121	65,396
Property-net	1,281,546	1,326,936	1,173,709	1,072,753	891,503	711,872	548,066	520,124	489,076	480,345	465,615

Real estate developments-noncurrent	66,371	54,919	50,977	36,362	14,156							
Long-term debt-noncurrent	526,231	582,473	555,497	457,257	320,271	200,816	178,019	174,759	96,698	99,606	102,001	
Capital lease obligations-noncurrent	35,274	44,495	59,816	69,717	86,392	95,241	100,306	106,935	90,818	96,337	81,049	
Current ratio	1.4 to 1	1.3 to 1	1.4 to 1	1.2 to 1	1.4 to 1	1.4 to 1	1.4 to 1	1.5 to 1	1.9 to 1	2.3 to 1	2.1 to 1	
Capital stock price/earnings ratio at December 31	13.7 to 1	18.5 to 1	60.4 to 1	14.7 to 1	9.5 to 1	8.7 to 1	13.4 to 1	11.2 to 1	11.4 to 1	15.5 to 1	15.0 to 1	

All share and per-share amounts reflect the stock splits of 2-for-1 in 1988, 3-for-2 in 1986 and 2-for-1 in 1984.

INDUSTRY SEGMENT INFORMATION  
(In thousands)  
ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----
REVENUE:					
Ocean transportation	\$ 604,754	\$ 551,687	\$ 537,669	\$ 550,423	\$ 543,137
Container leasing	64,132	55,662	50,468	32,470	10,410
Property development and management:					
Leasing	33,387	32,606	30,386	27,702	24,077
Sales	60,767	32,559	27,529	24,634	57,900
Food products	441,209	304,007	104,053	110,947	119,777
Other	3,916	2,945	4,311	2,278	2,659
Total revenue	\$1,208,165	\$ 979,466	\$ 754,416	\$ 748,454	\$ 757,960
OPERATING PROFIT:					
Ocean transportation	\$ 97,319	\$ 91,194	\$ 97,195	\$ 109,792	\$ 124,408
Container leasing	16,604	13,047	12,509	6,708	667
Property development and management:					
Leasing	23,163	22,975	21,357	19,953	15,387
Sales	18,522	18,570	17,720	20,852	51,969
Hurricane loss	-	-	(900)	-	-
	41,685	41,545	38,177	40,805	67,356
Food products:					
Before Hurricane loss	(418)	12,692	(2,272)	16,123	18,473
Hurricane loss	-	-	(23,903)	-	-
	(418)	12,692	(26,175)	16,123	18,473
Other	3,143	2,357	4,263	1,957	2,884
Total operating profit	158,333	160,835	125,969	175,385	213,788
Interest expense	(27,702)	(28,802)	(23,881)	(24,575)	(29,602)
General corporate expenses	(17,396)	(18,864)	(17,908)	(17,798)	(17,807)
Income before income taxes	\$ 113,235	\$ 113,169	\$ 84,180	\$ 133,012	\$ 166,379
IDENTIFIABLE ASSETS:					
Ocean transportation	\$ 850,487	\$ 880,110	\$ 958,419	\$ 944,092	\$ 879,900
Container leasing	324,149	305,866	295,348	197,400	94,945
Property development and management	271,073	268,581	258,653	234,955	211,962
Food products	399,717	418,724	135,071	146,925	144,607
Other	87,362	39,094	38,437	31,587	39,756
Total assets	\$1,932,788	\$1,912,375	\$1,685,928	\$1,554,959	\$1,371,170
CAPITAL EXPENDITURES:					
Ocean transportation	\$ 29,676	\$ 53,745	\$ 64,333	\$ 141,157	\$ 102,357
Container leasing	33,932	28,913	111,002	107,678	73,911
Property development and management	21,193	34,772	37,819	34,728	73,397
Food products	18,665	26,637	8,589	17,496	11,162
DEPRECIATION AND AMORTIZATION:					
Ocean transportation	\$ 55,663	\$ 55,738	\$ 52,829	\$ 51,381	\$ 44,887
Container leasing	21,113	19,432	15,601	8,730	2,976
Property development and management	5,246	4,860	4,523	4,338	4,305
Food products	21,340	15,974	10,665	10,716	10,297

## RESULTS OF OPERATIONS

### CONSOLIDATED EARNINGS

Net income for 1994 was \$74,608,000, or \$1.62 per share. Net income for 1993 was \$66,989,000, or \$1.45 per share, after recording the effect of a Federal tax rate change that increased the 1993 income tax expense by \$8,827,000. In 1994, improved results for ocean transportation, container leasing and property leasing were offset by lower results for food products. Operating profit from property sales was virtually unchanged.

Amounts for 1994 include the results of California and Hawaiian Sugar Company (C&H), for the entire year. 1993 amounts include the results of C&H subsequent to its acquisition in June 1993.

### 1994 COMPARED WITH 1993

OCEAN TRANSPORTATION revenue increased ten percent in 1994 compared with 1993, primarily due to increased cargo (a portion of which was the result of a competitor's labor strike), higher rates and new customers served by Matson Navigation Company's (Matson) stevedoring and intermodal subsidiaries. Operating profit rose seven percent as a result of increased revenue, partially offset by higher fuel costs and costs associated with the start-up of Matson's new Pacific Coast Shuttle service. Hawaii container volume and automobile carriage increased four and seven percent, respectively, from 1993 levels.

CONTAINER LEASING revenue rose 15 percent and operating profit increased 27 percent, due to larger container inventories, improved utilization levels and a stabilizing of lease rates. Fleet size increased to 160,000 twenty-foot equivalent units (TEUs) at the end of 1994, from 145,000 TEUs at the end of December 1993. The 1994 average utilization was 88 percent, versus 83 percent in 1993.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue and operating profit increased slightly. In 1994, the occupancy rates for the U. S. mainland property and Hawaii property portfolios averaged 97 percent and 92 percent, respectively. In comparison, 1993 occupancy rates for the U. S. mainland property and Hawaii property portfolios averaged 93 percent and 94 percent, respectively. Hawaii property occupancy levels declined primarily because of vacancies to permit the redevelopment of certain properties and the availability of additional competitive space. Overall, the leased-property portfolios continued to benefit from high occupancy levels and favorable lease rates.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue of \$60,767,000 during the year was nearly double 1993's revenue of \$32,559,000. Due to the mix of properties sold, however, operating profit remained virtually the same. Sales in 1994 included a Mainland shopping center, five developed industrial lots, one large industrial site acquired in connection with the C&H acquisition, four undeveloped parcels, and 40 residential lots. In 1993 sales included one developed industrial lot, four undeveloped parcels and 101 residential lots.

FOOD PRODUCTS revenue increased 45 percent, primarily due to the full-year effect of the acquisition of C&H. The operating loss in 1994 of \$418,000 represents a decline from 1993's operating profit of \$12,692,000. The decrease was due to poorer plantation yields, higher raw sugar costs and lower selling prices for refined sugar.

Early in the fourth quarter of 1994, the U. S. Department of Agriculture adjusted the quota for imports of foreign raw cane sugar into the U. S. and also imposed domestic marketing allotments. These actions were intended to provide a more stable supply of both refined sugar products and raw sugar available for processors. As the effects of these actions began to be reflected in the marketplace, refiner margins improved modestly. Unfortunately, raw cane sugar prices again have risen in early 1995 and expanded beet sugar production continues to put pressure on refiner margins. The inequities among different segments of the domestic sweetener industry, caused by the current sugar legislation, are an issue that will be of central concern during debate on

renewal of domestic agricultural programs in this session of Congress.

OTHER operating profit increased 33 percent, due to the gain from the sale of a corporate aircraft in 1994.

#### 1993 COMPARED WITH 1992

OCEAN TRANSPORTATION revenue increased three percent in 1993 compared with 1992, due principally to a 3.5-percent general rate increase in early 1993. Total freight volume declined slightly in 1993 compared with the 1992 volume, primarily reflecting fewer eastbound shipments.

1993 operating profit fell six percent from 1992, due to lower interest income and increased labor and depreciation expenses, partially offset by freight revenue gains.

CONTAINER LEASING revenue increased ten percent and operating profit increased four percent in 1993 compared with 1992. The revenue increase was due to the increased container units in service, partially offset by lower utilization and lease rental rates. At December 31, 1993, 145,000 TEUs were in service, compared with 133,000 TEUs a year earlier.

Expenses increased 12 percent in 1993 compared with 1992, due to increased interest, depreciation and container repositioning and storage expenses, as well as costs associated with the opening of new depots and offices.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue increased seven percent and operating profit increased eight percent in 1993 compared with 1992, reflecting increased occupancy and rents.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue increased 18 percent in 1993 compared with 1992, but operating profit increased only five percent compared with the pre-Hurricane results of 1992. The increased revenue was due principally to sales of 101 residential subdivision units for \$13,402,000 in 1993, compared with sales of 50 units in 1992 for \$8,714,000. Most of the 1993 sales were lower-margin affordable units. In 1993, the Company had higher-margin large-parcel sales totaling \$19,157,000, compared with \$18,815,000 in 1992.

FOOD PRODUCTS revenue increased from approximately \$104 million in 1992 to \$304 million in 1993, reflecting the addition of C&H for nearly seven months in 1993. Operating profit was \$12,692,000 for 1993 compared with a pre-Hurricane operating loss of \$2,272,000 in 1992. This improvement in operating profit was due primarily to the inclusion of C&H in operating results and to a lower cost per ton of sugar at A&B's sugar plantations. Favorable plantation yields, operating efficiencies and cost reduction initiatives contributed to the lower cost per ton.

OTHER income and operating profit for 1993 declined from 1992 and returned to 1991 levels, due to the gain from a sale, in 1992, of a corporate aircraft. Investment income increased slightly.

#### FOURTH-QUARTER RESULTS - 1994 COMPARED WITH 1993

A&B reported fourth-quarter net income of \$22,951,000, or \$0.50 per share, versus \$23,721,000, or \$0.52 per share in 1993. Revenue for the fourth quarter of 1994 was \$361,520,000, compared with \$297,637,000 a year earlier.

For the fourth quarter of 1994, consolidated operating profit of \$44,720,000 was seven percent less than in the comparable period of 1993. Higher results for ocean transportation, container leasing, property sales and property leasing were more than offset by lower results for food products.

OCEAN TRANSPORTATION revenue and operating profit increased eight and two percent, respectively, compared with 1993 fourth quarter levels. These increases were due primarily to higher eastbound Hawaii cargo volume, favorable pension expenses and the benefits of the new customers served by Matson's stevedoring and intermodal subsidiaries, partially offset by higher fuel costs, the costs of an early retirement program, vessel repairs and costs associated



with operations of the Pacific Coast Shuttle. Fourth-quarter 1994 total Hawaii container volume rose two percent and total Hawaii automobile volume rose 25 percent.

CONTAINER LEASING revenue rose 19 percent compared with the fourth quarter of 1993. Operating profit rose a strong 28 percent. These increases were the results of the same factors that resulted in an increase based on year-to-year comparisons. An average utilization rate of more than 89 percent in the fourth quarter of 1994 compared favorably with 85 percent in the year-earlier period.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue and operating profit increased four and eight percent, respectively, compared with 1993 fourth quarter levels. Overall, the leased-property portfolio continues to benefit from high occupancy levels and favorable lease rates. Hawaii occupancy rates were affected adversely by the planned relocation of tenants from an older shopping center in Kahului, Maui that is being prepared for redevelopment.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue was \$45,940,000, versus \$11,072,000 in the 1993 fourth quarter. Operating profit from property sales was \$9,115,000, eight-percent higher than in the fourth quarter of 1993. Sales in the fourth quarter of 1994 included a Mainland shopping center, two former C&H properties (an industrial site on Oahu and 1,320 acres of undeveloped land in California) and eight residential lots.

FOOD PRODUCTS revenue increased 11 percent from 1993 levels. Operating profit, however, decreased to \$1,036,000 from \$7,606,000 in the 1993 fourth quarter, due primarily to lower selling prices for refined sugar.

#### FINANCIAL CONDITION AND LIQUIDITY

Principal liquid resources, which consist of cash and cash equivalents, trade receivables, sugar inventories and unused lines of credit, less outstanding commercial paper guaranteed by lines of credit and accrued deposits to the Capital Construction Fund (CCF), totaled \$442,382,000 at December 31, 1994, compared with \$371,370,000 at December 31, 1993, an increase of \$71,012,000 (19 percent). An \$89,732,000 increase in unused lines of credit was partially offset by a \$23,134,000 decrease in cash and cash equivalents. The increase in available lines of credit resulted from the combination of the establishment of new revolving credit facilities as well as decreased borrowings from existing credit facilities.

Working capital of \$71,716,000 at December 31, 1994 remained relatively stable, compared with working capital at December 31, 1993 of \$72,713,000, a decrease of \$997,000, or approximately one percent. The Company's current ratio of 1.4:1 was virtually unchanged from 1.3:1 at year-end 1993.

In 1994, the Company repurchased 722,500 shares for \$17,717,000. Selective purchases are expected to continue as funds are available and attractive purchase opportunities arise. These purchases are being made in accordance with a program to purchase up to two million shares of the Company's stock in 1994 and 1995, which was approved by the Board of Directors in December 1993.

Net cash provided by operating activities, before all capital expenditures, in 1994 was \$193,578,000, representing a \$1,002,000 decrease from 1993 levels. The decrease was the result of liquidating an unusually high level of sugar inventory at the time of the acquisition of C&H and income taxes, partially offset by proceeds from real estate sales. In 1994, operating cash flows were used principally for capital expenditures, payments of long-term borrowings, payment of regular quarterly dividends and the previously noted stock repurchases. In 1993, operating cash flows were used in a similar pattern, except that there were no repurchases of stock and capital expenditures were significantly higher. In addition, withdrawals in 1993 of \$87,495,000 from the CCF were used to prepay long-term debt, purchase a previously leased vessel and make payments toward the reconstruction of vessels.

During 1995, internal cash flows are expected to be sufficient to finance working capital needs, dividends, capital expenditures and debt service. The Company maintains numerous bank credit lines and also can issue additional

commercial paper.

#### CAPITAL EXPENDITURES

In 1994, capital expenditures were \$102,183,000, compared with \$154,167,000 in 1993. The decrease was primarily due to reduced expenditures for vessel life-extension work and open top vessel conversions. Capital expenditures approved, but not yet spent, at December 31, 1994 were \$104,677,000. Ocean transportation capital expenditures in 1994 of \$29,676,000 were for vessel life-extension work and open top conversions of selected vessels, as well as for computer systems. Container leasing capital expenditures in 1994 of \$33,932,000 primarily resulted from the addition of containers. Property development and management capital expenditures in 1994 of \$21,193,000 were the result of various ongoing commercial and residential developments. Food products capital expenditures in 1994 of \$18,665,000 were primarily for the continuation of the Company's liquid sugar refinery, coffee project, and for the cane juice ultrafiltration and softening project.

#### ENVIRONMENTAL MATTERS

As with most industrial and land-development companies of our size, A&B's operations have certain risks which could result in expenditures for environmental remediation. The Company believes that it is in compliance, in all material respects, with applicable environmental laws and regulations and takes a proactive role in identifying potential environmental concerns. The Company currently is involved in two proceedings related to environmental matters that are described in its Forms 10-K for 1993 and 1994. While it is not feasible to predict or determine the ultimate outcome of these proceedings, management does not believe that they ultimately would result in a materially adverse effect on the Company's financial position, results of operations, liquidity or capital resources. Management believes that appropriate liabilities have been accrued for these matters.

#### OUTLOOK FOR 1995

Earnings are expected to remain stable in 1995, compared with 1994, and operating cash flow is expected to increase modestly. The important tourism component of the Hawaii economy has recovered steadily since the start of 1994, although the impact from recent international events could impact this recovery in 1995 adversely. Although the construction industry still has not reversed the steady decline since its cyclical peak in 1991, the Federal government has announced plans for additional construction in Hawaii in 1995 and 1996.

The ocean transportation segment is well-positioned to take advantage of a strengthening Hawaii economy and to benefit from significant operating leverage available in the Hawaii freight system. Improved organizational efficiency being gained through technology should help improve profitability and implementation of the Pacific Coast Shuttle service should contribute to growth in 1995.

The container leasing segment will benefit from strengthening international economic conditions. It should maintain the higher utilization levels achieved in the fourth quarter of 1994, while marketing new fleet units and benefiting from firming lease rates.

The property leasing segment will continue to encounter competitive pressures in most markets. The leasing segment should benefit, however, from its diversified portfolio, as lease rates in Mainland markets continue to recover. The property development segment will focus primarily on the entitlement phase of various long-term projects. Proceeds from the 1994 sale of a Mainland property are expected to be reinvested, on a tax-deferred basis, in other Mainland properties in markets with strong underlying economic fundamentals to support future growth. Other property sales will be evaluated to maximize the Company's return on capital invested.

For food products, which currently is the Company's weakest operating segment, the focus will be on improving the basic business operations, working to influence new agricultural legislation, enhancing margins and seeking new



Gain on sale of property and other	8,486	4,362	4,801
Interest	11,678	10,487	17,241
Dividends	2,791	2,657	2,482
	-----	-----	-----
Total revenue	1,208,165	979,466	754,416
	-----	-----	-----
COSTS AND EXPENSES:			
Cost of goods sold	422,444	267,730	108,094
Cost of services	517,322	461,136	421,675
Selling, general and administrative	127,462	108,629	91,783
Interest	31,427	31,382	31,643
Interest capitalized	(3,725)	(2,580)	(7,762)
Hurricane loss	-	-	24,803
	-----	-----	-----
Total costs and expenses	1,094,930	866,297	670,236
	-----	-----	-----
Income Before Income Taxes and Cumulative Effect of Change in Accounting for Post-retirement Benefits	113,235	113,169	84,180
Income Taxes	38,627	46,180	23,675
	-----	-----	-----
Income Before Cumulative Effect of Change in Accounting for Post-retirement Benefits	74,608	66,989	60,505
Cumulative Effect of Change in Accounting for Post-retirement Benefits (net of income taxes of \$23,734)	-	-	(41,551)
	-----	-----	-----
Net Income	\$ 74,608	\$ 66,989	\$ 18,954
	=====	=====	=====
EARNINGS PER SHARE OF COMMON STOCK:			
Income Before Cumulative Effect of Change in Accounting for Post-retirement Benefits	\$ 1.62	\$ 1.45	\$ 1.31
Cumulative Effect of Change in Accounting for Post-retirement Benefits	-	-	(0.90)
	-----	-----	-----
Net Income	\$ 1.62	\$ 1.45	\$ 0.41
	=====	=====	=====
Average Common Shares Outstanding	46,059	46,338	46,294
	-----	-----	-----

See notes to financial statements.

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

Year Ended December 31,	1994	1993	1992
	-----	-----	-----
CASH FLOWS FROM OPERATIONS:			

Net income	\$ 74,608	\$ 66,989	\$ 18,954
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	105,150	97,750	85,370
Hurricane loss	-	-	24,803
Post-retirement benefits	-	-	41,551
Equity in undistributed loss of affiliate	-	291	988
Gain on disposal of property, investments and other assets	(5,847)	(701)	(2,318)
Changes in assets and liabilities:			
Accounts and notes receivable	(5,478)	(7,250)	(4,477)
Sugar inventory	1,331	21,918	4,245
Other inventories	(220)	(7,422)	(967)
Prepaid expenses and other assets	21,404	9,978	7,172
Accounts payable	(3,623)	(4,985)	(457)
Income taxes payable	(6,210)	13	(8,455)
Deferred income taxes payable	23,178	30,738	13,332
Other liabilities	(10,715)	(12,739)	309
	-----	-----	-----
Cash provided by operations before expenditures for real estate developments	193,578	194,580	180,050
Capital expenditures for real estate developments held for sale	(6,817)	(1,703)	(22,517)
	-----	-----	-----
Net cash provided by operations	186,761	192,877	157,533
	-----	-----	-----

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures for property	(82,723)	(139,589)	(190,675)
Capital expenditures for real estate developments held for investment	(12,643)	(12,875)	(12,778)
Acquisition of California and Hawaiian Sugar Company, Inc.	-	(62,564)	-
Receipts from disposal of income producing property, investments and other assets	2,492	10,977	3,882
Deposits into Capital Construction Fund	(8,900)	-	(31,025)
Withdrawals from Capital Construction Fund	9,383	87,495	27,335
Increase in investments	(32)	(1,108)	(2,625)
	-----	-----	-----
Net cash used in investing activities	(92,423)	(117,664)	(205,886)
	-----	-----	-----

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from issuances of long-term debt	31,000	89,500	267,205
Payments of long-term liabilities	(84,314)	(112,651)	(176,802)
Payments of short-term			

commercial paper borrowings			
- net	(6,000)	-	-
Repurchases of capital stock	(17,717)	-	-
Proceeds from issuances of capital stock	122	288	924
Dividends paid	(40,563)	(40,777)	(40,744)
	-----	-----	-----
Net cash provided by (used in) financing activities	(117,472)	(63,640)	50,583
	-----	-----	-----

CASH AND CASH EQUIVALENTS:

Net increase (decrease) for the year	(23,134)	11,573	2,230
Balance, beginning of year	32,691	21,118	18,888
	-----	-----	-----
Balance, end of year	\$ 9,557	\$ 32,691	\$ 21,118
	=====	=====	=====

OTHER CASH FLOW INFORMATION:

Interest paid, net of amounts capitalized	\$ 44,064	\$ 43,682	\$ 32,499
Income taxes paid	18,391	15,123	22,259

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Tax-deferred property exchanges	22,200	-	-
Accrued deposits to Capital Construction Fund, net of accrued withdrawals	1,333	(1,746)	(11,129)

See notes to financial statements.

BALANCE SHEETS

(In thousands except per-share amounts)  
ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

December 31,	1994	1993
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,557	\$ 32,691
Accounts and notes receivable:		
Trade, less allowances of \$10,133 and \$9,538	124,050	120,069
Other	18,908	15,811
Inventories:		
Sugar	52,648	53,979
Materials and supplies	38,029	37,178
Real estate held for sale	4,014	10,504
Deferred income taxes	15,366	2,042
Prepaid expenses and other assets	14,525	11,906
Accrued withdrawals from (deposits to) Capital Construction Fund	(550)	783
	-----	-----
Total current assets	276,547	284,963
	-----	-----

INVESTMENTS	64,913	17,449
	-----	-----
REAL ESTATE DEVELOPMENTS	66,371	54,919
	-----	-----
PROPERTY:		
Land	52,202	65,403
Buildings	190,852	202,643
Vessels	651,435	631,896
Machinery and equipment	1,024,398	955,942
Water, power and sewer systems	86,254	84,530
Other property improvements	88,688	105,459
	-----	-----
Total	2,093,829	2,045,873
Less accumulated depreciation and amortization	812,283	718,937
	-----	-----
Property -- net	1,281,546	1,326,936
	-----	-----
CAPITAL CONSTRUCTION FUND	176,044	175,194
	-----	-----
OTHER ASSETS -- NET	67,367	52,914
	-----	-----
Total	\$1,932,788	\$1,912,375
	=====	=====

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### CURRENT LIABILITIES:

Current portion of long-term debt	\$ 27,239	\$ 13,089
Current portion of capital lease obligations	7,938	9,732
Short-term commercial paper borrowings	58,000	64,000
Accounts payable	36,545	39,175
Payrolls and vacation pay	19,847	20,291
Uninsured claims	12,110	9,336
Post-retirement benefit obligations - current portion	6,582	6,676
Taxes other than income	5,390	4,802
Accrued interest payable	4,611	8,060
Promotional programs	4,563	8,322
Income taxes	-	3,506
Accrued and other liabilities	22,006	25,261
	-----	-----
Total current liabilities	204,831	212,250
	-----	-----

##### LONG-TERM LIABILITIES:

Long-term debt	526,231	582,473
Capital lease obligations	35,274	44,495
Post-retirement benefit obligations	116,610	112,898
Pension obligations	21,933	26,138
Uninsured claims	12,337	15,180
Other	32,997	33,486
	-----	-----
Total long-term liabilities	745,382	814,670
	-----	-----

DEFERRED INCOME TAXES	349,961	298,449
	-----	-----

##### COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY:

Capital stock -- common stock without par value; authorized, 150,000 shares (\$.75 stated value per share); outstanding, 45,691 shares in 1994 and 46,404 shares in 1993	37,493	38,028
Additional capital	38,862	38,510
Unrealized holding gains on securities	29,073	-
Retained earnings	541,910	525,192
Cost of treasury stock	(14,724)	(14,724)
	-----	-----
Total shareholders' equity	632,614	587,006
	-----	-----
Total	\$1,932,788	\$1,912,375
	=====	=====

See notes to financial statements.

STATEMENTS OF SHAREHOLDERS' EQUITY  
(In thousands except per-share amounts)  
ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

Three Years Ended December 31, 1994

	Capital Stock				Additional Capital	Unrealized Holding Gains	Retained Earnings
	Issued		In Treasury				
	Shares	Stated Value	Shares	Cost			
	-----	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1991	50,660	\$37,995	4,431	\$ (17,201)	\$ 34,144		\$ 523,731
CHANGES IN 1992:							
Stock options exercised	126	95			3,010		
Acquired in payment of options	(101)	(76)					(2,734)
Issued -- incentive plan	2	2	(77)	1,709	214		
Net income							18,954
Cash dividends -- \$.88 per share							(40,744)
	-----	-----	-----	-----	-----		-----
BALANCE, DECEMBER 31, 1992	50,687	38,016	4,354	(15,492)	37,368		499,207
CHANGES IN 1993:							
Stock options exercised	23	17			572		
Acquired in payment of options	(7)	(6)					(227)
Issued -- incentive plan	1	1	(54)	768	570		
Net income							66,989
Cash dividends -- \$.88 per share							(40,777)
	-----	-----	-----	-----	-----		-----
BALANCE, DECEMBER 31, 1993	50,704	38,028	4,300	(14,724)	38,510		525,192
CHANGES IN 1994:							
Shares repurchased and retired	(723)	(542)					(17,175)
Stock options exercised	12	9			352		
Acquired in payment of options	(6)	(5)					(152)
Issued--incentive plan	4	3					



Unrealized holding gains on securities						\$ 29,073	
Net income							74,608
Cash dividends -- \$.88 per share							(40,563)
	-----	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1994	49,991	\$37,493	4,300	\$(14,724)	\$ 38,862	\$ 29,073	\$ 541,910
	=====	=====	=====	=====	=====	=====	=====

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF CONSOLIDATION:** The consolidated financial statements include the accounts of Alexander & Baldwin, Inc. and all subsidiaries, after elimination of significant intercompany amounts.

**OCEAN TRANSPORTATION:** Voyage revenue and variable costs and expenses are included in income at the time each voyage commences.

Vessel depreciation, charter hire, terminal operating overhead and general and administrative expenses are charged to expense as incurred. Expected costs of regularly-scheduled dry docking of vessels and planned major vessel repairs performed during dry docking are accrued.

**CONTAINER LEASING:** Revenue and maintenance and repair costs are recorded ratably over the terms of specific lease and rental agreements. Container depreciation and general and administrative expenses are charged to expense as incurred. Interest expense is included in cost of services.

**PROPERTY DEVELOPMENT AND MANAGEMENT:** Sales are recorded when the risks and benefits of ownership have passed to the buyers (generally at closing dates), adequate down payments have been received and collection of remaining balances is reasonably assured.

Expenditures for real estate developments are capitalized during construction and are classified either as Property or as Real Estate Held For Sale when construction is complete, based upon the Company's intent. Cash flows related to real estate developments are classified as operating or investing activities, based upon the Company's intention either to sell the property or to retain ownership of the property as an investment following completion of construction.

**FOOD PRODUCTS:** Revenue is recorded when refined sugar products and coffee are sold to third parties.

Costs of growing sugar cane are charged to the cost of production in the year incurred and to cost of sales as refined products are sold. The cost of raw cane sugar purchased from third parties is recorded as inventory at the purchase price.

Costs of developing coffee are capitalized during the development period and depreciated over the estimated productive lives of the orchards. Costs of growing coffee are charged to inventory in the year incurred and to cost of sales as coffee is sold.

**CASH AND CASH EQUIVALENTS:** The Company considers highly liquid investments purchased with original maturities of three months or less, which have no significant risk of change in value, to be cash equivalents.

**INVENTORIES:** Sugar inventory, consisting of raw and refined sugar, is 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.

**PROPERTY:** Property is stated at cost. Major renewals and betterments are capitalized. Replacements, maintenance and repairs which do not improve or extend asset lives are charged to expense as incurred. Assets held under capital leases are included with property owned. Gains or losses from property disposal are included in income.

**CAPITALIZED INTEREST:** Interest costs incurred in connection with significant expenditures for real estate developments or the construction of assets are capitalized.

**DEPRECIATION:** Depreciation is computed using the straight-line method. Depreciation expense includes amortization of assets under capital leases and vessel spare parts.

Estimated useful lives of property are as follows:

Buildings	10 to 50 years
Vessels	14 to 40 years
Marine containers	15 years
Machinery and equipment	3 to 35 years
Utility systems and other depreciable property	5 to 60 years

**OTHER NON-CURRENT ASSETS:** Other non-current assets consist principally of supply contracts and other intangible assets. These assets are being amortized using the straight-line method over periods not exceeding 30 years.

**PENSION PLANS:** Certain ocean transportation subsidiaries are members of the Pacific Maritime Association (PMA), the Maritime Service Committee or the Hawaii Stevedore Committee, which negotiate multi-employer pension plans covering certain seagoing and shoreside bargaining unit personnel. The subsidiaries 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 cover substantially all other employees.

**INCOME TAXES:** Current income tax expense is based on revenue and expenses in the Statements of Income. Deferred income tax liabilities and assets are computed at current tax rates for temporary differences between the financial statements and income tax returns.

**FAIR VALUES:** The carrying values of current assets (other than inventories, real estate held for sale, deferred income taxes and prepaid and other assets) and of debt instruments are reasonable estimates of their fair values.

**FUTURES CONTRACTS:** Realized and unrealized gains and losses on commodity futures contracts are deferred and recorded in inventory in the period in which the related inventory purchases occur. These amounts are not significant.

**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 reasonably estimated.

**RECLASSIFICATION:** Certain amounts in the 1993 and 1992 financial statements have been reclassified to conform with the 1994 presentation.

## 2. POST-RETIREMENT BENEFIT PLANS

The Company has plans that provide certain retiree health care and life insurance benefits to substantially all salaried and to certain hourly employees. Employees are generally eligible for such benefits upon retirement

and completion of a specified number of years of credited service. The Company does not pre-fund these benefits and has the right to modify or terminate certain of these plans in the future. Certain groups of retirees pay a portion of the benefit costs.

In 1992, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which require the accrual of post-retirement benefits during the years an employee provides services to the Company. Prior to 1992, the costs of such benefits (principally medical and group life insurance premiums) were charged to expense on a pay-as-you-go basis. The Company elected to immediately recognize the accumulated post-retirement benefit obligation upon adoption of the Standard. The cumulative effect of this accounting change as of January 1, 1992, resulted in a decrease in net income of \$41,551,000, or \$0.90 per share, in 1992.

The net periodic cost for post-retirement health care and life insurance benefits during 1994, 1993 and 1992 included the following:

	1994	1993	1992
	-----	-----	-----
	(In thousands)		
Service cost	\$2,149	\$1,524	\$1,420
Interest cost	7,825	4,742	4,598
Net amortization	(216)	-	-
	-----	-----	-----
Post-retirement benefit cost	\$9,758	\$6,266	\$6,018
	=====	=====	=====

The unfunded accumulated post-retirement benefit obligation at December 31, 1994 and 1993 is summarized below:

	1994	1993
	-----	-----
	(In thousands)	
Accumulated post-retirement benefit obligation:		
Retirees	\$ 64,619	\$ 70,246
Fully-eligible active plan participants	10,577	10,924
Other active plan participants	30,359	33,668
Unrecognized prior service cost	3,215	2,810
Unrecognized net gain	14,422	1,926
	-----	-----
Total	123,192	119,574
Current obligation	6,582	6,676
	-----	-----
Non-current obligation	\$116,610	\$112,898
	=====	=====

For 1994 and 1993, the weighted average discount rates used in determining the accumulated post-retirement benefit obligation were 8% and 7%, respectively, and the assumed health care cost trend rate used in measuring the accumulated post-retirement benefit obligation for both years was 10% for 1993 through

2001, decreasing to 5% thereafter. If the assumed health care cost trend rate were increased by one percentage point, the accumulated post-retirement benefit obligation as of December 31, 1994 and 1993 would have increased by approximately \$12,235,000 and \$13,386,000, respectively, and the net periodic post-retirement benefit cost for 1994 and 1993 would have increased by approximately \$2,153,000 and \$989,000, respectively.

### 3. EMPLOYEE BENEFIT PLANS

Total contributions to the multi-employer pension plans covering personnel in shoreside and seagoing bargaining units were \$8,216,000 in 1994, \$8,626,000 in 1993 and \$7,638,000 in 1992. Union collective bargaining agreements provide that total employer contributions during the terms of the agreements be sufficient to meet the normal costs and amortization payments required to be funded during those periods. Contributions are generally based on union labor used or cargo handled or carried. 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 the Employee Retirement Income Security Act of 1974, as amended, and are paying premiums to the Pension Benefit Guarantee Corporation (PBGC). The statutes provide that an employer which 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.

In 1994, a subsidiary terminated a single-employer defined benefit pension plan covering longshore personnel in Hawaii. Concurrently, the subsidiary joined a multi-employer pension plan with the other major stevedoring companies in Hawaii. As a result of this action, the previously-recorded unfunded pension obligation of the terminated single-employer plan of \$2,348,000 was eliminated. This elimination was recorded as a reduction of expenses in the Statements of Income. All employees previously covered under the single-employer plan are now covered under the multi-employer plan without loss of vesting or benefits.

Under special rules approved by the PBGC and adopted by the 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 \$7,378,000 for various plan years ended December 1994 and 1993, and July 1994, 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.

The net cost (benefit) of single-employer defined benefit pension plans, covering substantially all other employees, was \$3,816,000 in 1994, \$4,318,000 in 1993 and \$(510,000) in 1992. Expense components for all single-employer plans for the three years were as follows:

	1994	1993	1992
	-----	-----	-----
	(In thousands)		
Service cost--benefits earned during the year	\$ 7,317	\$ 5,907	\$ 4,528
Interest cost on projected benefit obligations	20,542	17,584	11,755
Actual return on plan assets	(24,122)	(18,776)	(14,252)

Net amortization and deferral	(1,221)	(2,514)	(2,541)
Curtailment and termination benefits	1,300	2,117	-
	-----	-----	-----
Net pension cost (benefit)	\$ 3,816	\$ 4,318	\$ (510)
	=====	=====	=====

The funded status of the single-employer plans at December 31, 1994 and 1993 was as follows:

	1994		1993	
	-----			
	(In thousands)			
	ASSETS ACCUMULATED EXCEED BENEFITS	ACCUMULATED EXCEED ASSETS	Assets Exceed Benefits	Accumulated Exceed Assets
	-----	-----	-----	-----
Actuarial present value of benefit obligation:				
Vested benefits	\$122,153	\$112,925	\$138,110	\$113,585
Non-vested benefits	3,830	4,297	6,853	3,102
	-----	-----	-----	-----
Accumulated benefit obligation	125,983	117,222	144,963	116,687
Additional amounts related to projected compensation levels	22,927	11,277	29,180	15,707
	-----	-----	-----	-----
Projected benefit obligation	148,910	128,499	174,143	132,394
Plan assets at fair value	178,118	104,867	202,071	102,527
	-----	-----	-----	-----
(Excess) Deficiency of plan assets over projected benefit obligation.	(29,208)	23,632	(27,928)	29,867
Prior service costs to be recognized in future years	(2,121)	(1,656)	(2,551)	(1,576)
Unrecognized actuarial net gain (loss)	27,468	(1,227)	25,517	(3,326)
Unrecognized net asset (obligation) at January 1, 1987 (being amortized over periods of 4 to 15 years)	4,660	385	6,428	(293)
	-----	-----	-----	-----
Accrued pension liability	\$ 799	\$ 21,134	\$ 1,466	\$ 24,672
	=====	=====	=====	=====

For 1994 and 1993, projected benefit obligations were determined using discount rates of 8% and 7%, respectively, and assumed increases in future compensation levels of 5% for both years. The expected long-term rate of

return on assets for both years was 8 1/4%. The assets of the plans consist principally of listed stocks and bonds.

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 not for limitations imposed by income tax regulations. The projected benefit obligation, included with other non-current liabilities, relating to these unfunded plans, totaled \$7,661,000 and \$7,285,000 at December 31, 1994 and 1993, respectively.

#### 4. INVESTMENTS

At December 31, 1994 and 1993, investments principally consisted of marketable equity securities, limited partnership interests and purchase-money mortgages.

Effective January 1, 1994, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The marketable equity securities are classified as "available for sale" and are, at December 31, 1994, stated at quoted market values totaling \$56,312,000 (cost basis \$9,966,000). The unrealized holding gain on these securities as of December 31, 1994 amounted to \$29,073,000, net of deferred income taxes, and has been recorded as a separate component of shareholders' equity.

At December 31, 1993, these securities were stated at their historical cost basis of \$10,486,000 (quoted market value was \$64,129,000).

The remaining investments are recorded at cost, which approximated market values, of \$8,601,000 and \$6,963,000 at December 31, 1994 and 1993, respectively.

See Note 9 for a discussion of market values of investments in the Capital Construction Fund.

#### 5. LEASES

THE COMPANY AS LESSEE: Various subsidiaries of the Company lease a vessel and certain land, buildings and equipment under both capital and operating leases. Capital leases include one vessel leased for a term of 25 years ending in 1998; containers, machinery and equipment for terms of 5 to 12 years expiring through 1997; and a wastewater treatment facility in California, the title of which will revert to a subsidiary in 2002. Principal operating leases cover office and terminal facilities for periods which expire between 1995 and 2026. Management expects that in the normal course of business, most operating leases will be renewed or replaced by other leases.

Rental expense under operating leases for the three years ended December 31, 1994 is shown below:

	1994	1993	1992
	-----	-----	-----
	(In thousands)		
Minimum rentals	\$47,500	\$43,050	\$43,212
Contingent rentals	669	220	330
	-----	-----	-----
Total	\$48,169	\$43,270	\$43,542
	=====	=====	=====

Contingent rentals are based principally on the use of certain terminal and port facilities and the use of agricultural water and land. Payments for certain leased terminal and port facilities are compensated by charges under tariffs paid by others. Income from sublease rentals is not significant.

Assets recorded under capital lease obligations and included in property at December 31, 1994 and 1993 were as follows:

	1994	1993
	-----	-----
	(In thousands)	
Vessels	\$ 55,253	\$ 55,253
Machinery and equipment	42,870	50,056
	-----	-----
Total	98,123	105,309
Less accumulated amortization	86,115	80,021
	-----	-----
Property under capital leases--net	\$ 12,008	\$ 25,288
	=====	=====

Future minimum payments under all leases and the present value of minimum capital lease payments as of December 31, 1994 were as follows:

	Capital Operating	
	Leases	Leases
	-----	-----
	(In thousands)	
1995	\$11,935	\$ 27,120
1996	14,759	17,654
1997	15,026	15,223
1998	10,703	14,849
1999	609	14,870
Thereafter	1,641	121,405
	-----	-----
Total minimum lease payments	54,673	\$211,121
		=====
Less amount representing interest	11,461	
	-----	
Present value of future minimum payments	43,212	
Less current portion	7,938	
	-----	
Long-term obligations at December 31, 1994	\$35,274	
	=====	

As described in Note 6, a subsidiary is obligated to pay principal of and interest on Special Facility Revenue Bonds issued by the Department of Transportation of the State of Hawaii to finance construction of terminal facilities which are leased by a subsidiary. Rent expense for the facilities includes bond interest. An accrual, included in long-term debt, provides for a pro-rata portion of the principal due on these bonds.

THE COMPANY AS LESSOR: Various Company subsidiaries lease land, buildings, land improvements and marine containers under operating leases. The historical cost of and accumulated depreciation on leased property at December 31, 1994 and 1993 were as follows:

	1994	1993
	-----	-----
	(In thousands)	
Leased property	\$578,190	\$568,280
Less accumulated amortization	97,793	74,621
	-----	-----
Property under operating leases--net	\$480,397	\$493,659
	=====	=====

Total rental income under these operating leases for the three years ended December 31, 1994 was as follows:

	1994	1993	1992
	-----	-----	-----
	(In thousands)		
Minimum rentals	\$57,864	\$58,838	\$55,358
Contingent rentals (based on sales volume)	1,515	1,111	1,160
	-----	-----	-----
Total	\$59,379	\$59,949	\$56,518
	=====	=====	=====

Future minimum rental income on non-cancelable leases at December 31, 1994 was as follows:

	Operating Leases
	-----
	(In thousands)
1995	\$ 48,234
1996	42,160
1997	33,554
1998	20,832
1999	15,674
Thereafter	164,777
	-----
Total	\$325,231
	=====

#### 6. LONG-TERM DEBT, CREDIT AGREEMENTS

At December 31, 1994 and 1993, long-term debt consisted of the following:

	1994	1993
	-----	-----
	(In thousands)	
Commercial paper, 3.2% - 6.3%, due 1995	\$304,301	\$310,908
Bank revolving credit loans (1994 high 6.63%, low 3.63%)		



due after 1994	52,500	61,000
Term loans:		
7.19%, payable through 2007	75,000	75,000
9%, payable through 1999	50,000	50,000
8%, payable through 2000	50,000	50,000
9.05%, payable through 1999	32,611	37,558
9.8%, payable through 2004	20,833	22,917
7.65%, payable through 2001	10,000	10,000
11.78%, payable through 1997	1,848	2,361
9.1%, repaid in 1994	-	22,000
10.03%, repaid in 1994	-	3,300
Mortgage loans, collateralized by land and buildings:		
11%, payable through 1995	3,046	3,091
12.5%, payable through 1995	2,724	2,765
Other	281	29
Limited partnership subscription notes, no interest, payable through 1996	1,700	2,550
Special facility revenue bonds, 5.75%, payable 2013	6,626	6,083
	-----	-----
Total	611,470	659,562
Less current portion	27,239	13,089
Commercial paper classified as current	58,000	64,000
	-----	-----
Long-term debt	\$526,231	\$582,473
	=====	=====

REVOLVING CREDIT FACILITIES: The Company and a subsidiary have a revolving credit and term loan agreement with five commercial banks, whereby they may borrow up to \$155,000,000 under revolving loans to November 30, 1996 at varying rates of interest. Any revolving loan outstanding on that date may be converted into a term loan, which would be payable in 16 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. At December 31, 1994 and 1993, \$20,000,000 and \$55,000,000, respectively, were outstanding under this agreement.

The Company and a subsidiary have an uncommitted \$65,000,000 short-term revolving credit agreement with a commercial bank. The agreement extends to November 30, 1995, but may be canceled by the bank at any time. At December 31, 1994 and 1993, \$12,500,000 and \$6,000,000, respectively, were outstanding under this agreement.

In 1994, the Company and a subsidiary entered into an uncommitted \$25,000,000 revolving credit agreement with a commercial bank. The agreement extends to July 18, 1997. At December 31, 1994, \$20,000,000 was outstanding under this agreement.

A subsidiary has a \$25,000,000 two-year revolving credit agreement with a financial institution to provide general corporate funds. At December 31, 1994 and 1993, no balances were outstanding under this agreement.

A subsidiary has a \$25,000,000 revolving credit agreement maturing April 1995. This agreement serves as a commercial paper liquidity back-up line. The Company intends to renew this agreement upon maturity. At December 31, 1994 and 1993, no balances were outstanding under this agreement.

TERM LOANS: In 1993, an unsecured series of 19 notes, which aggregated \$75,000,000, with varying maturity dates ranging from 1997 through 2007, and with interest rates ranging from 6.23% to 7.46% (average 7.19%), were entered into in connection with the acquisition of California and Hawaiian Sugar Company, Inc. (C&H).

As a result of the purchase of C&H, a subsidiary has a term loan with

outstanding balances of \$20,833,000 and \$22,917,000 at December 31, 1994 and 1993, respectively. Annual principal payments of \$2,083,000 are payable through 2004. Interest, at 9.8%, is payable quarterly. The loan is guaranteed by the subsidiary's parent and the Company.

COMMERCIAL PAPER: There are three commercial paper programs.

The first program was used by a subsidiary to finance the construction of a vessel, which was completed in 1992. At December 31, 1994, \$149,570,000 of commercial paper notes was outstanding under this program. Maturities ranged from 3 to 41 days. The borrowings outstanding under this program are classified as long-term since the subsidiary intends to continue the program indefinitely, and eventually to repay the program with qualified withdrawals from the Capital Construction Fund.

The second commercial paper program, which commenced in 1992, was used to finance the acquisition of marine containers. At December 31, 1994, \$82,731,000 of commercial paper notes was outstanding under this program. Maturities ranged from 4 to 37 days. The commercial paper borrowings outstanding under this program are classified as long-term since the subsidiary intends to continue this program on a long-term basis and has established the necessary credit facilities to do so. At December 31, 1994, \$100,000,000 of long-term revolving credit facilities was available to support these outstanding notes.

The third commercial paper program is used by a subsidiary to fund the purchases of sugar inventory from Hawaii sugar growers and to provide working capital for sugar refining and marketing operations. At December 31, 1994, \$72,000,000 of commercial paper notes was outstanding under this program. The interest cost and certain fees on the borrowings relating to sugar inventory advances to growers are paid by the growers rather than by the subsidiary. At December 31, 1994, no amounts were outstanding as advances to growers under this program. Maturities ranged from 4 to 34 days. Of the total commercial paper borrowing, \$58,000,000 was classified as current. The commercial paper is supported by a \$100,000,000 backup revolving credit facility with six commercial banks. Both the commercial paper program and the backup facility are guaranteed by the subsidiary's parent and the Company.

SPECIAL FACILITY REVENUE BONDS: A subsidiary is obligated to pay principal of and interest on \$16,500,000 of 5.75% Special Facility Revenue Bonds issued in 1993 and due in 2013. An accrual is included in long-term debt for the pro-rata portion of the principal due on these bonds (see Note 5).

LONG-TERM DEBT MATURITIES: At December 31, 1994, maturities and planned prepayments of all long-term debt during the next five years totaled \$27,239,000 for 1995, \$36,542,000 for 1996, \$36,718,000 for 1997, \$29,210,000 for 1998 and \$37,377,000 for 1999.

## 7. INCOME TAXES

The provision for income taxes for the three years ended December 31, 1994 consisted of the following:

	1994	1993	1992
	-----	-----	-----
	(In thousands)		
Current:			
Federal	\$15,189	\$13,275	\$ 9,908
State	260	2,167	435
	-----	-----	-----
Total	15,449	15,442	10,343
Deferred	23,178	30,738	13,332
	-----	-----	-----
Provision for income taxes	\$38,627	\$46,180	\$23,675

=====

Total income tax expense for the three years ended December 31, 1994 differs from amounts computed by applying the statutory Federal rate to pre-tax income, for the following reasons:

	1994	1993	1992
	-----	-----	-----
	(In thousands)		
Computed income tax expense	\$39,632	\$39,609	\$28,621
Increase (decrease) resulting from:			
Tax rate increases	-	7,741	-
State tax on income, less applicable Federal tax	1,542	1,417	2,106
Resolution of tax audits	-	-	(2,506)
Fair market value over cost of donations	(2,138)	-	(1,927)
Low-income housing credits	(1,219)	(1,214)	(1,214)
Other-net	810	(1,373)	(1,405)
	-----	-----	-----
Provision for income taxes	\$38,627	\$46,180	\$23,675
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the net deferred tax liability at December 31, 1994 and 1993 were as follows:

	1994	1993
	-----	-----
	(In thousands)	
Deposits to the CCF	\$201,963	\$198,414
Accelerated depreciation	111,253	101,252
Tax-deferred gains on real estate transactions	68,488	64,469
Unrealized holding gains on securities	17,273	-
Post-retirement benefits	(45,209)	(45,041)
Alternative minimum tax benefits	(6,531)	(5,893)
Capitalized leases	2,409	(6,328)
Insurance reserves	(1,759)	(4,813)
Other-net	(13,292)	(5,653)
	-----	-----
Total	\$334,595	\$296,407
	=====	=====

The Internal Revenue Service has completed audits of the Company's tax returns through 1988 and, with one exception, has tentatively settled all issues raised during such audits. The settlements had no material effect on the Company's financial position or results of operations. The Company is contesting the remaining issue, which relates to the timing of certain deductions for tax purposes. Management believes that the ultimate resolution of this issue will not have a material effect on the Company's financial

position.

## 8. CAPITAL STOCK AND STOCK OPTIONS

A&B has a stock option plan ("1989 Plan") under which key employees may be granted stock purchase options and stock appreciation rights. A second stock option plan for key employees terminated in 1993, but shares previously granted under the plan are still exercisable. Under the 1989 Plan, option prices may not be less than the fair market value of a share of the Company's common stock on the dates of grant, and each option generally becomes exercisable in-full one year after the date granted. Payment for options exercised, to the extent not reduced by the application or surrender of stock appreciation rights, may be made in cash or in shares of the Company's stock. If payment is made in shares of the Company's stock, the option holder may receive, under a reload feature of the 1989 Plan, a new stock option for the number of shares equal to that surrendered, with an option price not less than at the fair market value of the Company's stock on the date of exercise. During 1994, 448,200 new options were granted under the 1989 Plan.

The 1989 Plan also permits 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 fully vested upon issuance or may vest in one or more installments, upon such terms and conditions as are determined by the committee which administers the plan.

The Company also has a Directors' stock option plan, under which 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 average fair market value of the shares for the five consecutive trading days prior to the grant date. Each option becomes exercisable six months after the date granted. At December 31, 1994, a total of 150,000 options have been granted under the plan, 3,000 options have been cancelled and no options have been exercised.

Changes in shares under all option plans for the three years ended December 31, 1994, were as follows:

	Shares -----	Price Range Per Share -----
1992:		
Outstanding, January 1	1,383,205	\$17.375-37.875
Granted	495,665	24.250-28.250
Exercised	(126,266)	17.375-24.250
Canceled	(41,700)	24.250-36.250
Outstanding, December 31	----- 1,710,904	17.375-37.875
1993:		
Granted	423,200	24.250-24.500
Exercised	(23,576)	17.375-24.750
Canceled	(73,400)	24.250-36.250
Outstanding, December 31	----- 2,037,128	17.375-37.875
1994:		
Granted	475,200	24.700-27.000
Exercised	(12,300)	17.375-24.750
Canceled	(55,996)	24.250-36.250
Outstanding, December 31 (1,996,051 exercisable)	----- 2,444,032	\$17.375-37.875

=====

Options outstanding at December 31, 1994 include 60,166 shares which carry stock appreciation rights. The outstanding options do not have a material dilutive effect in the calculation of earnings per share of common stock.

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 to purchase additional shares of the Company's stock or shares of an acquiring company's stock at prices below market value.

#### 9. CAPITAL CONSTRUCTION FUND

A subsidiary 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 not subject to Federal income taxes in the year earned, but 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 having adequate tax bases 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 preference items for inclusion in Federal alternative minimum taxable income. Deposits not committed for qualified purposes within 25 years from December 31, 1986, or later date of deposit, will be treated as non-qualified withdrawals.

As discussed in Note 4, in 1994 the Company adopted the provisions of SFAS No. 115. The subsidiary has classified its investments in the CCF as "held-to-maturity" and, accordingly, has not reflected temporary unrealized market gains and losses in the Balance Sheets or Statements of Income. The long-term nature of the CCF program supports the subsidiary's intention to hold these investments to maturity.

At December 31, 1994 and 1993, the balances on deposit in the CCF consisted of the following (in thousands):

	1994			1993
	AMORTIZED COST	FAIR VALUE	UNREALIZED LOSS	Amortized Cost
	-----	-----	-----	-----
Mortgage-backed securities	\$108,247	\$ 96,678	\$(11,569)	\$127,871
Cash and cash equivalents	64,263	64,263	-	48,106
Treasury notes	2,984	2,984	-	-
Accrued deposits (withdrawals)	550	550	-	(783)
	-----	-----	-----	-----
Total	\$176,044	\$164,475	\$(11,569)	\$175,194
	=====	=====	=====	=====

Fair value of the mortgage-backed securities ("MBS") was determined by an outside investment management company, based on the experience of trading identical or substantially similar securities. No central exchange exists for these securities; they are traded over-the-counter.

During 1994, the fair value of the subsidiary's investments in MBS declined in

relation to amortized cost, due to interest rate sensitivity inherent in the fair value determination of such securities. While a temporary unrealized market loss exists, the subsidiary intends to hold these investments to maturity, which ranges from 1995 through 2024. The MBS have a weighted average life of 4.5 years. The Company had earnings of \$8,292,000 in 1994, \$7,218,000 in 1993 and \$11,293,000 in 1992 from its MBS investment account.

Fair values of the remaining CCF investments were based on quoted market prices, if available. If a quoted market price was not available, fair value was estimated, using quoted market prices of similar securities and investments. These remaining investments mature in 1995.

During 1994, there were no sales of securities classified as "held-to-maturity" included in the CCF.

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

At December 31, 1994, the Company and its subsidiaries had an unspent balance of total appropriations for capital expenditures of approximately \$104,677,000. However, there is no contractual obligation to spend this entire amount.

A subsidiary has arranged for standby letters of credit of approximately \$15,800,000, necessary to qualify as a self-insurer for state and federal workers' compensation liabilities.

Bank letters of credit have been issued on behalf of a subsidiary in favor of certain container manufacturers. When presented, these letters may be paid, at the subsidiary's option, by a back-up line of credit. At December 31, 1994, \$1,585,000 was outstanding under these letters of credit.

A subsidiary is party to a five-year agreement with a computer processing service, expiring in 1996, to provide off-site mainframe processing. The annual average cost of this agreement is \$4,150,000.

A subsidiary has received a favorable court judgment resulting from a contested insurance claim. The claim was for reimbursement of certain expenses incurred by the subsidiary in connection with repairing port facilities damaged by a 1989 earthquake. Although the award has been appealed, management and its outside counsel believe that the ultimate outcome of this litigation will be an award at least equal to the claim recorded in the financial statements.

A subsidiary is a party, acting as the steam host, to a Steam Purchase Agreement with a developer who has received regulatory authority approval to construct and operate a cogeneration facility contiguous to the subsidiary's California refinery. The agreement provides that, during the 30-year period of the agreement, the subsidiary will receive steam necessary for refinery operations at a reduced price, compared to the market price of fuel which presently must be purchased to generate its steam requirements.

A subsidiary is party to a long-term sugar supply contract with Hawaiian Sugar & Transportation Cooperative (HSTC), a raw sugar marketing and transportation cooperative owned by two other subsidiaries and by the other Hawaii sugar growers. Under the terms of this contract, the subsidiary is obligated to purchase, and HSTC is obligated to sell, all of the raw sugar delivered to HSTC by the Hawaii sugar growers, at prices determined by the quoted domestic sugar market. The subsidiary made purchases of raw sugar totaling \$271,212,000 and \$134,700,000 under the contract during 1994 and 1993, respectively. The contract also requires that the subsidiary provide cash advances to HSTC prior to the physical receipt of the sugar at its refineries (see Note 6). Such advances are determined by the estimated raw sugar market prices. Amounts due to HSTC upon delivery of raw sugar to the subsidiary's refineries are offset against outstanding advances to HSTC.

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.

## 11. INDUSTRY SEGMENTS

Industry segment information for 1994, 1993 and 1992, on page 28, is incorporated herein by reference. Segments are:

Ocean transportation -- carrying freight between various U.S. and Canadian West Coast, Hawaii and Western Pacific ports, and providing terminal services.

Container leasing -- leasing marine containers in international markets.

Property development and management -- developing, managing and selling residential, commercial and industrial properties.

Food products -- growing, processing and marketing sugar, molasses and coffee, and generating and selling electricity.

Directors And Officers  
Alexander & Baldwin, Inc.

### DIRECTORS

MICHAEL J. CHUN (51)\*  
President, The Kamehameha Schools (educational institution)

JOHN C. COUCH (55)  
President and Chief Executive Officer, Alexander & Baldwin, Inc.  
President and Chief Executive Officer, A&B-Hawaii, Inc.  
Vice Chairman of the Board, Matson Navigation Company, Inc.

LEO E. DENLEA JR. (63)\*  
Chairman of the Board, President and Chief Executive Officer,  
Farmers Group, Inc. (insurance)

WALTER A. DODS JR. (53)\*  
Chairman of the Board and Chief Executive Officer, First Hawaiian, Inc.  
Chairman of the Board and Chief Executive Officer, First Hawaiian Bank  
(banking)

CHARLES G. KING (49)\*\*  
Vice President, Kuhio Motors, Inc. (automobile dealership)

CARSON R. McKISSICK (62)\*  
Managing Director, The Corporate Development Company (financial advisory  
services)

C. BRADLEY MULHOLLAND (53)  
President and Chief Executive Officer, Matson Navigation Company, Inc.

R. J. PFEIFFER (75)\*  
Chairman of the Board, Alexander & Baldwin, Inc.  
Chairman of the Board, A&B-Hawaii, Inc.  
Chairman of the Board, Matson Navigation Company, Inc.

ROBERT G. REED III (67)\*\*  
Independent Business Consultant

MARYANNA G. SHAW (56)\*  
Private Investor

CHARLES M. STOCKHOLM (62)\*\*  
Managing Director, Trust Company of the West (investment management services)

ADVISORY DIRECTOR

ALEXANDER C. WATERHOUSE (83)

Vice Chairman, Waterhouse Properties, Inc. (private investments)

\* Audit Committee Members

\*\* Compensation and Stock Option Committee Members

All ages as of March 31, 1995

Alexander & Baldwin, Inc.

Officers

R. J. PFEIFFER (75)

Chairman of the Board

JOHN C. COUCH (55)

President and Chief Executive Officer

MEREDITH J. CHING (38)

Vice President (Government & Community Relations)

G. STEPHEN HOLADAY (50)

Vice President and Controller

JOHN B. KELLEY (49)

Vice President (Corporate Planning & Development, Investor Relations)

MILES B. KING (47)

Vice President and Chief Administrative Officer

MICHAEL J. MARKS (56)

Vice President, General Counsel and Secretary

GLENN R. ROGERS (51)

Vice President, Chief Financial Officer and Treasurer

ROBERT K. SASAKI (54)

Vice President (Properties)

A&B-Hawaii, Inc.

Officers

R. J. PFEIFFER (75)

Chairman of the Board

JOHN C. COUCH (55)

President and Chief Executive Officer

W. ALLEN DOANE (47)

Executive Vice President and Chief Operating Officer

RICHARD F. CAMERON (62)

Senior Vice President (Agribusiness)

G. STEPHEN HOLADAY (50)

Senior Vice President, Chief Financial Officer and Treasurer

MILES B. KING (47)

Senior Vice President (Industrial Relations)

DAVID G. KONCELIK (53)

Senior Vice President (President and Chief Executive Officer, California and  
Hawaiian Sugar Company, Inc.)

MICHAEL J. MARKS (56)

Senior Vice President and General Counsel



ROBERT K. SASAKI (54)  
Senior Vice President (Properties)

NORBERT M. BUELSING (44)  
Vice President (Property Leasing)

MEREDITH J. CHING (38)  
Vice President (Government & Community Relations)

KEITH A. GOTO (51)  
Vice President (Labor Relations)

JOHN B. KELLEY (49)  
Vice President (Corporate Planning & Development)

STANLEY M. KURIYAMA (41)  
Vice President (Land Planning & Entitlements)

JUDITH A. WILLIAMS (51)  
Vice President (Assistant Manager, McBryde)

THOMAS A. WELLMAN (36)  
Controller

ALYSON J. NAKAMURA (29)  
Secretary

Matson Navigation Company, Inc.  
Officers

R. J. PFEIFFER (75)  
Chairman of the Board

JOHN C. COUCH (55)  
Vice-Chairman of the Board

C. BRADLEY MULHOLLAND (53)  
President and Chief Executive Officer

RAYMOND J. DONOHUE (58)  
Senior Vice President and Chief Financial Officer

FREDERICK M. GUTTERSON (52)  
Senior Vice President (President and Chief Executive Officer,  
Matson Leasing Company, Inc.)

MILES B. KING (47)  
Senior Vice President (Human Resources)

GARY J. NORTH (50)  
Senior Vice President (Operations) (President and Chief Operating Officer,  
Matson Terminals, Inc.)

RICHARD S. BLISS (56)  
Vice President (Area Manager, Hawaii)

ROBERT L. DAWDY (50)  
Vice President ( West Coast Operations)

BRANTON B. DREYFUS (41)  
Vice President (Area Manager, Southern California)

JOHN C. GOSLING (58)  
Vice President (General Manager, Engineering)

PHILIP M. GRILL (47)  
Vice President (Government Relations)

DALE B. HENDLER (41)  
Vice President (Information Services)

MERLE A. K. KELAI (63)  
Vice President (Community Relations)

KEVIN C. O'ROURKE (48)  
Vice President and General Counsel

RONALD H. ROTHMAN (53)  
Vice President (Industrial Relations)

PAUL E. STEVENS (42)  
Vice President (Marketing)

MICHAEL J. MARKS (56)  
Secretary

TIMOTHY H. REID (48)  
Treasurer

JOSEPH A. PALAZZOLO (46)  
Controller

Principal Subsidiaries  
And Affiliates (1)

A&B-HAWAII, INC.	Honolulu
Division:	
Hawaiian Commercial & Sugar Company	Puunene, Maui
Subsidiaries:	
A&B Development Company (California)	San Francisco
A&B Properties, Inc.	Honolulu
California and Hawaiian Sugar Company, Inc.	Crockett, CA
East Maui Irrigation Company, Limited	Puunene, Maui
Kahului Trucking & Storage, Inc.	Kahului, Maui
Kauai Commercial Company, Incorporated	Puhi, Kauai
Kukui'ula Development Company, Inc.	Poipu, Kauai
McBryde Sugar Company, Limited	Eleele, Kauai
Subsidiary: Island Coffee Company, Inc.	Eleele, Kauai
South Shore Community Services, Inc.	Poipu, Kauai
South Shore Resources, Inc.	Poipu, Kauai
WDCI, INC.	Honolulu

HAWAIIAN SUGAR & TRANSPORTATION COOPERATIVE (2)      Crockett, CA

MATSON NAVIGATION COMPANY, INC.	San Francisco
Subsidiaries:	
Matson Intermodal System, Inc.	San Francisco
Matson Leasing Company, Inc.	San Francisco
Matson Services Company, Inc.	San Francisco
Matson Terminals, Inc.	San Francisco

-----  
(1) Wholly owned unless otherwise indicated.  
(2) A cooperative owned with other Hawaii sugar companies.  
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#### ANNUAL MEETING

The Annual Meeting of Shareholders will be held in the Plaza Meeting Room on the ground floor of Amfac Center, 745 Fort Street, Honolulu, Hawaii at 10 a.m. on Thursday, April 27, 1995.

#### INVESTOR INQUIRIES

Shareholders having questions about A&B are encouraged to write to R. J. Pfeiffer, Chairman of the Board; John C. Couch, President and Chief Executive Officer; or Michael J. Marks, Vice President, General Counsel and Secretary.

Inquiries from professional investors may be directed to John B. Kelley, Vice President, Investor Relations. Phone (808) 525-8422.

#### FORM 10-K

Shareholders may obtain a copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, without charge, by writing to Michael J. Marks, Vice President, General Counsel and Secretary, Alexander & Baldwin, Inc., P. O. Box 3440, Honolulu, HI 96801-3440.

#### TRANSFER AGENTS

CHEMICAL TRUST COMPANY OF CALIFORNIA  
San Francisco, California  
CHEMICAL BANK  
New York, New York

#### REGISTRARS

CHEMICAL TRUST COMPANY OF CALIFORNIA  
San Francisco, California  
CHEMICAL BANK  
New York, New York

#### AUDITORS

DELOITTE & TOUCHE LLP  
Honolulu, Hawaii

ALEXANDER & BALDWIN, INC.  
SUBSIDIARIES AS OF FEBRUARY 28, 1995

Name of Subsidiary	State or Other Jurisdiction Under Which Organized
A&B-Hawaii, Inc.	Hawaii
Subsidiaries:	
A & B Development Company (California)	California
A & B Properties, Inc.	Hawaii
California and Hawaiian Sugar Company, Inc.	Hawaii
East Maui Irrigation Company, Limited	Hawaii
Kahului Trucking & Storage, Inc.	Hawaii
Kauai Commercial Company, Incorporated	Hawaii
Kukui'ula Development Company, Inc.	Hawaii
McBryde Sugar Company, Limited	Hawaii
Subsidiary: Island Coffee Company, Inc.	Hawaii
South Shore Community Services, Inc.	Hawaii
South Shore Resources, Inc.	Hawaii
WDCI, INC.	Hawaii
Matson Navigation Company, Inc.	Hawaii
Subsidiaries:	
Matson Intermodal System, Inc.	Hawaii
Matson Leasing Company, Inc.	Hawaii
Subsidiaries:	
Matson Leasing Company GmbH	Germany
Matson Leasing Company (HK) Limited	Hong Kong
Matson Leasing Company Limited	United Kingdom
Matson Leasing Company (Singapore) Pte Ltd	Singapore
Matson Leasing Company S.A.R.L.	France
Matson Leasing Company (Europe) (S.A.R.L.)	France
Matson Leasing Company Servicos Ltda.	Brazil
Pacific International Container Corporation	Hawaii
Matson Services Company, Inc.	Hawaii
Matson Terminals, Inc.	Hawaii

NOTE: Certain A&B subsidiaries, which considered in the aggregate do not constitute a significant subsidiary, have been omitted.

INDEPENDENT AUDITORS' CONSENT

Alexander & Baldwin, Inc.:

We consent to the incorporation by reference in Registration Statements No. 2-72008, 2-84179, 33-31922, 33-31923 and 33-54825 of Alexander & Baldwin, Inc. and its subsidiaries on Form S-8 of our reports dated January 27, 1995, appearing in and incorporated by reference in the Annual Report on Form 10-K of Alexander & Baldwin, Inc. and its subsidiaries for the year ended December 31, 1994.

/s/ Deloitte & Touche LLP

March 27, 1995

<ARTICLE> 5

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The schedule contains summary financial information exacted from the balance sheet as of December 31, 1994 and the statement of income for the year ended December 31, 1994, included in the 1994 Annual Report (1994 10K Exhibit 13) and is qualified in its entirety by reference to such financial statements.

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