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

# FORM 8-K

## CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
February 24, 2005

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

| Hawaii | 0-565 | 99-0032630 |
| --- | --- | --- |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

822 Bishop Street, P. O. Box 3440
Honolulu, Hawaii 96801
(Address of principal executive offices and zip code)

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

### Item 1.01 Entry into a Material Definitive Agreement

On February 24, 2005, the Board of Directors of Matson Navigation Company, Inc. ("Matson"), a wholly-owned subsidiary of Alexander & Baldwin, Inc., approved Matson's entry into two shipbuilding contracts with Kvaerner Philadelphia Shipyard, Inc. ("Kvaerner"), each dated February 14, 2005 and amended February 18, 2005. Under these agreements, Matson will purchase two containerships from Kvaerner at a cost of $144.4 million each. The cost is expected to be funded with the Capital Construction Fund, surplus cash, and external borrowings. The first ship is expected to be delivered in June 2005, with the second ship in May 2006. Payment in full is required upon the delivery of each ship. Matson has the right to assign the agreements to a third party. Matson expects that any such assignment would be made in conjunction with its time chartering the use of such vessels.

In addition, on February 24, 2005, the Matson Board approved Matson's entry into a right of first refusal agreement with Kvaerner, dated February 14, 2005, which provides that, after the second containership is delivered to Matson, Matson has the right of first refusal to purchase each of the next four containerships of similar design built by Kvaerner that are deliverable before June 30, 2010. Matson may either exercise its right of first refusal and purchase the ship at an eight percent discount from a third party's proposed contract price, or decline to exercise its right of first refusal and be paid by Kvaerner eight percent of such price. Notwithstanding the above, if Matson and Kvaerner agree to a construction contract for a vessel of similar design for delivery before June 30, 2010, Matson shall receive an eight percent discount.

### Item 8.01 Other Events

On February 24, 2005, both Alexander & Baldwin, Inc. and Matson issued press releases regarding the ship purchases described in Item 1.01 of this Form 8-K. The press releases are filed herewith as Exhibits 99.1, 99.2 and 99.3, and are incorporated herein by reference. Additionally, a web-cast was held on February 25, 2005 that discussed the three press releases.

Matson will replace the existing Guam service with an integrated Hawaii/Guam/China service beginning in February 2006. The service will employ three existing Matson containerships along with two new containerships to be purchased from the Kvaerner Philadelphia Shipyard in a five-ship string that carries cargo to Honolulu from the U.S. West Coast, continues to Guam and then on to China. In China, the vessels will be loaded with eastbound cargo destined for the U.S. West Coast. This service will be unique among trans-Pacific services because it will combine a secure and growing base of westbound freight to Hawaii and Guam with eastbound freight from the robust Asia market. This strategy also involves re-deploying into the Hawaii service three C-9 class vessels that currently serve Guam. The Hawaii service will benefit from this change due to fuel economies, increased cargo capacity and a deferral of expenditures for vessel replacement.

The new Hawaii/Guam/China service will bring many operational benefits as described above, and is expected, in the long term, to present greater earnings potential than the present Guam service. The new service will, however, require a large capital investment, currently estimated at about $365 million. This includes $289 million for the new vessels, $26 million for other vessel-related costs and $50 million to acquire additional containers and to make terminal improvements. The Company expects that about $210 million of the total investment will be financed with new borrowing. Matson also will face a start-up period in the trans-Pacific eastbound trade as it makes the operational transition to a new fleet deployment, establishes a marketing organization and builds customer relationships. As with any new service, the duration and economics of the start-up period are difficult to estimate and depend on factors both within and outside the control of Matson including eastbound rate levels and growth in China-US trade. The anticipated reduction in operating profit in 2006 resulting from this operational transition is expected to be in the range of $20-25 million. This earnings gap would be expected to narrow significantly in subsequent years, with the earnings of the new service eventually exceeding the current Guam service. These figures do not reflect the impact of general market growth trends and cost reduction, business growth, and yield management initiatives separate from the Guam service, all of which would be expected to enhance earnings. Additionally, in 2006, the Company will incur interest expense in the range of approximately $12 million as a result of these capital expenditures.

Following the announcements regarding the new service and the Company's planned purchase of the two new ships, Standard & Poor's issued a research bulletin reaffirming the Company's A-/Stable rating.

Statements in this Current Report on Form 8-K that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Factors that could cause actual results to differ materially from those contemplated in the statements include, without limitation, overall economic conditions, failure or delay in acquiring the subject vessels, the cost and availability of resources needed to start a replacement service, and the pace and uncertainty in developing new shipping markets. These forward-looking statements are not guarantees of future performance. This Current Report on Form 8-K should be read in conjunction with our Annual Report on Form 10-K and our other filings with the SEC through the date of this release, which identify important factors that could affect the forward-looking statements in this Current Report on Form 8-K.

## Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release of Alexander & Baldwin, Inc., dated February 24, 2005.

99.2 Press Release of Matson Navigation Company, Inc., dated February 24, 2005.

99.3 Press Release of Alexander & Baldwin, Inc., dated February 24, 2005.

## SIGNATURE

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

Date: February 25, 2005

ALEXANDER & BALDWIN, INC.

/s/ Christopher J. Benjamin

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Christopher J. Benjamin
Vice President and Chief Financial Officer

For further information, contact:
John B. Kelley, Vice President
Phone 808-525-8422
E-mail: invrel@abinc.com

FOR IMMEDIATE RELEASE
Thursday, February 24, 2005

## A&B WEB CAST TO INCLUDE FINANCIAL MATTERS

Honolulu (February 24, 2005)--In a previous press release, Alexander & Baldwin, Inc. (NASDAQ:ALEX) announced that it would conduct a web cast on the subject of the just-announced new Guam China service by its subsidiary, Matson Navigation Company, Inc. at 11:30 a.m. EST on Friday, February 25. The web cast also will include discussion of the financial effects of the new service. Listeners can access the web cast on A&B's corporate website, www.alexanderbaldwin.com via a link called "Matson's Guam China Service Web Cast, February 25, 2005, 11:30 a.m. EST."

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For further information, contact:
John B. Kelley, Vice President
Phone 808-525-8422
E-mail: invrel@abinc.com

Immediate Release
Thursday, February 24, 2005

# WEB CAST TO DESCRIBE MATSON'S NEW GUAM CHINA SERVICE

## New Ships Resolve Guam Service Replacement Dilemma, Add Upside

Honolulu (February 24, 2005)--Alexander & Baldwin, Inc. (NASDAQ:ALEX) will conduct a web cast on the subject of the just-announced new Guam China service by its subsidiary, Matson Navigation Company, Inc. The web cast will be at 11:30 a.m. EST on Friday, February 25. Participants will be Allen Doane, A&B president and chief executive officer, James Andrasick, Matson president and chief executive officer and Chris Benjamin, A&B vice president and chief financial officer. Listeners can access the web cast on A&B's corporate website, www.alexanderbaldwin.com via a link called "Matson's Guam China Service Web Cast, February 25, 2005, 11:30 a.m. EST."

Matson announced today that, in February 2006, following the expiration of a strategic alliance agreement with another carrier to serve Guam, it would replace the present Guam service with an integrated Hawaii-Guam-China service. Planned routing includes Honolulu, Guam, two ports in China and Long Beach. The new service will employ three existing Matson ships along with two new container ships in a five-ship string that will provide weekly service. In China, the vessels will be loaded with eastbound cargo destined for the U.S. West Coast. The service will be unique among the trans-Pacific services because it will combine a secure and growing base of westbound freight to Hawaii and Guam with eastbound freight from the robust Asia market.

"This decision allows Matson to retain its competitive position in the Guam service, while simultaneously strengthening the Hawaii service and adding a new growth opportunity with carriage of cargo from China," said Allen Doane, president and chief executive officer of A&B. "The greater operating efficiencies of these new ships will directly benefit our core market--Hawaii--at the same time that they greatly expand Matson's reach into new markets.

"We can take advantage of this opportunity because the Company has a strong balance sheet, has the use of a Capital Construction Fund to provide tax-advantaged funding of ships and can employ the strong cash flow from its shipping business to fund the investments and related debt.

"At the same time, A&B has all the necessary elements to sustain its growth momentum in Hawaii real estate. We have a committed management team at A&B Properties and ample capital resources to pursue value-enhancing investments. Our track record has been excellent and we are optimistic about our future opportunities in Hawaii real estate. With Matson's new Guam China service and A&B Properties' ongoing investment in Hawaii real estate, we also continue to be optimistic about A&B's ability to create long-term value for our shareholders."

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation and intermodal services, through its subsidiaries, Matson Navigation Company, Inc. and Matson Integrated Logistics, Inc.; in property development and management, through A&B Properties, Inc.; and in food products, through Hawaiian Commercial & Sugar Company and Kauai Coffee Company, Inc. Additional information about A&B may be found at its web site: www.alexanderbaldwin.com. Statements in this press release that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Factors that could cause actual results to differ materially from those contemplated in the statements include, without limitation, overall economic conditions, failure or delay in acquiring the subject vessels, the cost and availability of resources needed to start a replacement service, and the pace and uncertainty in developing new shipping markets. These forward-looking statements are not guarantees of future performance. This release should be read in conjunction with our Annual Report on Form 10-K and our other filings with the SEC through the date of this release, which identify important factors that could affect the forward-looking statements in this release.

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MATSON

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Matson Plans New Guam, China Services for 2006
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Purchase of Two New U.S.-built Containerships Announced

OAKLAND, CA - February 24, 2005 -- Matson Navigation Company, Inc. (Matson), the ocean transportation subsidiary of Alexander & Baldwin, Inc. (NASDAQ:ALEX), announced today that it intends to invest $365 million in vessel, container and terminal assets to launch a new Guam and China service beginning in February 2006 when its present ten-year alliance agreement expires with APL. As a key element of that plan, the company has entered into cash on delivery purchase contracts for two new U.S.-built containerships with Kvaerner Philadelphia Shipyard, Inc. (KPSI).

The vessels to be acquired will be similar in capacity, speed and operating efficiency to Matson's MV Manukai and MV Maunawili, both built by the same yard and placed in service in 2003 and 2004, respectively. The two new ships are expected to be delivered and placed in service by July 2005 and June 2006 at an estimated combined cost of $315 million. Matson has the option to time charter these vessels in lieu of purchasing. It also will have a right-of-first-refusal with KPSI for up to four other containerships of similar design that are deliverable by the Philadelphia yard before June 2010.

By mid-2006, both new ships will be deployed in an integrated weekly West Coast-Hawaii-Guam-China service together with three of Matson's most efficient diesel-powered containerships. The planned routing will include port calls at Long Beach, Honolulu, Guam and two ports in China.

"Matson's highest priority for the past two years has been the development of a viable replacement service for Guam," said James Andrasick, Matson president and CEO. "We also have a continuing interest in expanding our reach into new markets, and at the same time strengthening our service reliability to our home state of Hawaii. This further investment in new U.S.-built containerships satisfies all of those objectives. Matson has been proudly serving the Pacific since 1882, and this new service underscores that commitment, particularly with regard to Hawaii."

Andrasick added: "These new ships, coupled with our other two new KPSI vessels, will ensure that Matson continues to provide Hawaii with efficient, dependable ocean transportation services for decades to come. The investment marks a significant milestone in achieving our fleet replacement objectives. With their more fuel-efficient diesel engines, state-of-the art shipboard technology and a number of "green" environmentally friendly design elements, these four new ships will provide Hawaii with a strong, modern, reliable lifeline to the U.S. Mainland. As Hawaii's leading ocean carrier, Matson is acutely aware of the vital role ocean transportation has in supporting the Islands' economic activities and recognizes the importance these investments will have in supporting Hawaii's future growth."

Matson has been modernizing its fleet in recent years, retiring older steam-powered ships to improve fuel and operating efficiencies. With the addition of the two newest vessels, the average age of Matson's active containership fleet will be a relatively young 14 years.

"Matson is very satisfied with the performance of the first two KPSI-built vessels that are now part of the company's Hawaii service," added Andrasick. "We are confident that these additional two KPSI ships will further enhance the overall quality and operating efficiencies of the Matson fleet."

Matson provides ocean transportation, intermodal and logistics services in U.S. domestic markets. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ: ALEX).

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation and intermodal services, through its subsidiaries, Matson Navigation Company, Inc. and Matson Integrated Logistics, Inc.; in property development and management, through A&B Properties, Inc.; and in food products, through Hawaiian Commercial & Sugar Company and Kauai Coffee Company, Inc. Additional information about A&B may be found at its web site: www.alexanderbaldwin.com. Statements in this press release that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Factors that could cause actual results to differ materially from those contemplated in the statements include, without limitation, overall economic conditions, failure or delay in acquiring the subject vessels, the cost and availability of resources needed to start a replacement service, and the pace and uncertainty in developing new shipping markets. These forward-looking statements are not guarantees of future performance. This release should be read in conjunction with our Annual Report on Form 10-K and our other filings with the SEC through the date of this release, which identify important factors that could affect the forward-looking statements in this release.

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