FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)
/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended SEPTEMBER 30, 1998

OR

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

Commission file number 0-565

ALEXANDER & BALDWIN, INC.

(Exact name of registrant as specified in its charter)

HAWAII	99-0032630
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. BOX 3440, HONOLULU, HAWAII	96801
822 BISHOP STREET, HONOLULU, HAWAII	96813
(Address of principal executive offices)	(Zip Code)

(808) 525-6611

(Registrant's telephone number, including area code)

N/A

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

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

Yes /X/ No / /

Number of shares of common stock outstanding as of September 30, 1998: 44,710,740

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed financial statements and notes for the third quarter and first nine months of 1998 are presented below with comparative figures from the 1997 financial statements.

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997

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	(unaudited)		(unaudited)	
Revenue:				
Net sales, revenue from services and rentals	$322,204	$321,869	$967,973	$905,861
Interest, dividends and other	4,158	4,137	15,621	34,325
Total revenue	326,362	326,006	983,594	940,186
Costs and Expenses:				
Costs of goods sold, services and rentals	271,563	258,414	810,724	740,546
Selling, general and administrative	26,520	26,260	79,830	79,353
Interest	6,229	6,770	18,602	22,515
Income taxes	8,270	12,690	27,914	36,396
Total costs and expenses	312,582	304,134	937,070	878,810
Net Income	$ 13,780	$ 21,872	$ 46,524	$ 61,376
Basic Earnings Per Share	$ 0.31	$ 0.48	$ 1.04	$ 1.36
Diluted Earnings Per Share	$ 0.31	$ 0.48	$ 1.03	$ 1.35
Dividends Per Share	$ 0.225	$ 0.220	$ 0.675	$ 0.660
Average Number of Shares Outstanding	44,842	45,135	44,851	45,227

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
INDUSTRY SEGMENT DATA
(In thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997
	(unaudited)		(unaudited)	
Revenue:				
Ocean Transportation	$180,202	$179,106	$541,126	$535,231
Property Development and Management:				
Leasing	9,576	9,320	28,009	28,045
Sales	6,246	4,080	74,819	22,671
Food Products	129,620	132,816	337,488	352,135
Other	718	684	2,152	2,104
Total	$326,362	$326,006	$983,594	$940,186
Operating Profit:(1)				
Ocean Transportation	$ 16,200	$ 24,405	$ 50,357	$ 81,262
Property Development and Management:				
Leasing	5,786	6,105	17,274	18,772
Sales	1,633	1,257	20,269	5,917
Food Products	7,557	11,778	13,602	21,170
Other	642	652	2,005	1,986
Total	$ 31,818	$ 44,197	$103,507	$129,107

(1) Before interest expense, corporate expenses and income taxes

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
CONDENSED BALANCE SHEETS
(In thousands)

	SEPTEMBER 30 1998 (UNAUDITED)	December 31 1997 (audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,966	$ 21,623
Accounts and notes receivable, net	176,526	176,165
Inventories	95,897	69,209
Real estate held for sale	10,485	12,563
Deferred income taxes	11,638	9,404
Prepaid expenses and other assets	12,918	9,977
Accrued deposits to Capital Construction Fund	-	(10,000)
Total current assets	315,430	288,941
Investments	83,894	102,813
Real Estate Developments	68,532	68,056
Property, at cost	1,929,087	1,975,023
Less accumulated depreciation and amortization	876,810	938,508
Property - net	1,052,277	1,036,515
Capital Construction Fund	141,410	148,610
Other Assets	76,426	59,863
Total	$1,737,969	$1,704,798

	SEPTEMBER 30 1998 (UNAUDITED)	December 31 1997 (audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 52,944	$ 34,485
Short-term commercial paper borrowings	60,000	17,000
Accounts payable	49,348	46,835
Other	85,327	75,815
Total current liabilities	247,619	174,135
Long-term Liabilities:		
Long-term debt	264,028	290,885
Capital lease obligations	1,500	2,000
Post-retirement benefit obligations	109,163	112,125
Other	44,707	46,311
Total long-term liabilities	419,398	451,321
Deferred Income Taxes	351,485	359,754
Shareholders' Equity:		
Capital stock	36,611	36,769
Additional capital	51,898	49,437
Unrealized holding gains on securities	42,612	55,144
Retained earnings	600,897	591,135
Cost of treasury stock	(12,551)	(12,897)
Total shareholders' equity	719,467	719,588
Total	$1,737,969	$1,704,798

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30 1998	1997
	(unaudited)	
Cash Flows from Operating Activities	$ 60,198	$103,908
Cash Flows from Investing Activities:		
Capital expenditures	(73,083)	(32,262)
Proceeds from disposal of property, investments and other assets	3,620	475
Deposits into Capital Construction Fund	(10,000)	(10,000)
Withdrawals from Capital Construction Fund	7,200	50,000
Increase in investments	(600)	(2,221)
Reduction in investments	136	1,798
Net cash provided by (used in) investing activities	(72,727)	7,790
Cash Flows from Financing Activities:		
Proceeds from issuances of long-term debt	15,000	34,500
Payments of long-term debt	(43,750)	(119,680)
Proceeds from short-term borrowings, net	63,000	3,500
Proceeds from issuances of capital stock	1,575	1,645
Repurchases of capital stock	(6,662)	(10,721)
Dividends paid	(30,291)	(29,875)
Net cash used in financing activities	(1,128)	(120,631)
Net Decrease in Cash and Cash Equivalents	$(13,657)	$ (8,933)
Other Cash Flow Information:		
Interest paid, net of amounts capitalized	$ 20,052	$ 23,961
Income taxes paid, net of refunds	24,006	11,731
Other Non-Cash Information:		
Net accrued deposits to (withdrawals from) Capital Construction Fund	(10,000)	9,448
Depreciation	67,077	67,198
Tax-deferred property exchanges	64,349	9,589
Change in unrealized holding gains	(12,532)	8,610

FINANCIAL NOTES
(Unaudited)

(a) The condensed balance sheet as of September 30, 1998, the condensed statements of income for the three months and nine months ended September 30, 1998 and 1997, and the condensed statements of cash flows for the nine months ended September 30, 1998 and 1997 are unaudited. Because of the nature of the Company's operations, the results for interim periods are not necessarily indicative of results to be expected for the year, but in the opinion of management, all material adjustments necessary for the fair presentation of interim period results have been included in the interim financial statements.

(b) Estimated effective annual income tax rates differ from statutory rates, primarily due to the dividends-received deduction and various tax credits.

(c) The Company's total non-owner changes in shareholders' equity consists of net income plus unrealized holding gains on securities (comprehensive income). On this basis, comprehensive income for the three months ended September 30, 1998 and 1997 totaled $6 million and $31 million, respectively. Comprehensive income for the nine months ended September 30, 1998 and 1997 totaled $34 million and $71 million, respectively.

(d) Results for the nine months ended September 30, 1997 for ocean transportation include $20 million, pre-tax, from the settlement of a lawsuit that involved insurance claims for earthquake damage to port facilities in 1989.

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

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

THIRD QUARTER EVENTS:

OPERATING RESULTS: Net income for the third quarter of 1998 was $13,780,000, or $0.31 per share. Net income for the comparable period of 1997 was $21,872,000, or $0.48 per share. Revenue for the third quarter of 1998 was $326,362,000, nearly the same as $326,006,000 in the third quarter of 1997.

Net income for the first nine months of 1998 was $46,524,000, or $1.04 per share, versus $61,376,000, or $1.36 per share, in the first nine months of 1997. Net income for the first nine months of 1997 included $12,478,000, or $0.28 per share, resulting from the favorable settlement of long-standing insurance litigation. Excluding that insurance settlement from the 1997 results, income for the first nine months of 1998 decreased $2,374,000, or five percent. Revenue for the first nine months of 1998 was $983,594,000, compared with revenue of $940,186,000 in the first nine months of 1997. Excluding the insurance settlement, nine-month 1998 revenue increased seven percent.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal liquid resources, comprising cash and cash equivalents, receivables, sugar and coffee inventories and unused lines of credit, less accrued deposits to the Capital Construction Fund (CCF), totaled $424,475,000 at September 30, 1998, a decrease of $59,201,000 from December 31, 1997. This decrease was due primarily to lower amounts available under lines of credit and to a lower cash balance, partially offset by increased sugar and coffee inventories and a decrease in accrued deposits to the CCF. Amounts available under lines of credit decreased $85,500,000, primarily due to a decrease in credit facilities and increased borrowing for the purchase of raw sugar and container equipment. Cash decreased by $13,657,000, due primarily to normal expenditures for container equipment, debt repayments and operating cash requirements. Sugar and coffee inventories increased $29,595,000, due principally to higher levels of raw sugar inventory.

Working capital was $67,811,000 at September 30, 1998, a decrease of $46,995,000 from the amount at the end of 1997. This decrease was due primarily to increases in short-term debt, commercial paper borrowings and accounts payable, and lower cash balances, partially offset by an increase in inventories and a decrease in accrued deposits to the CCF.

In August 1998, Matson Navigation Company, Inc. ("Matson") purchased a vessel for $7,200,000. The vessel, built in 1973, has been leased by Matson for all of its 25-year life.

RESULTS OF SEGMENT OPERATIONS -
THIRD QUARTER 1998 COMPARED WITH THE THIRD QUARTER 1997

OCEAN TRANSPORTATION revenue of $180,202,000 for the third quarter of 1998 was one-percent higher than the 1997 third-quarter revenue. Operating profit of $16,200,000, however, decreased 34 percent compared with the third quarter of 1997, primarily the result of lower cargo revenue in the Hawaii service because of both lower volume and rates. The decline in cargo volume resulted primarily from continued contraction in the Hawaii market and a barge competitor which temporarily served Hawaii during the peak summer period of household-goods movements. These factors more than offset the benefits of a revised operating alliance with American President Lines, Ltd. Third quarter 1998 Hawaii service container volume was eight-percent lower than in the 1997 third quarter, and automobile volume was 13-percent lower.

In response to the continuing weakness in the Hawaii economy, Matson implemented a new schedule in its service between Hawaii and the U.S. mainland in mid-September. The new schedule, which utilizes six (rather than eight) ships, is projected to reduce operating expenses by up to $10,000,000 annually, while still maintaining a high level of service. Separately, negotiations were completed in late-September to charter two idle Matson vessels to an ocean carrier which will provide service between Florida and Puerto Rico.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue of $9,576,000 for the third quarter of 1998 was three-percent higher than in the third quarter of 1997. However, operating profit of $5,786,000 was five-percent lower than in the comparable period of 1997. The decrease was due primarily to lower occupancy levels, which resulted, in turn, from both the relatively weak Hawaii lease market and the timing of property sales and acquisitions on the Mainland.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue of $6,246,000 for the third quarter of 1998 was 53-percent higher than the $4,080,000 recorded in the third quarter of 1997. Operating profit from property sales this quarter was $1,633,000, versus $1,257,000 a year earlier. Sales in the third quarter of 1998 included a total of 30 lower-margin residential properties in several developments on the island of Maui. Sales in the third quarter of 1997 included an undeveloped parcel, one developed business lot and 13 residential properties on Maui.

The mix of property sales in any year can be diverse. Sales can include property sold under threat of condemnation, developed residential real estate, commercial properties, developable subdivision lots and undeveloped land. The sale of undeveloped land generally provides a greater contribution margin than does the sale of developed and commercial property, due to the low historical-cost basis of the Company's Hawaii land, which averages approximately $150 per acre. Consequently, property sales revenue trends and the amount of real estate held for sale on the condensed balance sheets are not necessarily indicative of future profitability for this segment.

FOOD PRODUCTS revenue of $129,620,000 for the third quarter of 1998 was two-percent lower than the revenue reported for the comparable period of 1997. Operating profit of $7,557,000 for the third quarter of 1998 decreased 36 percent, from $11,778,000 in the same period in 1997. The decrease was due primarily to lower refined sugar prices, offset, in part, by greater volume and lower costs of raw sugar production.

RESULTS OF SEGMENT OPERATIONS -
FIRST NINE MONTHS OF 1998 COMPARED WITH THE FIRST NINE MONTHS OF 1997

OCEAN TRANSPORTATION revenue of $541,126,000, for the first nine months of 1998, rose one percent and operating profit of $50,357,000 decreased 38 percent. One reason for the decrease was the favorable insurance settlement in 1997. Excluding that factor ($19,965,000, pretax), 1998 first nine-months operating profit was 18-percent lower than in 1997. This decrease was due to the same reasons cited for the third quarter decline. Matson's Hawaii service container volume in the first nine months of 1998 was four-percent lower than in the first nine months of 1997, and automobile volume was five-percent lower.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue of $28,009,000, for the first nine months of 1998, was virtually the same as in the comparable 1997 period. However, nine-months 1998 property leasing operating profit of $17,274,000 was eight-percent lower than in the nine months of 1997. This decrease was due to the same reasons cited for the third quarter decline. The additional leased properties in the first nine months of 1998 included four income properties on the U.S. Mainland, two in San Antonio, Texas and two in Sacramento, California. The new properties were acquired using tax-deferred funds from previous property sales. Year-to-date 1998 occupancy levels for Mainland properties averaged 92 percent, versus 98 percent in the first nine months of 1997. Occupancy levels for Hawaii properties averaged 68 percent, versus 78 percent in the comparable period of 1997. The decreases were due primarily to both the relatively weak Hawaii lease market and the timing of property sales and acquisitions on the U.S. Mainland.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue was $74,819,000 for the first nine months of 1998, compared with $22,671,000 in sales recorded in the first nine months of 1997. Operating profit of $20,269,000, from property sales in the first nine months of 1998, was $14,352,000 higher than in the comparable period of 1997. This large increase resulted from sales in the second quarter of 1998, which included a large R&D and office complex in Cupertino, Calif., and the Company's remaining interest in a 14-acre parcel at Maui Business Park. Other sales in the first nine months of 1998 included one business parcel and 44 residential properties. Sales in the comparable period of 1997 included an undeveloped 29-acre parcel, a one-acre developed lot, an industrial warehouse in California, and 40 residential and four developed business lots.

FOOD PRODUCTS revenue of $337,488,000, for the first nine months of 1998, was four-percent lower than the revenue reported for the comparable period of 1997. For the first nine months of 1998, operating profit of $13,602,000 was 36-percent lower than the $21,170,000 earned in the same period last year. This decrease was due to the same reasons cited for the third quarter decline.

OTHER

INSURANCE LITIGATION: Matson received a favorable cash settlement of $33,650,000 on February 13, 1997 for a contested insurance claim in connection with repairing port facilities damaged by a 1989 earthquake. As noted previously, this settlement resulted in additional net income of $12,478,000 in the first nine months of 1997.

LEGISLATION: In 1997, the Secretary of Agriculture established, under the

Federal Agriculture Improvement and Reform Act and in accordance with the Harmonized Tariff Schedule, the aggregate quantity of sugars and syrups that can be imported into the United States. The maximum import quantity for fiscal year 1998 is 1,600,000 metric tons raw value (mtrv). The maximum import quantity for fiscal year 1999 was set at 1,614,937 mtrv, with an initial release of 1,164,937 mtrv.

C&H RECAPITALIZATION AND PARTIAL SALE: In August 1998, the Company announced plans to recapitalize its sugar refining and marketing unit, California and Hawaiian Sugar Company, Inc. (C&H), and to sell a majority of its equity in that company to an investor group led by Citicorp Venture Capital, Ltd. Because of the current unsettled conditions in the financial markets, the timing for closing of this transaction is uncertain.

TAX-DEFERRED REAL ESTATE EXCHANGES: In the first nine months of 1998, the Company sold five parcels of land for $64,349,000. The proceeds from these sales are reflected in the Condensed Statements of Cash Flows under the caption "Other Non-Cash Information." During the first nine months of 1998, the Company reinvested proceeds of $57,100,000 on a tax-deferred basis from sales completed in 1998 and 1997.

SHARE REPURCHASES: During the first nine months of 1998, the Company repurchased 284,200 shares of its common stock for an aggregate of $6,662,000 (average of $23.44 per share).

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

ECONOMIC CONDITIONS: Despite the well-publicized and widespread turmoil in financial markets worldwide, and especially in the Far East, the economic outlook for Hawaii remains largely unchanged. Real Gross State Product is expected to grow less than one percent this year. The state's prominent visitor industry continues to affect various areas in the state in different ways. Neighbor island destinations, which are favored by U.S. travelers, have done relatively better than Oahu, which attracts greater numbers of eastbound visitors. Year-to-date through August, westbound visitors number 2.9 million, up 3.6 percent from 1997. On the other hand, eastbound tourism, with 1.7 million visitors year-to-date, is down 8.8 percent. Spending by Asian visitors also is down, because of exchange rates, which were highly unfavorable for Japanese visitors until October, when U.S. interest rates were lowered and legislative relief was approved for Japan's banking industry. In August, retail revenue at major shopping areas in or close to Oahu's major visitor destination, Waikiki, was down 25-30 percent, whereas statewide retail revenue year-to-date was up about eight percent. Any beneficial effects of the subsequent strengthening of the yen on Hawaii's retail markets have yet to be reported. The outlook for construction remains poor. For the eight months through August, total reported contracts for future Hawaii construction of $1.03 billion were down 20 percent from the same period in 1997.

SUBSEQUENT EVENT: On October 22, 1998, the Board of Directors appointed W. Allen Doane, president and CEO of A&B-Hawaii, Inc. (ABHI), to the additional positions of president and CEO of Alexander & Baldwin, Inc. and elected him to the Boards of Directors of A&B and Matson. R. J. Pfeiffer will continue as Chairman of the Boards of A&B, Matson and ABHI.

YEAR 2000 INFORMATION AND READINESS DISCLOSURE ACT OF 1998

In 1995, the Company commenced an evaluation of its computer systems and applications to prepare for the Year 2000. Following this evaluation, implementation plans for all business segments were prepared and are currently being executed. Programs that recognize "00" as a date other than "2000" might result in data errors or system problems if not corrected before December 31, 1999. Not all systems used by the Company are sensitive to this issue. The work related to primary systems and applications, which have the greatest risk of adversely affecting operations, should be substantially complete by 1998 year-end. The Company is currently testing the corrected systems for undetected program errors. In addition, the Company is continuing work on correcting secondary support applications and applications in its smaller business units to ensure that they will be Year 2000 compliant before the end of 1999. The Company is working with primary vendors, customers, lenders, suppliers and other appropriate third-parties to assess their compliance efforts and the potential risks to the Company in the event that they are not Year 2000 compliant. Staffing for the Year 2000 work is expected to be adequate. Work on this project has not affected other systems-related activities adversely. The implementation plans, which consist of upgrading, modifying or replacing various systems, are expected to cost approximately

$6,000,000 to $8,000,000. During the first nine months of 1998, the Company had expended approximately $3,000,000 for this work. The costs incurred in connection with the Year 2000 compliance are being treated as an operating expense, unless a system is being replaced for operating reasons as well as for Year 2000 compliance, in which case costs are being capitalized. While the Company believes that its systems and applications necessary to operate and manage its businesses will be replaced, modified or upgraded in advance of the Year 2000 and that the related costs will not have a material impact on the operations, cash flows, financial condition or segment results of future periods, it will not have certain knowledge of full compliance or adequacy of contingency plans until the Year 2000.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Company, from time to time, may make or may have made certain forward-looking statements, whether orally or in writing, such as forecasts and projections of the Company's future performance or statements of management's plans and objectives. Such forward-looking statements may be contained in, among other things, Securities and Exchange Commission (SEC) filings, such as the Forms 10-Q, press releases made by the Company and oral statements made by the officers of the Company. Except for historical information contained in these written or oral communications, such communications contain forward-looking statements. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to: (1) economic conditions in Hawaii and elsewhere; (2) market demand; (3) competitive factors and pricing pressures in the Company's primary markets; (4) legislative and regulatory environment at the federal, state and local levels, such as government rate regulations, land-use regulations, government administration of the U.S. sugar program, and retention of cabotage laws; (5) dependence on raw sugar suppliers and other third-party suppliers; (6) fuel prices; (7) labor relations; (8) the ability to locate and correct, on a timely basis, all relevant computer codes prior to the Year 2000; and (9) other risk factors described elsewhere in these communications and from time to time in the Company's filings with the SEC.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Matson Navigation Company, Inc. ("Matson") is subject to the jurisdiction of the Surface Transportation Board ("Board"), an agency within the U.S. Department of Transportation, with respect to its domestic rates. On September 10, 1998, the government of the Territory of Guam filed a complaint with the Board against Matson, Sea-Land Service, Inc. and American President Lines, Ltd., alleging that the carriers charged unreasonable rates in the trade between the U.S. mainland and Guam between January 1, 1991 and the present. The complaint seeks in excess of $50 million in damages from the three carriers. Matson did not enter the Guam trade until February of 1996 and, in the two and a half years that it has served the trade, it has not filed a general rate increase and has lowered many rates. All of Matson's rate adjustments have been within the zone of reasonableness established by the Interstate Commerce Commission Termination Act of 1995 and, therefore, are deemed reasonable. Management believes that the ultimate outcome of this litigation will not have a material adverse impact on A&B's financial condition.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10. Material contracts.

    10.b.1.(xli) Employment Agreement between Alexander & Baldwin, Inc. and Robert J. Pfeiffer, dated as of July 27, 1998.

    10.b.1.(xlii) Amendment No. 1 to the A&B Retirement Plan for Outside Directors, dated August 27, 1998.

    10.b.1.(xliii) Amendment No. 1 to the A&B 1985 Supplemental Executive Retirement Plan, dated August 27, 1998.

    10.b.1.(xliv) Amendment No. 5 to the A&B Excess Benefits Plan, dated August 27, 1998.

11. Statement re computation of per share earnings.

27. Financial Data Schedule.

(b) Reports on Form 8-K

A report on Form 8-K was filed on August 24, 1998 to report, under Item 5 thereof, the execution by California and Hawaiian Sugar Company, Inc. ("C&H"), A&B-Hawaii, Inc., and McBryde Sugar Company, Limited, all wholly-owned direct or indirect subsidiaries of Alexander & Baldwin, Inc. ("A&B"), of definitive agreements dated as of August 5, 1998, which provide for a recapitalization of C&H involving the participation of an investor group that includes Citicorp Venture Capital, Ltd.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of l934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALEXANDER & BALDWIN, INC.

(Registrant)

Date: November 13, 1998

/s/ Glenn R. Rogers

Glenn R. Rogers
Executive Vice President and
Chief Financial Officer

Date: November 13, 1998

/s/ Thomas A. Wellman

Thomas A. Wellman
Controller

EXHIBIT INDEX

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11. Statement re computation of per share earnings.

27. Financial Data Schedule.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") by and between Alexander & Baldwin, Inc., a Hawaii corporation ("A&B"), and Robert J. Pfeiffer (the "Executive"), dated as of July 27, 1998.

WHEREAS, on July 27, 1998, John C. Couch, who was then serving as Chairman of the Board, President and Chief Executive Officer of A&B, started an extended leave of absence for reasons of personal health; and

WHEREAS, in light of (i) the Executive's long experience, acknowledged leadership abilities, superior business acumen and sustained excellence in serving for many years as Chairman of the Board, President and Chief Executive Officer of A&B, and (ii) the high regard in which the Executive is held by the Board of Directors (the "Board") and management of A&B, the Board has requested the Executive to assume Mr. Couch's positions and duties as Chairman of the Board, President and Chief Executive Officer of A&B, and as Chairman of the Boards of Directors of A&B's principal subsidiaries, Matson Navigation Company, Inc. ("Matson"), A&B-Hawaii, Inc. ("ABHI"), California and Hawaiian Sugar Company, Inc. ("C&H") and A&B Properties, Inc. ("A&B Properties"); and

WHEREAS, the Executive has agreed to accept the Board's request that he return to A&B on a full-time basis to serve in such positions, and the Board is highly appreciative of the Executive's willingness to do so; and

WHEREAS, among the Executive's goals will be the mentoring of senior executives of A&B and its subsidiaries and working with the Board to identify a successor Chief Executive Officer in the event that Mr. Couch should be unable to return to his prior positions with A&B; and

WHEREAS, A&B and the Executive are parties to a Second Amended and Restated Employment Agreement dated as of October 25, 1990 (the "1990 Agreement"), which, notwithstanding the execution of this Agreement and the performance by the Executive of his duties hereunder, is intended to and will remain in full force and effect; and

WHEREAS, A&B and the Executive wish to set forth herein the terms and conditions of the Executive's current employment by A&B, effective as of July 27, 1998;

NOW, THEREFORE, A&B and the Executive agree as follows:

1. Employment Period. A&B hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by A&B, subject to the terms and conditions of this Agreement, for a period commencing on July 27, 1998 (the "Commencement Date") and ending on the 30th day following the date on which either party hereto gives a Notice of Termination to the other party hereto, or on such other date as may be determined in accordance with Section 3 hereof (the "Term").

2. Terms of Employment.

(a) 1990 Agreement. Notwithstanding the execution of this Agreement, the Executive's employment hereunder, or the termination of such employment however effected, the 1990 Agreement, and all of the Executive's and A&B's rights and obligations thereunder, shall continue to remain in full force and effect. Without limiting the generality of the fore-going, during the Term and at all times thereafter A&B shall continue to provide the Executive with all benefits and perquisites which he was entitled to receive under the 1990 Agreement immediately prior to the Commencement Date (including without limitation those benefits and perquisites provided for in Section 11(d) of the 1990 Agreement). In addition, A&B shall reimburse the Executive, on a fully tax grossed-up basis, to the extent that his employment hereunder or his participation in any benefit plan of A&B diminishes or otherwise adversely affects in any manner any benefits or perquisites which he was entitled to receive from A&B immediately prior to the Commencement Date.

(b) Position and Duties. (i) During the Term, the Executive shall serve as Chairman of the Board, President and Chief Executive Officer of A&B, and he shall have such duties and responsibilities consistent with such positions as may be assigned to him from time to time by the Board. During the Term, the Executive shall also serve as Chairman of the Boards of Directors of Matson, ABHI, C&H (for so long as A&B shall hold a controlling interest in C&H) and A&B Properties.

(ii) During the Term, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote his full attention and time during normal business hours to the business and affairs of A&B. Nothing contained herein shall prevent the Executive from (A) serving on corporate, civic or charitable boards or committees, (B) delivering lectures or fulfilling speaking engagements and (C) managing personal investments, so long as such activities do not materially interfere with the performance of the Executive's duties under this Agreement.

(iii) In connection with the Executive's employment hereunder, the Executive shall be based at A&B's offices in San Francisco, and the Executive may, in his discretion, perform his duties hereunder at A&B's offices in San Francisco or Honolulu.

(c) Compensation. (i) Base Salary. During the Term, the Executive shall receive an annual base salary ("Annual Base Salary") of $600,000. The Annual Base Salary may be increased from time to time in the sole discretion of the Board, but may not be decreased. The Annual Base Salary shall be payable in accordance with A&B's standard payroll practices.

(ii) Discretionary Bonus. During the Term, the Executive shall be eligible to receive discretionary bonuses as determined by the Board's Compensation and Stock Option Committee (the "Compensation Committee"), in its sole discretion. The determination and payment of such bonuses, if any, shall be made at the same time annual bonuses are determined for and paid to other A&B executives or at such other time as the Compensation Committee may determine. The Executive shall be ineligible to participate in A&B's formal bonus plans, including but not limited to A&B's One-Year and Three-Year Performance Improvement Incentive Plans.

(iii) Stock Options. The Executive shall be awarded an option (the "Option") under A&B's 1998 Stock Option/Stock Incentive Plan (the "Plan") to acquire 100,000 shares of A&B common stock pursuant to a Stock Option Agreement substantially in the form annexed hereto as Exhibit A. The Option shall (A) have a per share exercise price equal to the Fair Market Value (as defined in the Plan) of a share of A&B common stock on the date on which the Option is granted, (B) become fully exercisable at the earlier of (x) six months after the Commencement Date or (y) termination of the Executive's employment by reason of death or by A&B other than for Misconduct (as defined in the Plan) or Cause (as defined in Section 3(b) below) and (C) expire on the earliest of (w) ten years from the date of grant, (x) one year from the date of the Executive's death, (y) termination of the Executive's employment by A&B for Misconduct or Cause, or (z) three years following termination of the Executive's employment for any other reason. The Executive shall be eligible to receive such future stock option grants as determined by the Compensation Committee, in its sole discretion.

(iv) Benefits and Perquisites. In addition to the benefits to which the Executive is entitled under the 1990 Agreement as described in Section 2(a) above, during the Term, (A) the Executive shall participate in A&B's Sick Leave and Sick Leave Pay Policy; (B) A&B shall provide the Executive with (x) group life insurance coverage in the amount of $600,000 (or $1,000,000 of coverage if the Executive provides A&B with evidence of insurability), (y) accidental death and dismemberment insurance coverage in the amount of $500,000, and (z) business travel accident insurance coverage in the amount of $500,000; and (C) except as otherwise provided in the 1990 Agreement or in this Section 2(c)(iv), the Executive shall not participate in any other benefit or perquisite plan or arrangement of A&B, including but not limited to the A&B Executive Survivor/Retirement Benefit Plan, the A&B Retirement Plan for Salaried Employees, the A&B Excess Benefits Plan or the Alexander & Baldwin, Inc. Profit Sharing Retirement Plan.

(v) Expenses. During the Term, A&B shall promptly reimburse the Executive for all reasonable expenses incurred by the Executive in the course of carrying out his duties hereunder, in accordance with A&B's policies as in effect from time to time, including but not limited to (A) travel between San Francisco and Hawaii and other business travel, and (B) living expenses in Hawaii. In addition, A&B shall promptly reimburse the Executive, on a fully tax grossed-up basis, for the incremental health care costs (net of any reimbursable expenses through insurance or Medicare) incurred by the Executive with respect to his spouse as a result of the Executive's performance of his duties hereunder, including time spent by the Executive away from San Francisco on business.

(vi) Car Allowance. During the Term, A&B shall provide the Executive with a car allowance in accordance with A&B policies as in effect from time to time with respect to the chief executive officer of A&B.

(vii) Vacation. During the Term, the Executive shall be entitled to four weeks' paid vacation each year at such times as may be determined by the Executive in his reasonable discretion in accordance with A&B's policies as in effect from time to time.

3. Termination of Employment.

(a) Death. The Executive's employment shall terminate automatically upon the Executive's death during the Term.

(b) Cause. A&B may terminate the Executive's employment during the Term for Cause. For purposes of this Agreement, "Cause" shall mean: (i) the willful failure by the Executive to substantially perform his duties hereunder, (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to A&B or its subsidiaries, monetarily or otherwise or (iii) the Executive's conviction for the commission of a felony. Notwithstanding the foregoing, for purposes of clauses (i) and (ii) of this Section 3(b), the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution, duly adopted by the affirmative vote of three-quarters of the entire membership of the Board at a meeting of the Board duly called and held for that purpose (after reasonable notice to the Executive and an opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Executive was guilty of the conduct set forth in clauses (i) or (ii) of this Section 3(b), and specifying the particulars thereof in detail. For purposes of clauses (i) and (ii) of this Section 3(b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of A&B.

(c) Without Cause; Termination by the Executive. As set forth in Section 1 above, the Executive's employment may be terminated at any time upon 30 days' prior written notice by A&B or by the Executive, in either case, for any reason or no reason.

(d) Notice of Termination. Any termination of the Executive's employment hereunder by A&B or by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined in Section 3(e) below) is other than the date of receipt of such notice, specifies the termination date.

(e) Date of Termination. For purposes of this Agreement, "Date of Termination" means (i) if the Executive's employment is terminated by A&B for Cause, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by A&B other than for Cause or by the Executive, the Date of

Termination shall be the date specified in this Notice of Termination and (iii) if the Executive's employment is terminated by reason of death, the Date of Termination shall be the date of death.

4. Obligations of A&B upon Termination.

(a) Death; Other than for Cause. If, during the Term, A&B shall terminate the Executive's employment other than for Cause or the Executive's employment shall terminate by reason of the Executive's death, A&B shall pay to the Executive (i) a lump sum cash payment equal to six months' base salary (inclusive of accrued vacation pay, if any), (ii) the Executive's salary to the Date of Termination ("Accrued Obligations") and (iii) all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by A&B, to the extent then unpaid ("Other Benefits").

(b) Cause; Termination by the Executive. If the Executive's employment shall be terminated by the Company for Cause or by the Executive for any reason during the Term, this Agreement shall terminate without further obligations to the Executive, other than the obligation to pay or provide to the Executive (i) the Accrued Obligations, (ii) the Other Benefits and (iii) accrued vacation pay, if any.

5. Full Settlement. A&B's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which A&B may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

6. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of A&B shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon A&B and its successors and assigns.

(c) A&B will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of A&B to assume expressly and agree to perform this Agreement in the same manner and to the same extent that A&B would be required to perform it if no such succession had taken place. As used in this Agreement, "A&B" shall mean A&B as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

7. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Robert J. Pfeiffer
535 Miner Road
Orinda, California 94563

If to A&B:

Alexander & Baldwin, Inc.
822 Bishop Street
P.O. Box 3440
Honolulu, Hawaii 96801-3440
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) A&B may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) Effective as of the Commencement Date, this Agreement shall supersede any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party; provided, however, that this Agreement shall not in any way supersede the 1990 Agreement, which shall continue to remain in full force and effect.

(f) This Agreement may be executed in counterparts, each of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by A&B and the Executive on this 26th day of August, 1998, effective July 27, 1998.

ALEXANDER & BALDWIN, INC.

By /s/ Charles M. Stockholm
Name: Charles M. Stockholm
Title: Chairman, Compensation
and Stock Option Committee

/s/ R. J. Pfeiffer
ROBERT J. PFEIFFER

A&B RETIREMENT PLAN FOR OUTSIDE DIRECTORS

AMENDMENT NO. 1

The A&B Retirement Plan for Outside Directors, as amended and restated effective February 1, 1995, is hereby amended, effective July 1, 1998, as follows:

1. Sections 2.03 through 2.14 are hereby renumbered as Sections 2.04 through 2.15, respectively.

2. A new Section 2.03 is hereby added, as follows:

"2.03. "Beneficiary" means the person or persons designated by the Participant as such in accordance with the provisions of Section 4.03 and to whom the benefit, if any, provided for in Section 4.03 is payable."

3. Section 2.04 is hereby amended in its entirety, to read as follows:

"2.04. "Final Retainer" means the annual rate of cash retainer payable to an Outside Director as of the last date served as an Outside Director."

4. Section 2.10 is hereby amended in its entirety, to read as follows:

"2.10. "Retirement Date" means the later of the date the Participant ceases to be a Director for reasons other than death and the date the Participant attains age 65."

5. A new Section 4.03 is hereby added, to read as follows:

"4.03. DEATH BENEFIT. In the event that a Participant dies prior to his/her Retirement Date, such Participant's Beneficiary shall be entitled to a death benefit equal to the greater of the amounts described in subsections (a) and (b) below, determined as of the day immediately prior to his/her death:

(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 later of the date the Participant attains age 65 and the date of the Participant's death.

(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.

Payment of this death benefit shall be made in a lump sum payment to the Beneficiary within thirty days after the death of the Participant. Each Participant shall, at the time he/she becomes a Participant, designate one or more persons as his/her Beneficiary for purposes of this Section 4.03. The designation shall be made in the form prescribed by the Administrator and shall become effective when filed with the Administrator. A Participant may from time to time change his/her Beneficiary by filing a new designation form with the Administrator. Should the Participant die without having any effectively-designated surviving Beneficiary, then the Beneficiary shall be the spouse of the Participant, if then living. If there is no surviving spouse, then the Beneficiary shall be the Participant's children, then living. If there are no living children, then the Beneficiary shall be the estate of the Participant."

6. Section 6.02 is hereby amended in its entirety, to read as follows:

"6.02. NO OTHER BENEFITS. Except as provided in Section 4.03, there are no death benefits under the 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."

7. Except as modified by this Amendment No. 1, 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 27th day of August, 1998.

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 February 1, 1995, is hereby amended, effective as of July 1, 1998, as follows:

1. Sections 2.06 through 2.27 are hereby redesignated as Sections 2.07 through 2.28, respectively.

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

"2.06. "Beneficiary" means the person or persons designated by the Participant as such in accordance with the provisions of Section 4.07 and to whom the benefit, if any, provided for in Section 4.07 is payable."

3. Section 4.07 is hereby amended in its entirety to read as follows:

"4.07. PRERETIREMENT DEATH BENEFIT.

(a) ELIGIBILITY. In the event that a Participant dies prior to retirement, or prior to termination of employment, such Participant's Beneficiary shall be entitled to a Preretirement Death Benefit determined as provided in this Section in lieu of any other benefit provided by this Plan.

(b) BENEFIT. The Preretirement Death Benefit provided by this Section shall equal the lump sum payment, if any, to which the Participant would have been eligible under this Plan if he/she had retired, or terminated employment, immediately prior to his/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. The Preretirement Death Benefit shall be determined by assuming the Participant did not elect any optional form of payment under the A&B Retirement Plan.

(c) BENEFICIARY DESIGNATION. Each Participant shall, at the time he/she becomes a Participant, designate one or more persons as his/her Beneficiary for purposes of this Section. The designation shall be made in the form prescribed by the Company and shall become effective when filed with the Company. A Participant may from time to time change his/her Beneficiary by filing a new designation form with the Company. Should the Participant die without having any effectively-designated surviving Beneficiary, then the Beneficiary shall be the spouse of the Participant, if then living. If there is no surviving spouse, then the Beneficiary shall be the Participant's children then living. If there are no living children, then the Beneficiary shall be the estate of the Participant.

(d) LUMP SUM PAYMENT DATE. The lump sum payment of the Beneficiary's Preretirement Death Benefit shall be paid as soon as practicable after the death of the Participant."

4. Except as modified by this Amendment No. 1, all terms and provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment No. 1 to be executed on its behalf by its duly authorized officers on this 27th day of August, 1998.

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. 5

The A&B Excess Benefits Plan (the "Plan"), as amended and restated effective February 1, 1995, is hereby amended, effective as of and contingent upon the closing of the transactions contemplated by the Asset Purchase Agreement dated as of August 5, 1998, by and among California and Hawaiian Sugar Company, Inc., A&B-Hawaii, Inc., McBryde Sugar Company, Limited, and Sugar Acquisition Corporation, and the Stock Sale Agreement dated as of August 5, 1998, by and between California and Hawaiian Sugar Company, Inc. and Citicorp Venture Capital, Ltd., as follows:

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

"(d) SELECT BENEFITS PROVIDED TO RETIRED FORMER EMPLOYEES OF CALIFORNIA AND HAWAIIAN SUGAR COMPANY.

(1) Prior to the closing of the transactions contemplated by the Asset Purchase Agreement by and among California and Hawaiian Sugar Company, Inc., A&B-Hawaii, Inc., McBryde Sugar Company, Limited, and Sugar Acquisition Corporation, and the Stock Sale Agreement by and between California and Hawaiian Sugar Company, Inc. and Citicorp Venture Capital, Ltd. (the "Closing Date"), all other provisions of the 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.

(2) As of the Closing Date, all other provisions of this Plan notwithstanding, the obligation of this Plan to pay any benefit shown in Appendix B to the retired former employees of California and Hawaiian Sugar Company, Inc. listed in Appendix B shall cease, and the obligation to pay such benefits, with respect to any period on and after such date, is assumed by Sugar Acquisition Company."

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment to be executed on its behalf by its duly authorized officers on this 27th day of August, 1998.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King
Its Vice President

By /s/ Alyson J. Nakamura
Its Assistant Secretary

EXHIBIT 11

ALEXANDER & BALDWIN, INC.
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(In thousands, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997
Basic Earnings Per Share				
Net income	$13,780	$21,872	$46,524	$61,376
Average number of shares outstanding	44,842	45,135	44,851	45,227
Basic earnings per share	$ 0.31	$ 0.48	$ 1.04	$ 1.36
Diluted Earnings Per Share				
Net income	$13,780	$21,872	$46,524	$61,376
Average number of shares outstanding	44,842	45,135	44,851	45,227
Effect of assumed exercise of outstanding stock options	37	124	132	121
Average number of shares outstanding after assumed exercise of outstanding stock options	44,879	45,259	44,983	45,348
Diluted earnings per share	$ 0.31	$ 0.48	$ 1.03	$ 1.35

The schedule contains summary financial information extracted from the
condensed balance sheet as of September 30, 1998 and the condensed statement
of income for the nine months ended September 30, 1998 and is qualified in its
entirety by reference to such financial statements.

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DEC-31-1998
SEP-30-1998
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