PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed financial statements and notes for the second quarter and first six months of 1997 are presented below with comparative 1996 financial statements.

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

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 1997 | 1996 | 1997 | 1996 |
| | (unaudited) | | (unaudited) | |
| Revenue: | | | | |
| Net sales, revenue from services and rentals | $312,800 | $303,336 | $583,992 | $557,055 |
| Interest, dividends and other | 5,128 | 4,656 | 30,188 | 9,913 |
| Total revenue | 317,928 | 307,992 | 614,180 | 566,968 |
| Costs and Expenses: | | | | |
| Costs of goods sold, services and rentals | 254,341 | 245,412 | 482,132 | 456,941 |
| Selling, general and administrative | 26,538 | 26,228 | 53,093 | 53,541 |
| Interest | 7,803 | 8,376 | 15,745 | 17,186 |
| Income taxes | 10,967 | 10,206 | 23,706 | 14,339 |
| Total costs and expenses | 299,649 | 290,222 | 574,676 | 542,007 |
| Net Income | $ 18,279 | $ 17,770 | $ 39,504 | $ 4,961 |
| Earnings Per Share | $ 0.40 | $ 0.39 | $ 0.87 | $ 0.55 |
| Dividends Per Share | $ 0.22 | $ 0.22 | $ 0.44 | $ 0.44 |
| Average Number of Shares Outstanding | 45,238 | 45,295 | 45,274 | 45,300 |

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

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 1997 | 1996 | 1997 | 1996 |
| | (unaudited) | | (unaudited) | |
| Revenue: | | | | |
| Ocean Transportation | $175,005 | $173,201 | $356,125 | $325,423 |
| Property Development and Management: | | | | |

| | | | | |
|---|---|---|---|---|
| Leasing | 9,609 | 9,085 | 18,725 | 17,973 |
| Sales | 14,480 | 5,125 | 18,591 | 7,286 |
| Food Products | 118,131 | 119,908 | 219,319 | 214,948 |
| Other | 703 | 673 | 1,420 | 1,338 |
| Total | $317,928 | $307,992 | $614,180 | $566,968 |
| Operating Profit:(1) | | | | |
| Ocean Transportation | $ 22,807 | $ 26,648 | $ 56,857 | $ 44,261 |
| Property Development and Management: | | | | |
| Leasing | 6,433 | 6,243 | 12,667 | 12,185 |
| Sales | 3,080 | 2,995 | 4,660 | 3,227 |
| Food Products | 6,553 | 2,696 | 8,672 | 1,808 |
| Other | 671 | 628 | 1,334 | 1,241 |
| Total | $ 39,544 | $ 39,210 | $ 84,190 | $ 62,722 |

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

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

| | June 30 1997 (unaudited) | December 31 1996 (audited) |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 32,166 | $ 23,824 |
| Accounts and notes receivable, net | 189,094 | 172,266 |
| Inventories | 116,868 | 102,722 |
| Real estate held for sale | 14,416 | 17,383 |
| Deferred income taxes | 14,666 | 17,708 |
| Prepaid expenses and other | 9,481 | 12,114 |
| Accrued deposits to Capital Construction Fund | (21,981) | (1,656) |
| Total current assets | 354,710 | 344,361 |
| Investments | 93,181 | 91,602 |
| Real Estate Developments | 66,651 | 70,144 |
| Property, at cost | 1,947,140 | 1,927,058 |
| Less accumulated depreciation and amortization | 904,356 | 864,002 |
| Property - net | 1,042,784 | 1,063,056 |
| Capital Construction Fund | 168,993 | 178,616 |
| Other Assets | 59,675 | 52,843 |
| Total | $1,785,994 | $1,800,622 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Current portion of long-term debt | $ 43,590 | $ 44,082 |
| Short-term commercial paper borrowings | 48,000 | 62,000 |
| Accounts payable | 54,085 | 50,496 |
| Other | 97,258 | 86,352 |
| Total current liabilities | 242,933 | 242,930 |
| Long-term Liabilities: | | |
| Long-term debt | 318,489 | 345,618 |
| Capital lease obligations | 7,488 | 12,039 |
| Post-retirement benefit obligations | 116,903 | 116,047 |
| Other | 55,700 | 48,747 |
| Total long-term liabilities | 498,580 | 522,451 |
| Deferred Income Taxes | 356,227 | 350,913 |
| Shareholders' Equity: | | |
| Capital stock | 36,969 | 37,150 |
| Additional capital | 46,249 | 43,377 |
| Unrealized holding gains on securities | 47,868 | 48,205 |
| Retained earnings | 570,065 | 568,969 |
| Cost of treasury stock | (12,897) | (13,373) |
| Total shareholders' equity | 688,254 | 684,328 |
| Total | $1,785,994 | $1,800,622 |

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

| | Six Months Ended June 30 1997 | 1996 |
|---|---|---|
| | (unaudited) | |
| Cash Flows from Operating Activities | $ 69,414 | $ 51,495 |
| Cash Flows from Investing Activities: | | |
| Capital expenditures | (17,195) | (173,956) |
| Proceeds from disposal of property, investments and other assets | 268 | 1,417 |
| Deposits into Capital Construction Fund | - | (6,016) |
| Withdrawals from Capital Construction Fund | 30,000 | 145,500 |
| (Increase) reduction in investments | (1,926) | 1,184 |
| Net cash provided by (used in) investing activities | 11,147 | (31,871) |
| Cash Flows from Financing Activities: | | |
| Proceeds from issuances of long-term debt | 34,500 | 26,000 |
| Payments of long-term debt | (66,648) | (36,161) |
| Proceeds (payments) of short-term commercial paper borrowings - net | (14,000) | 2,000 |
| Proceeds from issuances of capital stock | 1,017 | 173 |
| Repurchases of capital stock | (7,155) | (1,250) |
| Dividends paid | (19,933) | (19,930) |
| Net cash used in financing activities | (72,219) | (29,168) |
| Net Increase (Decrease) in Cash and Cash Equivalents | $ 8,342 | $ (9,544) |
| Other Cash Flow Information: | | |
| Interest paid, net of amounts capitalized | $ 16,728 | $ 17,421 |
| Income taxes paid, net of refunds | 8,652 | 4,804 |
| Other Non-Cash Information: | | |
| Net accrued deposits (withdrawals) to Capital Construction Fund | 20,325 | (368) |
| Depreciation | 45,543 | 44,299 |
| Tax-deferred property exchanges | 9,589 | 2,825 |
| Decrease in unrealized holding gains | (337) | (1,031) |

FINANCIAL NOTES
(Unaudited)

(a) The condensed balance sheet as of June 30, 1997, the condensed statements of income for the three months and six months ended June 30, 1997 and 1996, and the condensed statements of cash flows for the six months ended June 30, 1997 and 1996 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 deductions and various tax credits.

(c) Statement of Financial Accounting Standards No. 128, "Earnings Per Share," is effective for financial statements for both interim and annual periods ending after December 15, 1997. The Statement will not have a material impact on the Company's computation and presentation of earnings per share.

(d) Certain amounts have been reclassified to conform with current year presentation.

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

OPERATING RESULTS

Net income for the second quarter of 1997 was $18,279,000, or $0.40 per share. Net income for the comparable period of 1996 was $17,770,000, or $0.39 per share.

Net income for the first half of 1997 was $39,504,000, or $0.87 per share, versus $24,961,000, or $0.55 per share, in 1996. Net income in the first half of 1997 included $12,478,000, or $0.28 per share, resulting from the favorable settlement of protracted litigation related to an insurance claim. Excluding this settlement, first half 1997 net income rose eight 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 $529.1 million at June 30, 1997, an increase of $16.2 million from December 31, 1996. This increase was due primarily to an increase in receivables, higher sugar and coffee inventories and higher cash balances, partially offset by an increase in accrued deposits to the CCF. Receivables increased $16.8 million, due primarily to a gradual increase in government receivables at Matson Navigation Company, Inc. (Matson) and increased sales by California and Hawaiian Sugar Company, Inc. (C&H). Sugar and coffee inventories increased $11.3 million, due to seasonal production at the Company's Maui sugar plantation, partially offset by a decrease in raw sugar tonnage carried in inventory at C&H. The $8.3 million increase in cash and cash equivalents was primarily the result of Matson's receipt of the insurance-litigation proceeds. Accrued deposits to the CCF increased $20.3 million.

Working capital was $111.8 million at June 30, 1997, an increase of $10.3 million from the amount at the end of 1996. This increase was due primarily to the previously described increases in receivables, sugar and coffee inventories and higher cash balances, partially offset by the increase in accrued deposits to the CCF.

RESULTS OF SEGMENT OPERATIONS -
SECOND QUARTER 1997 COMPARED WITH THE SECOND QUARTER 1996

OCEAN TRANSPORTATION revenue of $175.0 million for the second quarter of 1997 was one-percent higher than the 1996 second quarter revenue. Operating profit of $22.8 million for the second quarter of 1997 declined, however, by 14 percent. This decrease was primarily the result of lower shipments of autos and containers to and from Hawaii and higher operating costs at Matson's container terminals. Partially offsetting these factors were higher cargo volume in the Guam, Pacific Coast and Mid-Pacific services, and slightly higher revenue rates in the Hawaii service. Matson's second-quarter 1997 Hawaii container volume declined two percent from that of the 1996 second quarter. Hawaii automobile volume declined 17 percent.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue of $9.6 million for the second quarter of 1997 was six-percent higher than the second quarter 1996 revenue, and operating profit of $6.4 million was three-percent greater than in the comparable 1996 period. These increases were the result of properties added to the portfolio in 1996 and early 1997 and increased rental rates, offset, in part, by the absence of income from appreciated properties that had been sold.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue was $14.5 million, up significantly from the $5.1 million in sales recorded in the second quarter of 1996. However, operating profit from property sales this quarter was $3.1 million, virtually the same as last year's second quarter amount. The margin difference between these periods was due to differences in the mix and book values of the properties sold. Sales in the second quarter of 1997 included an industrial warehouse in California, and three developed business lots and sixteen residential properties on Maui. Sales in the second quarter of 1996 included one developed income property, one developed business lot and seven residential properties.

The mix of property sales in any quarter can be diverse. These sales can include property sold under threat of condemnation, developed residential real estate, commercial properties, developable subdivision lots and undeveloped land. The sales of undeveloped land and subdivision lots generally provide greater contribution margins than sales of developed and commercial property, due to the low historical-cost basis of the Company's Hawaii land. Consequently, property sales revenue trends and the amount of real estate available for sale are not necessarily indicators of future profitability for this segment.

FOOD PRODUCTS revenue of $118.1 million for the second quarter of 1997 was one-percent lower than the revenue reported for the comparable period of 1996. The second quarter operating profit of $6.6 million, however, represented a significant improvement from the $2.7 million operating profit in the same period in 1996. This increase was primarily the result of a higher refiner's margin at C&H, combined with ongoing cost reduction initiatives.

RESULTS OF SEGMENT OPERATIONS -
FIRST SIX MONTHS OF 1997 COMPARED WITH THE FIRST SIX MONTHS OF 1996

OCEAN TRANSPORTATION revenue of $356.1 million for the first half of 1997 rose nine percent, primarily due to the insurance settlement. Excluding the insurance settlement, which contributed about $20.0 million, and a one-time charter payment in the first quarter of 1996, which contributed $5.6 million, first-half operating profit of $36.9 million declined four percent, due to the same reasons as the second-quarter decrease. For the first half, Matson's total Hawaii container volume was three-percent lower and its total automobile volume was five-percent lower.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue of $18.7 million for the first half of 1997 was four-percent greater than the results in the comparable 1996 period. Operating profit of $12.7 million was four-percent higher than in the first half of 1996. This increase was due to the same reasons as the second quarter increase. The additional leased properties in the first half of 1997 included two office buildings in Hawaii (Honolulu, Oahu and Wailuku, Maui) and a retail center in Greeley, Colorado. The leased-property portfolio benefited from continuing high occupancy levels for Mainland properties, where year-to-date occupancy rates averaged 98 percent for both half-year periods. Occupancy levels for Hawaii properties averaged 78 percent, versus 88 percent last year. The decrease was due primarily to recently acquired properties that have relatively low occupancy rates.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue of $18.6 million in the first half of 1997 compared with $7.3 million recorded in the first half of 1996. Operating profit of $4.7 million from property sales in the first half was more than 40-percent higher than that of the first half of 1996. Among the first half 1997 sales were a one-acre developed lot and an industrial warehouse in California which, combined, contributed $3.0 million to operating profit, plus 27 residential and 3 developed business lot sales. Sales in the comparable period of 1996 included one developed business lot and 19 residential properties. The net proceeds from the developed lot and the California industrial warehouse sold in the first half of 1997 will be treated as tax-deferred exchanges. One tax-deferred sale was completed in the comparable period of 1996.

FOOD PRODUCTS revenue of $219.3 million for the first half of 1997 was two-percent higher than the revenue reported for the comparable period of 1996. Operating profit of $8.7 million for the first half of 1997 compared with $1.8 million during the comparable period of 1996. This increase was due to the same reasons as the second-quarter improvement.

OTHER MATTERS

INSURANCE LITIGATION: On February 13, 1997, Matson received a favorable cash settlement of $33,650,000 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 half of 1997.

LEGISLATION: Under the Federal Agriculture Improvement and Reform Act (FAIR), signed into law in 1996, an initial import quota of 1,874,000 short tons of raw sugar was established. This tonnage will increase or decrease by specified amounts, at scheduled intervals, based upon changes in sugar supply, demand and inventories. During the first half of 1997, the import quota was increased by 440,000 short tons, to its current level of 2,314,000 short tons. The U.S. Department of Agriculture monitors this program and may, at its discretion, alter the sugar import quota in order to ensure that supplies of raw sugar are adequate to meet demand for refined sugar.

On July 26th, the U.S. House of Representatives voted down the Miller-Schumer amendment which proposed to phase out the non-recourse language in the sugar program under FAIR.

TAX-DEFERRED EXCHANGES: In the first half of 1997, the Company sold two parcels of land for $9,589,000. The proceeds from these sales are reflected in the Condensed Statements of Cash Flows under the caption "Other Non-Cash Information" and are expected to be reinvested in 1997 on a tax-deferred basis.

SHARE REPURCHASES: During the first half of 1997, the Company repurchased approximately 273,000 shares of its common stock for an aggregate of $7,155,000 ($26.22 per share, on average).

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: The outlook for Hawaii's economy is only modestly encouraging. Near-term forecasts anticipate about one-percent real growth in 1997, with continued modest inflation. Growth in Hawaii's visitor industry is unfavorably affected by the strengthening of the U.S. dollar versus the Japanese yen, which raises the cost of U.S. travel to Japanese visitors. The stronger yen, as well as higher hotel room rates, are contributing to shorter average lengths of stay. The construction industry showed some improvement in 1996; however, the job count continued to decline in 1997. Waikiki hotel renovation and reconstruction activity is anticipated with the scheduled opening of the Waikiki convention center in 1998 and retraction of a previous building moratorium. In addition, several large retail projects in Waikiki have been announced recently. Still, the Company has no basis to expect that Hawaii's economy will provide a significant boost to earnings in 1997.

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 Form 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; (5) dependence on raw sugar suppliers and other third-party suppliers; (6) fuel prices; and (7) 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Shareholders of the Company held on April 24, 1997, the Company's shareholders voted in favor of: (i) the election of nine directors to the Company's Board of Directors, and (ii) the election of Deloitte & Touche LLP as the Company's independent auditors. The number of votes for, against or withheld, as well as the number of abstentions and broker non-votes, as to each matter voted upon at the annual Meeting of Shareholders, were as follows:

| (i) Election of Directors | For | Withheld |
|---|---|---|
| Michael J. Chun | 41,773,411 | 292,384 |
| John C. Couch | 41,773,393 | 292,402 |
| Leo E. Denlea, Jr. | 41,777,509 | 288,286 |
| Walter A. Dods, Jr. | 41,772,745 | 293,050 |
| Charles G. King | 41,764,500 | 301,295 |
| Carson R. McKissick | 41,779,048 | 286,747 |
| C. Bradley Mulholland | 41,777,587 | 288,208 |
| Maryanna G. Shaw | 41,762,860 | 302,935 |
| Charles M. Stockholm | 41,777,358 | 288,437 |

| (ii) Election of | For | Against | Abstain |
|---|---|---|---|
| Auditors | 41,760,534 | 170,403 | 134,858 |

There were no broker non-votes at the Annual Meeting.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10. Material contracts.

    10.b.(xxxi) Amendment No. 1 to the A&B Excess Benefits Plan, effective July 1, 1997.

    10.b.(xxxii) Amendment No. 1 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, effective July 1, 1997.

11. Statement re computation of per share earnings.

27. Financial Data Schedule.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter.

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: August 11, 1997

/s/ Glenn Rogers
Glenn R. Rogers
Executive Vice President and
Chief Financial Officer

Date: August 11, 1997

/s/ Thomas A. Wellman
Thomas A. Wellman
Controller

# EXHIBIT INDEX

10. Material contracts.

    10.b.(xxxi) Amendment No. 1 to the A&B Excess Benefits Plan, effective July 1, 1997.

    10.b.(xxxii) Amendment No. 1 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, effective July 1, 1997.

11. Statement re computation of per share earnings.

27. Financial Data Schedule.

EXHIBIT 10.b.(xxxi)

# A&B EXCESS BENEFITS PLAN

## AMENDMENT NO. 1

The A&B Excess Benefits Plan, as amended and restated effective February 1, 1995, is hereby amended, effective July 1, 1997, as follows:

1. Sections 2.07 and 2.08 are hereby redesignated Sections 2.08 and 2.09, respectively.

2. A new Section 2.07 is hereby added, as follows:

"2.07. "Fair Market Value" shall, with respect to the per share valuation of A&B common stock, be the mean between the high and low selling prices per share of A&B common stock on the last date A&B common stock was traded before the date in question, as reported on the Nasdaq National Market System (or any successor system)."

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

"2.10 "Section 16 Insider" shall mean any Participant who is, at the time of the relevant determination or was at any time within the immediately preceding six (6) months, an officer or director of A&B subject to the short-swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended."

4. Section 4.03 is hereby amended in its entirety to read as follows:

"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 forfeitures 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. Subject to the provisions stated below, and pursuant to procedures determined by the Compensation and Stock Option Committee of the Board of Directors, or by the committee or individual(s) to which such authority is delegated, the Participant may make an election ("Conversion Election") to have all or any portion of the amount that is credited to his/her account, converted into common stock-equivalent units which will be valued from time to time on the basis of the Fair Market Value of A&B common stock.

From time to time, the value of each account shall be adjusted to reflect an investment return on the balance credited to such account, and such value and adjustments periodically shall be communicated to each Participant. Such periodic valuation shall be made as follows:

(a) Cash Balance. The portion of the Participant's account valued in cash 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.

(b) Common Stock-Equivalent Units.

(1) The common stock-equivalent units will be credited, at the time dividends are paid on outstanding shares of A&B common stock, with an amount ("dividend-equivalent credits") equal to the

dividends which otherwise would be paid if the number of common stock-equivalent units in the Participant's account were actually outstanding shares of A&B Common Stock.

(2) Dividend-equivalent credits will be applied in the manner of a dividend reinvestment plan to purchase additional common stock-equivalent units valued at Fair Market Value on the applicable dividend payment date.

(3) Pursuant to procedures determined by the Compensation and Stock Option Committee of the Board of Directors, or by the committee or individual(s) to which such authority is delegated, a Participant may elect to have all or a portion of the Participant's common stock-equivalent units converted into cash on the basis of the Fair Market Value (at date of conversion) of the shares of A&B common stock represented by such units; provided, however, that Participants may not make such an election if they are Section 16 Insiders at the time of such election. Any portion so converted to cash shall begin to earn interest in accordance with paragraph (a) above, and shall stop earning dividend-equivalent credits.

(4) Any common stock-equivalent units credited to a Participant's account shall automatically be converted into cash, on the basis of the Fair Market Value (at the date of conversion) of the shares of A&B common stock represented by such units, upon the Participant's termination of employment with A&B for any reason. Any amounts so converted to cash shall begin to earn interest in accordance with paragraph (a) above.

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."

5. 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 26th day of June, 1997.

ALEXANDER & BALDWIN, INC.

By /s/ Miles B. King
Its Vice President

By /s/ Alyson J. Nakamura
Its Assistant Secretary

EXHIBIT 10.b.(xxxii)

# ALEXANDER & BALDWIN, INC. DEFERRED COMPENSATION PLAN

## AMENDMENT NO. 1

The Alexander & Baldwin, Inc. Deferred Compensation Plan, effective August 25, 1994, is hereby amended, effective July 1, 1997, as follows:

1. Section IV.1. is hereby amended by deleting the last sentence thereof.

2. Section V is hereby amended, in the first sentence thereof, by adding the phrase "and pursuant to procedures determined by the Plan Administrator or by the committee or individual(s) to which such authority is delegated," after the phrase "Subject to the provisions stated below".

3. Section V.1. is hereby amended by deleting the phrase ",provided, however, that Section 16 Insiders must make their Conversion Elections prior to approval of their PIIP awards by the Compensation and Stock Option Committee of the Board."

4. Section V.2.(iii) is hereby deleted in its entirety.

5. Section VI.2.(ii) is hereby amended by deleting the last sentence thereof.

6. Section VI.2.(iii)(b) is hereby amended by replacing the phrase "an amount based on the Fair Market Value of the Common Stock on the date of such termination or discharge" with the phrase "an amount equal to the Fair Market Value per share of Common Stock on the date of such termination or discharge multiplied by the number of such Common Stock-equivalent units."

7. Section VI.2.(iv) is hereby amended, in the first sentence thereof, by adding the phrase ", pursuant to procedures determined by the Plan Administrator or by the committee or individual(s) to which such authority is delegated," after the phrase "that participant may elect", and by adding the phrase "all or a portion of" immediately before the phrase "those units."

8. Section XV is hereby amended by adding the phrase ", to the extent not preempted by the Employee Retirement Income Security Act of 1974, as amended (ERISA)," immediately after the phrase "The provisions of the Plan shall."

9. Except as modified by this Amendment, all terms and provisions of the Alexander & Baldwin, Inc. Deferred Compensation 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 26th day of June, 1997.

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 SIX MONTHS ENDED JUNE 30, 1997 AND 1996
(In thousands, except per share amounts)

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 1997 | 1996 | 1997 | 1996 |
| **Primary Earnings Per Share** | | | | |
| Net income | $18,279 | $17,770 | $39,504 | $24,961 |
| Average number of shares outstanding | 45,238 | 45,295 | 45,274 | 45,300 |
| Primary earnings per share | $ 0.40 | $ 0.39 | $ 0.87 | $ 0.55 |
| **Fully Diluted Earnings Per Share** | | | | |
| Net income | $18,279 | $17,770 | $39,504 | $24,961 |
| Average number of shares outstanding | 45,238 | 45,295 | 45,274 | 45,300 |
| Effect of assumed exercise of outstanding stock options | 118 | 38 | 119 | 48 |
| Average number of shares outstanding after assumed exercise of outstanding stock options | 45,356 | 45,333 | 45,393 | 45,348 |
| Fully diluted earnings per share | $ 0.40 | $ 0.39 | $ 0.87 | $ 0.55 |

The schedule contains summary financial information extracted from the condensed balance sheet as of June 30, 1997 and the condensed statement of income for the six months ended June 30, 1997 and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1996
JUN-30-1997
2,898
29,268
195,371
6,277
116,868
354,710
1,947,140
904,356
1,785,994
242,933
318,489
0
0
36,969
651,285
1,785,994
583,992
614,180
482,132
482,132
0
0
15,745
63,210
23,706
39,504
0
0
0
39,504
0.87
0.87