[Note: Page references in this electronic filing refer to the paper copy of the Form 10-K.]

TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

ALEXANDER & BALDWIN, INC.

FORM 10-K

ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

Alexander & Baldwin, Inc. ("A&B") is a diversified corporation with most of its operations centered in Hawaii. It was founded in 1870 and incorporated in 1900. Ocean transportation operations and related shoreside operations of A&B are conducted by a wholly-owned subsidiary, Matson Navigation Company, Inc. ("Matson"), and several Matson subsidiaries, all of which are headquartered in San Francisco. Real property and food products operations are conducted by a wholly-owned subsidiary of A&B, A&B-Hawaii, Inc. ("ABHI"), and several ABHI subsidiaries, including California and Hawaiian Sugar Company, Inc. ("C&H"), all of which are headquartered in Hawaii or California.

The industry segments of A&B are as follows:

A. Ocean Transportation - carrying freight, primarily between various United States Pacific Coast ports, major Hawaii ports and Guam; providing terminal, stevedoring, tugboat and container equipment maintenance services in certain of those ports; and arranging United States mainland intermodal transportation.

B. Property Development and Management - developing real property in Hawaii and on the U.S. Mainland; selling residential properties in Hawaii; and managing, leasing, selling and purchasing real property in Hawaii and on the U.S. Mainland.

C. Food Products - growing sugar cane and coffee in Hawaii; producing raw sugar, molasses and green coffee; refining raw sugar, and marketing and distributing refined sugar products, primarily in the western United States; marketing and distributing roasted coffee and green coffee; providing sugar and molasses hauling and storage, general freight and petroleum hauling and self-storage services in Hawaii; and generating and selling electricity.

For information about the revenue, operating profits and identifiable assets of A&B's industry segments for the three years ended December 31, 1995, see "Industry Segment Information" on page 24 of the Alexander & Baldwin, Inc. 1995 Annual Report ("1995 Annual Report"), which information is incorporated herein by reference.

DESCRIPTION OF BUSINESS AND PROPERTIES

A. OCEAN TRANSPORTATION

(1) FREIGHT SERVICES

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

Matson is the principal carrier of ocean cargo between the United States Pacific Coast and Hawaii. In 1995, Matson carried 157,200 containers (compared with 173,300 containers in 1994) and 107,100 motor vehicles (compared with 116,800 in 1994) between those destinations. Principal westbound cargoes carried by Matson to Hawaii include dry containers of mixed commodities, refrigerated cargoes, packaged foods, building materials and motor vehicles. Principal eastbound cargoes carried by Matson from Hawaii include household goods, canned pineapple, refrigerated containers of fresh pineapple, motor vehicles and molasses. The preponderance of Matson's revenue is derived from the westbound carriage of containerized freight and motor vehicles.

Matson's Pacific Coast Service provides containership freight service between the ports of Los Angeles, Oakland, Seattle and Vancouver, British Columbia. In 1995, its first full year of operation, Matson carried 26,278 containers in the Pacific Coast Service. Matson's Mid-Pacific Service offers container and conventional freight service between the United States

Pacific Coast and the ports of Kwajalein, Ebeye and Majuro in the Republic of the Marshall Islands and Johnston Island, all via Honolulu.

In February 1996, Matson inaugurated its Guam-Micronesia Service, which complements Matson's Hawaii Service by providing westbound containership freight service from the United States Pacific Coast and Hawaii to Guam and Micronesia. The new service is a component of a strategic alliance formed in 1995 between Matson and American President Lines, Ltd. ("APL"), pursuant to which they commenced operating, beginning February 1996, a new Pacific Alliance Service between the United States Pacific Coast and Hawaii, Guam, Japan, and South Korea. Under the terms of the alliance, Matson purchased from APL six containerships, shoreside spare parts and assets related to APL's Guam service in December 1995 and early 1996 for $168 million, will operate four of those vessels and one existing Matson vessel in the Pacific Alliance Service, and will charter back to APL for 10 years cargo space for APL's continuing ocean cargo service from Asian ports to the United States. The new service is expected to improve Matson's vessel utilization on the eastbound return trip of Matson's Hawaii Service, thereby resulting in cost savings.

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

(2) VESSELS

Matson's fleet consists of eleven containerships (including the six containerships purchased from APL), four combination container/trailerships, one roll-on/roll-off barge, two container barges equipped with cranes which serve the neighbor islands of Hawaii and one container barge equipped with cranes in the Mid-Pacific Service.

The nineteen vessels in Matson's fleet represent an investment of approximately $814,300,000 during the past 26 years. With four exceptions, the current fleet has been acquired through the Matson Capital Construction Fund, established under Section 607 of the Merchant Marine Act, 1936, as amended. The exceptions are three steam-powered containerships purchased from APL in 1995 and 1996, and a combination container/trailership which Matson continues to operate under a charter for a 25-year term ending in 1998, with options to renew the charter for a total of up to five years and to purchase the vessel at the end of the charter at fair market value.

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

MATSON NAVIGATION COMPANY, INC.

FLEET - 3/1/96

Vessel Name	Official Number	Year Built	Year Recon-structed	Length	Maximum Speed (Knots)	Maximum Deadweight (Long Tons)	Usable Cargo Capacity: Containers 20'	24'	40'	Reefer Slots	TEUs (1)	Vehicles: Autos	Trailers	Molasses: Short Tons
Diesel-Powered														
R.J. PFEIFFER	979814	1992		713'6"	23.0	27,100	48	171	988	300	2,229	--	--	--
MOKIHANA	655397	1983		860'2"	23.0	30,167	182	312	1,134	400	2,824			
MAHIMAHI	653424	1982		860'2"	23.0	30,167	182	312	1,134	400	2,824			
MANOA	651627	1982		860'2"	23.0	30,187	182	312	1,134	400	2,824			
Steam-Powered														
KAUAI	621042	1980	1994	720'5-1/2"	22.5	26,308		458	538	310	1,626	44		2,600
MAUI	591709	1978	1993	720'5-1/2"	22.5	26,623		458	538	310	1,626			2,600
KAIMOKU (2)	573223	1976	1990	790'9"	21.5	14,551		276	310	119	1,020	350	54	--
KAINALU (2)	557149	1974	1990	790'9"	21.5	14,976		276	310	119	1,020	350	54	--
MATSONIA	553090	1973	1987	760'0"	21.5	22,501		683	400	335	1,620	450	56	4,300
LURLINE	549900	1973	1982	826'6"	21.5	22,221		597	345	340	1,476	220	81	2,100
EWA	530148	1972	1978	787'8"	21.0	38,656	294		861	180	2,015			
CHIEF GADAO	530138	1971	1978	787'8"	21.0	37,346	230	464	597	274	1,981			
LIHUE	530137	1971	1978	787'8"	21.0	38,656	286	276	681	188	1,979			
MANULANI	528400	1970		720'5-1/2"	22.5	27,165		537	416	251	1,476			5,300
MANUKAI	524219	1970		720'5-1/2"	22.5	27,107		537	416	251	1,476			5,300
Other														
WAIALEALE (3)	978516	1991		345'0"	--	5,621				35		230	45	
ISLANDER (4)	933804	1988		372'0"	--	6,837		276	24	70	380			--
MAUNA LOA (4)	676973	1984		350'0"	--	4,658		144	72	84	316			2,100
HALEAKALA (4)	676972	1984		350'0"	--	4,658		144	72	84	316			2,100
MAOI (5)	618705	1980		75'0"	10.0	--								
JOE SEVIER (5)	500799	1965		80'0"	10.0	--								

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

As a complement to its fleet, Matson owns or has under capital leases approximately 17,400 containers, 8,500 container chassis, 480 auto-frames and miscellaneous other equipment. After disposing of older container equipment and adding equipment purchased for the new Guam-Micronesia Service, Matson expects to have 18,500 containers and 8,960 chassis at the end of 1996. Capital expenditures by Matson for vessels and equipment totaled approximately $45,700,000 in 1995.

(3) TERMINALS

Matson Terminals, Inc. ("Matson Terminals"), a wholly-owned subsidiary of Matson, provides container stevedoring, container equipment maintenance and other terminal services for Matson at the ports of Honolulu, Los Angeles, Oakland and Seattle, as well as for other ocean carriers at its Pacific Coast and Honolulu locations.

Matson Terminals is among the largest container stevedoring and terminal operators on the United States Pacific Coast. An estimated total of 1,236 vessel calls were served at all Matson Terminals container facilities in 1995.

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

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

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

Capital expenditures for terminals and equipment totaled approximately $1,700,000 in 1995.

(4) CONTAINER LEASING

In June 1995, Matson Leasing Company, Inc. ("Matson Leasing") sold substantially all of its assets for $362 million, thereby exiting the international marine container leasing business. The proceeds from the sale of the Matson Leasing business were used principally to repay debt, to pay tax obligations and to fund the capital needs of Matson.

(5) OTHER SERVICES

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

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

(6) COMPETITION

Matson's Hawaii and Guam-Micronesia Services have one major containership competitor which serves Long Beach, Oakland, Tacoma, Honolulu and Guam. Other competitors in the Hawaii Service include two common carrier barge services, unregulated proprietary and contract carriers of bulk cargoes and air cargo services.

Matson vessels are operated on schedules which make available to shippers and consignees regular day-of-the-week sailings from the United States Pacific Coast and day-of-the-week arrivals to Hawaii, a type of service that is very attractive to customers because it decreases their overall distribution costs. In addition, Matson competes by offering more comprehensive service to customers, supported by its scope of equipment and its efficiency and experience in the handling of containerized cargoes, and by competitive pricing. Although air freight competition is intense for time-sensitive or perishable cargoes, historic and projected inroads of such competition in cargo volume are limited by the amount of cargo space available in passenger aircraft and by generally higher air freight rates.

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

In response to coordinated efforts by various interests to convince Congress to repeal the Jones Act, a coalition of more than 400 businesses and organizations, including Matson, have formed the Maritime Cabotage Task Force to support the retention of the Jones Act and other cabotage laws. Repeal of the Jones Act would allow all foreign-flag vessel operators, who would not have to abide by U.S. laws and regulations, to sail between American ports in direct competition with Matson and other U.S. operators who must comply with such laws and regulations. The task force seeks to inform elected officials and the public about the economic, national security, commercial, safety and environmental benefits of the Jones Act and similar cabotage laws.

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

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

(7) LABOR RELATIONS

The absence of strikes and the availability of labor through hiring halls are important to maintenance of profitable operations by Matson. Matson's operations have not been disrupted significantly by strikes in the past 24 years. See "Employees and Labor Relations" below for a description of labor agreements and certain unfunded liabilities for multi-employer pension plans to which Matson and Matson Terminals contribute.

(8) RATE REGULATION

In November 1995, Matson filed a 3.8 percent general rate increase for the Hawaii Service that became effective on January 28, 1996.

The Interstate Commerce Commission Termination Act of 1995 (the "Act"), which took effect on January 1, 1996, will substantially revise regulation of water common carriers, like Matson, which operate between the U.S. Mainland and domestic offshore states and territories.

Previously, Matson was regulated by the Federal Maritime Commission ("FMC") with respect to port-to-port service rates, as well as by the Interstate Commerce Commission ("ICC") to the extent of Matson's joint rates with motor carriers.

The Act will end bifurcated regulation by the FMC and ICC of water carriers providing service in the domestic offshore trades. The Act has established within the United States Department of Transportation a new agency, the Surface Transportation Board ("STB"). The STB will have jurisdiction over both water carriers and motor carriers providing service in the domestic offshore trades.

Carriers under STB jurisdiction must file rates with the STB and charge only those rates. The Act establishes a Zone of Reasonableness ("ZOR") which, as adjusted by reference to the Producer Price Index, will allow annual increases not exceeding 7.5% and rate reductions not exceeding 10%, measured against the rate in effect one year before the change. Rates which qualify for ZOR treatment are deemed reasonable and are not subject to investigation or suspension. Rates outside the ZOR also must be reasonable, but no regulations have been proposed for determining reasonableness.

B. PROPERTY DEVELOPMENT AND MANAGEMENT

(1) GENERAL

The property development and management operations of A&B are conducted by ABHI, a wholly-owned subsidiary headquartered in Honolulu. A&B and its subsidiaries own approximately 92,784 acres of land, consisting of approximately 90,744 acres in Hawaii and approximately 2,040 acres elsewhere, as follows:

LOCATION	NO. OF ACRES
Maui	68,840
Kauai	21,904
California	1,950
Colorado	5
Nevada	18
Texas	42
Washington	22
Florida	3

As described more fully in the table below, the bulk of this acreage currently is used for agricultural and related activities, and includes pasture land leased to ranchers, watershed and conservation reserves. The balance is used or planned for development or other urban uses. An additional 19,000 acres on Maui and Kauai are leased from third parties.

CURRENT USE	NO. OF ACRES

Sugarcane/coffee cultivation and contributory purposes	44,377
Watershed and conservation	28,500
Other agricultural and pasture land	16,678
Hawaii commercial and industrial land	494
Hawaii residential, including land zoned for hotel and apartment use	695
Total in Hawaii	90,744
California ranch land	1,901
U.S. Mainland commercial and industrial land	139
TOTAL	92,784

ABHI is actively involved in the entire spectrum of land development, including planning, zoning, financing, constructing, purchasing, managing and leasing, and selling and exchanging real property.

(2) PLANNING AND ZONING

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

- amendment of the County general plan to reflect the desired residential use;

- approval by the State Land Use Commission to reclassify the parcel from the "agricultural" district to the "urban" district;

- County approval to rezone the property to the precise residential use desired; and,

- if the parcel is located in the Coastal Zone Management area, the granting of a Special Management Area Permit by the County Planning Commission.

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

ABHI actively works with regulatory agencies, commissions and legislative bodies at various levels of government to obtain zoning reclassification of land to its highest and best use. ABHI designates a parcel as "fully-zoned" when all necessary government approvals have been obtained. Approximately 1,189 acres of property currently are designated fully-zoned.

As described in more detail below, work to obtain entitlements for urban use in 1995 focused on (i) the Kukui'ula residential development on Kauai, (ii) the proposed master-planned community at Pilot Hill Ranch in California, and (iii) obtaining Community Plan designations for various ABHI lands on Maui. With regard to item (iii), ABHI continues to participate actively in Maui County's decennial update of its Community Plans, a process that began in 1992. The Community Plans serve to guide planning development activity over the next decade. ABHI is seeking various urban designations for its undeveloped lands within the following four Community Plans where most of its Maui lands are located: Pa'ia-Haiku Community Plan, Kihei-Makena Community Plan, Wailuku-Kahului Community Plan, and Makawao-Pukalani-Kula ("Upcountry") Community Plan.

In 1994, the Maui County Council adopted the Pa'ia-Haiku Community Plan. This Plan reflected the designation of approximately 190 acres of ABHI lands for business and residential use, the conversion of approximately 80 acres of previously existing residential and business designations to agricultural use, and the retention of approximately 45 acres of residential and industrial designations. Adoption of the remaining three Community Plans by the Maui County Council is expected in 1996 and 1997.

(3) RESIDENTIAL PROJECTS

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

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

In 1995, ABHI continued its efforts to obtain revised entitlements to the Kukui'ula project, consistent with ABHI's revisions to the project's master plan to address hurricane inundation risks and market considerations. In May 1995, the State Land Use Commission approved urban classification for an additional 822 acres. As a result, the entire 1,045-acre project is now classified as urban. The initial increment of 727 acres is immediately available for development, while the remaining 318 acres is conditionally designated urban, subject to a showing that substantial progress has been made on providing infrastructure to the initial increment. In December 1995, the County of Kauai approved an ordinance rezoning the initial increment of 727 acres to provide a mix of residential, commercial, golf course, park and other uses, consistent with ABHI's plans to develop a planned residential community.

The approvals described above complete ABHI's program to obtain revised entitlements to the Kukui'ula project. However, renewal of construction activity awaits improvement of the current economic conditions, especially housing demand, on Kauai.

(B) ELEELE NANI II. Also on Kauai, sales at ABHI's Eleele Nani II development, consisting of 146 single-family lots on 27 acres, continued during 1995. Sales of four lots closed in 1995, leaving only six lots available for sale.

(C) KU'AU BAYVIEW SUBDIVISION (FKA MAKANA SUBDIVISION). In 1995, the construction plans for this 92-house-and-lot, single-family subdivision in Pa'ia, Maui, were approved and sitework construction commenced. The sitework and two model homes are expected to be completed in March 1996, and construction of the first for-sale homes is expected to be completed by mid-1996. ABHI's original joint venture for the development of this project was terminated in 1995, and the project is being developed solely by ABHI.

(D) HAIKU MAUKA. Also on Maui, Haiku Mauka, a 92-acre, 39-lot agricultural lot residential subdivision, experienced 22 lot sales in 1995. A total of 32 lots have been sold since marketing of this project began in September 1994.

(E) KAHULUI IKENA. Kahului Ikena, a 102-unit, market-priced condominium project in Kahului, Maui, was completed in June 1995. Marketing of the units began in July 1995, and 24 units have been sold since then.

(F) PILOT HILL RANCH. On January 23, 1996, the El Dorado County Board of Supervisors adopted the new General Plan for El Dorado County, near Sacramento, California. The new General Plan incorporates ABHI's development plan proposals for the Pilot Hill Ranch project. Pilot Hill Ranch is intended to be developed as a 1,800-acre planned residential community, consisting of approximately 980 single- and multi-family homes, a golf course, parks and 20 acres of commercial development. In February 1996, a lawsuit was filed to block implementation of the General Plan. The impact of this lawsuit is uncertain at this time.

(4) COMMERCIAL AND INDUSTRIAL PROPERTIES

An important source of property revenue is the lease rental income A&B and its subsidiaries receive from various ground leases on 11,000 acres of land (including agricultural and pasture lands) and leases of 2,678,000 square feet of industrial and commercial building space.

(A) HAWAII COMMERCIAL/INDUSTRIAL PROPERTIES

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

PROPERTY	LOCATION	TYPE	LEASED AREA
Maui Mall	Kahului, Maui	Retail shopping center	190,800 sq. ft.
Kahului Shopping Center	Kahului, Maui	Retail shopping center	112,100 sq. ft.
Kahului Office Center	Kahului, Maui	Office	29,800 sq. ft.
Wakea Business Center	Kahului, Maui	Warehouse/ retail	61,500 sq. ft.
Kahului Office Building	Kahului, Maui	Office	51,700 sq. ft.
Apex Building	Kahului, Maui	Retail	28,000 sq. ft.

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

(1) TRIANGLE SQUARE. Development continues at Triangle Square, an 11-acre retail/commercial complex in Kahului, Maui. In January 1995, the Apex Building, containing 28,000 square feet, was completed and is currently being tenanted by retail users. Also, three lots have been leased so far. Additional ground leases and construction are planned for the balance of Triangle Square, with marketing activity in progress in 1996.

(2) MAUI BUSINESS PARK (FKA KAHULUI INDUSTRIAL PARK). Sitework construction at the 42-acre first subphase of the Maui Business Park,

a light industrial commercial subdivision located near Maui's primary airport and harbor, commenced in the second quarter of 1995. By year-end, 75% of the onsite construction work and 50% of the offsite work were completed, with final completion scheduled for April and December 1996, respectively. In 1995, five and one-half acres were sold and 14-1/2 acres were leased to a Hawaii-based developer who will be constructing a 275,000-square-foot value retail shopping center on the 20 acres. Some of the tenants that have signed leases for the shopping center include Sports Authority, Border's Bookstore, Eagle Hardware and Office Max. Marketing of the 32 lots comprising the 22-acre balance of Maui Business Park's first subphase commenced in the last quarter of 1995. The sale of three lots closed in December 1995, and in January 1996 three lots were leased to a self-storage warehouse developer.

(3) PORT ALLEN INDUSTRIAL SUBDIVISION. On Kauai, sales of four industrial lots closed in 1995. One lot remains available for sale.

(B) U.S. MAINLAND COMMERCIAL/INDUSTRIAL PROPERTIES

On the U.S. Mainland, A&B and its subsidiaries own a portfolio of commercial and industrial properties comprising a total of approximately 2.2 million square feet of leasable area, as follows:

PROPERTY	LOCATION	TYPE	LEASED AREA (SQUARE FT.)
DEC Facility	Cupertino, CA	Research and development	246,000
LinPac Building	City of Industry, CA	Manufacturing	126,000
Moulton Plaza	Laguna Hills, CA	Retail	134,000
Spinnaker II	Fremont, CA	Research and development	98,500
Great Southwest Industrial	Grand Prairie, TX	Warehouse/ Industrial	901,400
4225 Roosevelt	Seattle, WA	Office/Medical	106,500
Valley Freeway Corporate Park	Kent, WA	Warehouse/ Industrial	229,100
Island Village Shopping Center	Bainbridge Island, WA	Retail	97,200
Airport Square	Reno, NV	Retail	168,000
Market Square	Greeley, CO	Retail	43,300

The Great Southwest Industrial property in Dallas, Texas benefited from a strong leasing market, achieving a 99% occupancy rate in 1995. The resurgence of new construction in the area will increase the amount of competitive space, but should have minimal impact on the property in 1996, due to few lease expirations.

Washington State's stable economy is expected to continue to benefit A&B's three Seattle-area properties. The 4225 Roosevelt Building and Island Village Shopping Center (fka Winslow Village Shopping Center) are operating at 100% occupancy. Strong interest is present for space which will become available in the Valley Freeway Corporate Park in 1996.

In California, both the Cupertino and Fremont markets have improved significantly. Digital Equipment Corporation ("DEC") has subleased the 146,000 square feet of available space in the DEC Facility to a major corporate tenant through August 1997, which coincides with the end of DEC's lease term. Negotiations currently are taking place with such tenant for a direct lease that would expire in August 2000. Advance lease negotiations have been initiated for the Spinnaker II property, located in Fremont. Moulton Plaza, located in Laguna Hills, is being challenged by new retail developments in the area. Reconfiguration and retenanting of this center are planned for 1996.

In June 1995, A&B acquired the Airport Square and Market Square shopping centers. These acquisitions completed the tax-deferred exchange, pursuant to Section 1031 of the Internal Revenue Code, that was initiated with the sale of Arapahoe Marketplace in December 1994.

Overall occupancy rates for the U.S. Mainland leased property portfolio averaged 97% in 1995, the same level as in 1994. Overall occupancy rates for the Hawaii leased property portfolio averaged 90% in 1995, compared with 92% in 1994.

C. FOOD PRODUCTS

(1) PRODUCTION

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

In June 1995, ABHI announced the restructuring of its agricultural operations in Hawaii, involving the phase-out of sugar production operations at McBryde and the directing of sugar-growing resources and efforts to HC&S. Sugar production at McBryde is expected to cease upon completion of the 1996 harvest, which is anticipated to occur in September 1996. Continuing losses in McBryde's sugar operations necessitated this decision.

ABHI is Hawaii's largest producer of raw sugar. In 1995, ABHI produced 45% of the 492,346 tons of raw sugar produced in Hawaii. The Hawaii sugar production, in turn, amounted to approximately seven percent of total United States sugar production. ABHI's raw sugar production tonnage for the years 1991 through 1995 is summarized in the following table:

	1995	1994	1993	1992	1991
HC&S	198,009	206,217	224,677	193,485	214,122
McBryde	23,952	17,273	14,493	22,941	38,455
Total	221,961	223,490	239,170	216,426	252,577

HC&S harvested 17,661 acres of sugar cane in 1995, compared with 16,457 acres in 1994 and 16,726 acres in 1993. Yields averaged 11.2 tons of sugar per acre in 1995, the lowest level in ten years, compared with 12.4 in 1994 and 13.4 in 1993. The reduction in yield in 1995 was due to a number of factors, most significantly the unusual lack of rainfall in 1995. A number of steps have been taken to deal with the situation, based upon the results of a rigorous evaluation by HC&S and industry experts of HC&S's cultivation practices and growing conditions. These steps are expected to provide some benefit to the 1996 harvest, but the full impact is not expected to occur until the 1997 harvest, since sugar cane is grown on a two-year cycle. As a by-product of sugar production, HC&S also produced 63,339 tons of molasses in 1995, compared with 58,997 tons in 1994 and 61,954 tons in 1993.

An advanced ultrafiltration plant constructed by HC&S in 1994 should, when fully operational in 1996, increase sugar recovery at HC&S's Puunene mill (the larger and more modern of HC&S's two mills) by 1.5%, thereby increasing annual sugar production by more than 3,000 tons.

McBryde harvested 3,237 acres of sugar cane in 1995, compared with 3,340 acres in 1994 and 2,893 acres in 1993. In addition to raw sugar, 9,219 tons of molasses were produced in 1995, compared with 7,774 tons in 1994 and 5,861 tons in 1993. The average yield in 1995 was 7.4 tons of sugar per acre, up from 5.2 tons in 1994 and 5.0 tons in 1993. The relatively low sugar and molasses production and sugar yields in 1993 and 1994 were due to damage to the sugar crop by Hurricane Iniki in September 1992.

The average cost per ton of sugar produced at the two plantations, including the cost of power production, was $432.59 in 1995, compared with $428.56 in 1994 and $390.37 in 1993. The increases in cost per ton are primarily the result of decreased yields per acre at HC&S, which more than offset increased yields at McBryde, and modest increases in costs. Continuing cost reduction programs at both plantations have been successful in minimizing cost increases.

Both HC&S and McBryde produce electricity for their own use and for sale to electric utility companies by burning bagasse (sugarcane fiber), by hydroelectric power generation and, when necessary, by burning fossil fuels. The price for the power sold is equal to the utility companies' "avoided cost" of not producing the electricity supplied by the plantations. In addition, HC&S receives a capacity payment to provide certain power to the local utility. In 1995, HC&S sold 98,031 megawatt hours ("MWH") of electric power, and McBryde sold 19,625 MWH. Revenue from the sale of electricity depends on the amount of power produced and sold as well as the average price of fuel. See "Energy" below.

During 1995, Island Coffee had approximately 4,000 acres of coffee trees under cultivation. The harvest of the 1995 coffee crop is expected to yield nearly 1.8 million pounds of green coffee, compared with 1.4 million pounds in 1994. Coffee production is expected to continue to increase during the next few years.

Kahului Trucking & Storage, Inc., a subsidiary of ABHI, provides sugar and molasses hauling and storage, petroleum hauling, mobile equipment maintenance and repair services, and self-service storage facilities on Maui. Kauai Commercial Company, Incorporated, another subsidiary of ABHI, provides similar services on Kauai, as well as general trucking services.

(2) SUGAR REFINING; MARKETING OF SUGAR AND COFFEE

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

States.

C&H's profit margins continued to be hurt in 1995 by a combination of high raw cane sugar prices and depressed prices for refined sugar products, arising from the continuing ineffective governmental administration of the domestic sugar support program and an excess supply of beet sugar. In addition, C&H's performance was adversely impacted by a six-week strike by workers at the Crockett refinery during September and October of 1995.

In response to the continuing financial hardship created by the problems with the administration of the U.S. sugar program, and to the uncertainty over the current review of the program by the U.S. Congress, in December 1995 C&H announced a major restructuring involving the lay-off of nearly one quarter of the work force. This restructuring is expected to yield cost reductions of $8 million annually.

Consumer sugar sales are seasonal in nature and, as a result, C&H's financial results are expected to be better in the third and fourth quarters of each fiscal year, compared with the first two quarters.

C&H has a ten-year supply contract, ending in 2003, with Hawaiian Sugar & Transportation Cooperative ("HS&TC"), a cooperative consisting of the major sugarcane growers in Hawaii (including HC&S and McBryde), for C&H to acquire substantially all raw sugar produced in Hawaii at a discount to the New York Contract #14 price for domestic raw sugar. There are no minimum supply guarantees on the part of HS&TC. During 1995, the supply contract with HS&TC provided 72% of the raw sugar used by C&H. In recent years, a number of Hawaii sugarcane growers have exited the business, have announced they will be exiting the business or are considering such action. There is no certainty that the companies now producing sugar cane in Hawaii will be doing so in the future. In 1996, C&H will continue to purchase raw sugar from other than Hawaiian sources to supplement its purchases under the supply contract with HS&TC. The discontinuation of sugar growing operations at McBryde, anticipated to occur in September 1996, is not expected to have any material impact on C&H.

At Island Coffee, coffee marketing efforts currently are being directed toward developing a market for premium-priced, Kauai-grown green coffee. Most of the 1995 coffee crop is being marketed on the U.S. Mainland in green-bean (unroasted) form. Island Coffee has a supply agreement with Nestle Beverage Company, ending in 1998, pursuant to which Nestle Beverage Company will purchase 25% of Island Coffee's mid-grade coffee beans. In addition to the sale of green coffee, in 1994 McBryde launched a roasted, packaged coffee product in Hawaii under the "Kauai Coffee" trade name.

(3) COMPETITION AND SUGAR LEGISLATION

Hawaiian sugar growers produce more sugar per acre than other major producing areas of the world, but that advantage is partially offset by Hawaii's high labor costs and the distance to the U.S. Mainland market. Hawaiian refined sugar is marketed primarily west of Chicago. This is also the largest beet sugar growing and processing area and, as a result, the only market area in the United States which produces more sugar than it consumes. Sugar from sugar beets is the greatest source of competition for the Hawaiian cane sugar industry. In addition, competition from high fructose corn syrup ("HFCS") has increased substantially since 1974, but now has stabilized, as sweetener markets in which the use of HFCS is economical have become saturated. The use of non-caloric (artificial) sweeteners accounts for a small percentage of the domestic sweetener market. Although the use of artificial sweeteners is expected to grow, such increased use is not expected to affect sugar markets significantly in the near future.

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

The U.S. Congress long has sought, through legislation, to assure a reliable domestic supply of sugar at stable and reasonable prices. Congress's most recent renewal of protective legislation for domestic sugar is provided by the Food, Agriculture, Conservation and Trade Act of 1990, known as the 1990 Farm Bill. The 1990 Farm Bill provides a sugar loan program for the 1991 through 1995 crops, with a loan rate (support price) of 18 cents per pound for raw sugar, the same as that provided by the 1985 Farm Act. The 1990 Farm Bill also provides minimum import quotas and a means of limiting domestic production. In February 1996, the U.S. Senate and U.S. House of Representatives separately passed versions of a farm bill which would extend the U.S. sugar program for another seven years, through the 2002 crop, but which would, among other things, eliminate non-recourse loans under certain restrictive circumstances, eliminate beet marketing allotments, and effectively reduce the loan rate to sugar growers to 17 cents per pound. A final version of the farm bill is pending.

The loan rate represents the value of sugar given as collateral for government price-support loans. The government is required to administer the sugar program at no net cost, and this is accomplished by adjusting fees and quotas for imported sugar to maintain the domestic price at a level that prevents producers from defaulting on loans. The target price established by the government is known as the market stabilization price and is based on the loan rate plus transportation costs, interest and an incentive factor. The market stabilization price was 21.8 cents per pound in 1988-89 and 21.9 cents per pound in 1990-91. No market stabilization price has been announced since 1990-91. The actual U.S. domestic sugar price averaged 21.31 cents per pound in 1992, 21.62 cents per pound in 1993, 22.03 cents per pound in 1994, and 23.03 cents per pound in 1995 (reaching a high of 25.00 cents per pound in June and July). The abnormally high average raw sugar price in 1995 was due to flaws in the existing federal sugar legislation and in the administration of the U.S. sugar program. The foregoing average prices are based on the average daily New York Contract #14 price for raw sugar. A chronological chart of these prices is shown below.

U.S. Raw Sugar Prices
(New York Contract #14)
(Average Cents per pound)

	1993	1994	1995
January	20.76	22.00	22.66
February	21.07	21.94	22.67
March	21.57	21.95	22.46
April	21.70	22.04	22.78
May	21.36	22.18	23.10
June	21.39	22.45	23.50
July	21.89	22.72	24.47
August	21.94	21.90	23.37
September	21.97	21.78	23.21
October	21.88	21.52	22.92
November	21.87	21.57	22.60
December	22.00	22.31	22.70

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

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

(4) PROPERTIES AND WATER

C&H's main refining operations are located at Crockett, California. The Crockett refinery is one of the largest in the world, and is the only cane sugar refinery on the United States West Coast. It is ideally located next to a deep-water port, a major rail line and an interstate highway. The refinery and administrative offices occupy a complex of buildings that contains approximately 1,310,000 square feet and is located on approximately 55 acres. C&H leases approximately 42 acres from the California State Lands Commission under long-term ground leases, and owns the remaining area. The Lease Agreement with the State of California covering the main refinery and wharf facilities expires in 2022, and the Lease Agreement covering the area where the secondary water treatment facility is located expires in 2024.

C&H also operates a smaller sugar refining and distribution facility in Aiea, Hawaii that primarily produces liquid sugar for the local beverage industry. This facility was completed in 1994 and replaced an older refinery. C&H leases the refining equipment pursuant to leases that expire in December 1996 and March 1997, with options to renew for up to an additional six years. C&H also leases the facilities and the site pursuant to a lease that expires in 2004. In late 1995, a major bottling plant switched from using C&H's liquid sugar to using corn syrup in its soft drinks. The switch resulted in the loss of 30% of the Aiea refinery's sales. Because of the relatively low price of corn syrup, other bottling plants may switch from using C&H's liquid sugar. In the City of Commerce, California, C&H owns and operates a bulk sugar receiving and distribution facility. The facility is located on a four-acre parcel owned by C&H.

The HC&S sugar plantation, the largest in Hawaii, consists of approximately 42,000 acres of land, including 2,000 acres leased from the State of Hawaii and 1,300 acres under lease from private parties. Approximately 36,200 acres are under cultivation and completely irrigated, and the balance either is used for contributory purposes, such as roads and plant sites, or is not suitable for cultivation.

The McBryde/Island Coffee plantation consists of approximately

15,000 acres of land. Approximately 7,500 acres currently are under cultivation, 4,000 in coffee and 3,500 in sugar cane. About 7,000 acres are held under leases. In furtherance to the cessation of McBryde's sugar operations expected in September 1996, these leased lands will be returned to their owners. Substantially all of the fee-simple lands are irrigated. A comprehensive land management plan is being implemented for the approximately 1,200 acres of land owned in fee that presently is cultivated in sugar.

Large quantities of water are necessary to grow sugar cane. Because of the importance of water, both access to water and efficient irrigation systems are crucial for the successful growing of sugar cane. A&B's plantations use a "drip" irrigation system that distributes water to the cane roots through small holes in plastic tubes. A total of 34,326 acres, 96% of HC&S's cane lands, currently are drip irrigated. The drip method has improved yields in the fields, has allowed increased mechanization of field operations, has resulted in added acres under cultivation and helps mitigate the effects of drought.

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

D. EMPLOYEES AND LABOR RELATIONS

As of December 31, 1995, A&B and its subsidiaries had approximately 3,076 regular full-time employees, 14% fewer than at the start of 1995. About 1,236 regular full-time employees were engaged in the growing of sugar cane and coffee and the production of raw sugar and green coffee, 592 were engaged in the refining and marketing of sugar, 1,027 were engaged in ocean transportation, 40 were engaged in property development and management, and the balance was in administration and miscellaneous operations. Approximately 61.6% were covered by collective bargaining agreements with unions.

The reduction in A&B's work force in 1995 was one component of Company-wide initiatives implemented to reduce general and administrative expenses by $10 million per year. The work force reduction included the layoff at C&H, announced in late 1995, of approximately 201 regular full-time employees, comprising 25% of the C&H work force. In addition, as a result of the planned September 1996 shutdown of sugar operations at McBryde, approximately 115 McBryde employees are anticipated to be laid off in 1996. The remaining employees, approximately 65 in number, will be employed by Island Coffee.

As of December 31, 1995, Matson and its subsidiaries had approximately 1,027 regular full-time employees, 266 seagoing employees and 302 casual employees. Approximately 38% of the regular full-time employees, all of the seagoing employees and all of the casual employees were covered by collective bargaining agreements. The casual employees are United States Pacific Coast longshoremen who are employed through hiring halls and are not full-time employees of either Matson or Matson Terminals.

In connection with the inauguration of the new Guam-Micronesia Service and the purchase of six additional vessels (see the discussion of "Freight Services" above), Matson has added 34 employees in Guam and 142 seagoing employees.

Employees of Matson and Matson Terminals are represented by 10 different unions, and Matson and Matson Terminals are parties to 94 separate collective bargaining agreements. Matson's seagoing employees are represented by six unions. Matson and Matson Terminals are members of the Pacific Maritime Association ("PMA"), and Matson Terminals is a member of the Hawaii Stevedoring Industry Committee and the Hawaii Employers Council, through which various collective bargaining agreements are negotiated. Matson is a member of the Maritime Service Committee ("MSC") for collective bargaining with three unions representing licensed deck, engineer and radio officers for Matson vessels.

Historically, collective bargaining with the longshore and seagoing unions has been complex and difficult. However, Matson and Matson Terminals consider their respective relations with the International Longshoremen's and Warehousemen's Union ("ILWU"), other unions and their non-union employees to be satisfactory. During 1995, collective bargaining agreements with the United Brotherhood of Carpenters and Joiners of America in Oakland and the International Association of Machinists in Los Angeles and Oakland were renewed for three-year, four-year, and 49-month terms, respectively. Additionally, Matson renewed two three-year labor agreements covering deck and engine officers who crew an integrated tug/barge managed by Matson on behalf of its owner, HS&TC. Collective bargaining agreements with the ILWU in Hawaii and on the U.S. Pacific Coast, clerical bargaining units in Oakland and Honolulu, and Teamsters in Oakland are expected to be renewed in mid-1996 without service interruption.

Matson contributed during 1995 to multi-employer pension plans for vessel crews. If Matson were to withdraw from or significantly reduce its obligation to contribute to one of the plans, Matson would review and evaluate data, actuarial assumptions, calculations and other factors used in determining its withdrawal liability, if any, and, in the event of material disagreement with such determination, would pursue the various means available to it under federal law for the adjustment or removal of its withdrawal liability. Matson Terminals participates in a multi-employer pension plan for its Hawaii longshore employees. For a discussion of withdrawal liabilities under the Hawaii longshore and seagoing plans, see Note 2 to A&B's financial statements on pages 34 and 35 of the 1995 Annual Report, which is incorporated herein by reference.

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

As of December 31, 1995, HC&S and McBryde had approximately 873 employees and 152 employees, respectively, covered by collective bargaining agreements with the ILWU. Production units of HC&S and McBryde, as well as an HC&S clerks and technical employees unit, are represented by Local 142 of the ILWU. Agreements with the ILWU for the HC&S and McBryde production units and for the HC&S clerks and technical employees unit expired on January 31, 1996. The agreements for the HC&S production unit and clerks and technical employees unit were extended to March 31, 1996. The agreement for the McBryde production unit was extended to September 30, 1996, to coincide with the anticipated closure of sugar operations. Negotiations with the ILWU on a collective bargaining agreement for production unit employees of Island Coffee are expected to commence soon.

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

Kauai Commercial Company, Incorporated had 43 employees represented by Local 142. Of these, 39 employees were in the production unit, and four were in the clerical unit. Both contracts were extended to April 30, 1996 and are in the process of being renegotiated.

Of the 423 bargaining unit employees of C&H at Crockett, California at year-end 1995 (reflecting the C&H lay-off announced in late 1995), 338 were members of Sugar Workers Union No. 1, AFL-CIO Seafarers International Union of North America and 77 employees were members of ILWU Local 6. Eight employees of C&H at the Aiea, Hawaii refinery were members of ILWU Local 142. Contracts covering these employees extend through May 31, 1998.

E. ENERGY

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

Bunker fuel prices started 1995 at $97.50 per metric ton and ended the year at $116.00 per metric ton. A low of $70.00 per metric ton occurred in October, and a high of $117.50 per metric ton occurred in August. Sufficient fuel for Matson's requirements is expected to be available in 1996.

As is the practice throughout Hawaii, ABHI's sugar plantations use bagasse, the residual fiber of the sugarcane plant, as a fuel to generate steam for the production of most of the electrical power for sugar mill and irrigation pumping operations. However, supplemental fuel is required to produce power, principally for pumping irrigation water during the factory shutdown period when bagasse is not being produced. No. 6 (heavy) oil and coal have been the supplemental fuels most commonly used by the sugar factories. However, in 1992, the suppliers of oil to the ABHI sugar plantations announced they would discontinue regular heavy oil shipments as a result of unlimited liability concerns arising from federal and state environmental laws. Currently, heavy oil is being transported to HC&S on a space-available basis. As a result of the oil-availability problem, HC&S began converting its factories to use diesel fuel and increased its use of coal. In 1995, HC&S produced 253,985 MWH of electric power and sold 98,031 MWH, compared with 1994's power production of 224,883 MWH and sales of 101,994 MWH. HC&S's oil use increased to 143,090 barrels in 1995 from the 126,568 barrels used in 1994. In November 1993, HC&S obtained a state permit that more than doubled its capability for burning coal. Coal use for power generation increased substantially, from 34,490 short tons in 1994 to 67,208 short tons in 1995.

McBryde uses very little oil and no coal because it normally produces a large amount of hydroelectric power from two plants that supplement power produced from bagasse. To deal with the discontinuance of heavy oil shipments to Kauai, McBryde converted its factories to use diesel fuel in 1992. In 1995, power production was 46,532 MWH, up from 43,494 MWH in 1994. Power sales in 1995 of 19,625 MWH were down slightly from 20,381 MWH in 1994. Following cessation of McBryde's sugar operations, Island Coffee will continue to generate and sell hydroelectric power which is excess to its internal needs. Steam-generated power will no longer be produced by McBryde on Kauai.

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

ITEM 3. LEGAL PROCEEDINGS

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

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

In February 1992, Pan Ocean Shipping Co., Ltd. ("Pan Ocean") served on Matson an amended complaint alleging that a Matson vessel negligently discharged contaminated ballast water into Los Angeles harbor on January 9, 1991. Pan Ocean admits that a vessel owned and operated by Pan Ocean discharged fuel oil into Los Angeles harbor on January 8, 1991. Pan Ocean is seeking contribution and indemnification for the in-harbor clean-up charges which it alleged to be between $16,000,000 and $19,000,000. On April 12, 1993, Pan Ocean amended its complaint to allege fraud and seek unspecified punitive damages. The parties have stipulated to binding arbitration before a Special Master appointed by the United States District Court for the Central District of California. The Special Master's findings will be incorporated into a judgment by the United States District Court, which judgment may be appealed to the Ninth Circuit Court of Appeals only on the issues of punitive damages and misconduct of the Special Master. Arbitration hearings, which commenced January 13, 1994, are ongoing. Management believes, after consultation with legal counsel and given the Protection and Indemnity coverage under Matson's insurance policy in effect at the time of the alleged conduct, that any ultimate liability in connection with this action will not have a material adverse effect on Matson's financial condition.

On November 1, 1994, the Division of Water Quality, Department of Wastewater Management, City and County of Honolulu ("City and County") issued a Cease and Desist Order to C&H, alleging violations of a City and County ordinance arising out of C&H's discharge of industrial wastewater from its liquid sugar refinery into the City and County's sewer system. Among other things, the Cease and Desist Order ordered C&H to stop discharging wastewater into the sewer system, ordered C&H to provide a corrective action plan, and warned that the violation might carry civil and/or criminal penalties. Subsequently, the City and County issued Amended Order No. 1 on November 9, 1994, and Amended Order No. 2 on December 2, 1994. All orders were consolidated under Docket No. 94-021 ("Amended Orders"). Amended Order No. 2, among other things, permitted C&H to discharge wastewater into the sewer system, provided C&H did not violate its permit, and imposed a fine on C&H in the amount of $1,650,000, which was suspended, provided C&H comply with the Amended Orders. C&H appealed the Amended Orders.

In May 1995, C&H presented a settlement proposal to the City and County which provided, among other things, that both C&H and the City and County agreed that certain modifications completed at the refinery have alleviated the unanticipated operational difficulties that led to the issuance of the Amended Orders. On March 4, 1996, the City and County accepted the terms and conditions of C&H's proposal, which are contained in a Consent Agreement pursuant to which the fine was rescinded. The Consent Agreement resolves all issues raised in the Amended Orders and Docket No. 94-021, including the Petitions to Appeal filed by C&H.

A&B and its subsidiaries are parties to, or may be contingently liable in connection with, other legal actions arising in the normal conduct of their businesses, the outcomes of which, in the opinion of management after consultation with counsel, would not have a material adverse effect on A&B's financial position.

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

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

PART II

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

This information is contained in the sections captioned "Common Stock" and "Dividends" on pages 19 and 20 of the 1995 Annual Report, which sections are incorporated herein by reference.

At February 16, 1996, there were 6,270 record holders of A&B common stock.

ITEM 6. SELECTED FINANCIAL DATA

Information for the years 1985 through 1995 is contained in the comparative table captioned "Eleven-Year Summary of Selected Financial Data" on pages 22 and 23 of the 1995 Annual Report, which information is incorporated herein by reference.

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

A&B's financial statements, including the results of operations discussed herein, are based on the historical-cost method of accounting, in accordance with generally accepted accounting principles. If estimated current costs of property and inventory were applied to reflect the effects of inflation on A&B's businesses, total assets would be higher and net income lower than shown by the historical-cost financial statements. However, the carrying values of current assets (other than inventories, real estate held for sale, deferred income taxes and prepaid and other assets) and of debt instruments are reasonable estimates of their fair values. Investments in marketable securities are stated in the financial statements at market values in accordance with Statement of Financial Accounting Standards No. 115. Certain investments held in the Capital Construction Fund at amortized cost exceeded their fair values at December 31, 1995 and 1994. This matter is described more fully in Note 11 on page 39 of the 1995 Annual Report, which Note is incorporated herein by reference.

Additional information applicable to this Item 7 is contained in the section captioned "Management's Discussion and Analysis" on pages 25 through 27 of the 1995 Annual Report, which section is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information is contained in the financial statements and accompanying notes on pages 28 through 39 of the 1995 Annual Report, the Independent Auditors' Report on page 21 of the 1995 Annual Report, and the Industry Segment Information for the years ended December 31, 1995, 1994 and 1993 appearing on page 24 of the 1995 Annual Report and incorporated into the financial statements by Note 13 thereto, all of which are incorporated herein by reference.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A. DIRECTORS

For information about the directors of A&B, see the section captioned "Election of Directors" on pages 2 and 3 of A&B's proxy statement dated March 4, 1996 ("A&B's 1996 Proxy Statement"), which section is incorporated herein by reference.

B. EXECUTIVE OFFICERS OF THE REGISTRANT

The name of each executive officer of A&B (in alphabetical order), age (in parentheses) as of March 31, 1996, and present and prior positions with A&B and business experience for the past five years are given below.

Generally, the term of office of executive officers is at the pleasure of the Board of Directors. With regard to compliance with Section 16(a) of the Securities Exchange Act of 1934, A&B believes that during fiscal 1995 its directors and executive officers filed on a timely basis all reports required to be filed under Section 16(a), except that Mr. Robert G. Reed III, a director, was required to file a Form 4 on or before November 10, 1995 with respect to a transfer of 1,000 shares, but such transfer was reported on a Form 5 filed on February 12, 1996. For a discussion of severance agreements between A&B and certain of A&B's executive officers, see the subsection captioned "Severance Agreements" on page 13 of A&B's 1996 Proxy Statement, which subsection is incorporated herein by reference.

Meredith J. Ching (39)

Vice President (Government & Community Relations) of A&B, 10/92-present; Vice President of ABHI (Government & Community Relations), 10/92-present; Vice President of ABHI (Natural Resources Development & Government Affairs), 4/89-9/92; first joined A&B or a subsidiary in 1982.

John C. Couch (56)

Chairman of the Board of A&B, 4/95-present; President of A&B, 4/91-present; Chief Executive Officer of A&B, 4/92-present; Chief Operating Officer of A&B, 4/91-4/92; Chairman of the Board of ABHI, 4/95-present; Chief Executive Officer of ABHI, 4/89-present; President of ABHI, 4/89-4/95; Chairman of the Board of Matson, 4/95-present; Vice Chairman of the Board of

Matson, 4/92-3/95; Chairman of the Board of C&H, 7/90-present; Director of A&B, 10/85-present; Director of Matson, 4/91-present; Director of ABHI, 4/89-present; prior to 4/89, held various executive positions with A&B, Matson and Matson's subsidiaries; first joined A&B or a subsidiary in 1976.

W. Allen Doane (48)

President of ABHI, 4/95-present; Chief Operating Officer of ABHI, 4/91-present; Executive Vice President of ABHI, 4/91-4/95; first joined A&B or a subsidiary in 1991.

Raymond J. Donohue (59)

Senior Vice President of Matson, 4/86-present; Chief Financial Officer of Matson, 2/81-present; first joined Matson in 1980.

G. Stephen Holaday (51)

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

John B. Kelley (50)

Vice President (Investor Relations) of A&B, 1/95-present; Vice President (Corporate Planning & Development, Investor Relations) of A&B, 10/92-12/94; Vice President (Community & Investor Relations) of A&B, 2/91-10/92; Vice President (Corporate & Investor Relations) of A&B, 8/88-1/91; Vice President of ABHI, 8/89-present; first joined A&B or a subsidiary in 1979.

Miles B. King (48)

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

David G. Koncelik (54)

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

Michael J. Marks (57)

Vice President, General Counsel and Secretary of A&B, 4/89-present; Senior Vice President and General Counsel of ABHI, 4/89-present; first joined A&B or a subsidiary in 1975.

C. Bradley Mulholland (54)

President of Matson, 5/90-present; Chief Executive Officer of Matson, 4/92-present; Chief Operating Officer of Matson, 7/89-4/92; Executive Vice President of Matson, 9/87-5/90; Director of A&B, 4/91-present; Director of Matson, 7/89-present; Director of ABHI, 4/91-present; first joined Matson in 1965.

Glenn R. Rogers (52)

Vice President, Chief Financial Officer and Treasurer of A&B, 4/93-present; Senior Vice President, Chief Financial Officer and Treasurer of ABHI, 1/96-present; Senior Vice President, Marketing of Matson, 1/89-4/93; first joined A&B or a subsidiary in 1975.

Robert K. Sasaki (55)

Vice President of A&B, 7/90-present; Senior Vice President (Properties) of ABHI, 4/89-present; first joined A&B or a subsidiary in 1965.

Thomas A. Wellman (37)

Controller of A&B, 1/96-present; Assistant Controller of A&B, 4/93-1/96; Vice President of ABHI, 1/96-present; Controller of ABHI, 11/91-present; Area Controller (Hawaii), Matson, 9/90-10/91; Internal Auditor, A&B, 7/89-8/90; first joined A&B or a subsidiary in 1989.

ITEM 11. EXECUTIVE COMPENSATION

See the section captioned "Executive Compensation" on pages 8 through 13 of A&B's 1996 Proxy Statement, which section is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

AND MANAGEMENT

See the section titled "Security Ownership of Certain Shareholders" and the subsection titled "Security Ownership of Directors and Executive Officers" on page 5 and on pages 6 and 7, respectively, of A&B's 1996 Proxy Statement, which section and subsection are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See the subsection titled "Certain Relationships and Transactions" on page 7 of A&B's 1996 Proxy Statement, the section titled "Compensation Committee Interlocks and Insider Participation" on page 16 of A&B's 1996 Proxy Statement, and the last paragraph of the subsection titled "Compensation of Directors" on page 4 of A&B's 1996 Proxy Statement, which are incorporated herein by reference.

PART IV

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

A. FINANCIAL STATEMENTS

Financial Statements of Alexander & Baldwin, Inc. and Subsidiaries and Independent Auditors' Report (in-corporated by reference to the pages of the 1995 Annual Report shown in parentheses below):

Balance Sheets, December 31, 1995 and 1994 (pages 30 and 31).
Statements of Income for the years ended December 31, 1995, 1994 and 1993 (page 28).
Statements of Shareholders' Equity for the years ended December 31, 1995, 1994 and 1993 (page 32).
Statements of Cash Flows for the years ended December 31, 1995, 1994 and 1993 (page 29).
Notes to Financial Statements (pages 33 through 39 and page 24 to the extent incorporated by Note 13).
Independent Auditors' Report (page 21).

B. FINANCIAL STATEMENT SCHEDULES

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

I - Condensed Financial Information of Registrant - Balance Sheets, December 31, 1995 and 1994; Statements of Income and Cash Flows for the years ended December 31, 1995, 1994 and 1993; Notes to Condensed Financial Statements.

NOTE: All other schedules are omitted because of the absence of the conditions under which they are required or because the information called for is included in the financial statements or notes thereto.

C. EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-K

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

3. Articles of incorporation and bylaws.

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

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

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

4.a. Equity.

4.a. Rights Agreement, dated as of December 8, 1988 between Alexander & Baldwin, Inc. and Manufacturers Hanover Trust Company, Press Release of Alexander & Baldwin, Inc. and Form of Letter to Shareholders of

Alexander & Baldwin, Inc. (Exhibits 4, 28(a) and 28(b) to A&B's Form 8-K dated December 13, 1988).

4.b. Debt.

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

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

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

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

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

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

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

(viii) Seventh Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of November 30, 1994, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii, The Bank of California, N.A., Credit Lyonnais Los Angeles Branch and Credit Lyonnais Cayman Island Branch (Exhibit 4.b.(viii) to A&B's Form 10-K for the year ended December 31, 1994).

(ix) Eighth Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of November 30, 1995, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii, The Bank of California, N.A., Credit Lyonnais Los Angeles Branch and Credit Lyonnais Cayman Island Branch.

10. Material contracts.

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

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

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

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

September 30, 1992).

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

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

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

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

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

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

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

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

(xii)(b) Depositary Agreement between California and Hawaiian Sugar Company and the First National Bank of Chicago, dated as of April 6, 1989 (Exhibit 10.a.(xix)(b) to A&B's Form 10-K for the year ended December 31, 1994).

(xiii) Amendment dated as of February 10, 1995, to Depositary Agreement between California and Hawaiian Sugar Company and The First National Bank of Chicago, dated as of April 6, 1989 (Exhibit 10.a.(xx) to A&B's Form 10-K for the year ended December 31, 1994).

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

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

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

(xvii) Amendment dated November 29, 1995 to the Note Agreement among Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and The Prudential Insurance Company of America, dated as of December 20, 1990 and June 4, 1993.

(xviii) Asset Purchase Agreement among XTRA, Inc., Matson Navigation Company, Inc. and Matson Leasing Company, Inc., dated June 30, 1995 (Exhibit 10.a.(xxiv) to A&B's Form 8-K dated June 30, 1995).

(xix) Revised pro forma financial information relative to the Asset Purchase Agreement among XTRA, Inc., Matson Navigation Company, Inc. and Matson Leasing Company, Inc., dated June 30, 1995 (Exhibit 10.a.(xxv) to A&B's Form 8-K/A dated June 30, 1995).

(xx) Balance sheets as of December 31, 1993 and 1994 and Statements of Income and Statements of Cash Flows for the years ended December 31, 1992, 1993 and 1994, relative to the Asset Purchase Agreement among XTRA, Inc., Matson Navigation Company, Inc. and Matson Leasing Company, Inc., dated June 30, 1995 (Exhibit 10.a.(xxvi) to A&B's Form 8-K/A dated June 30, 1995).

(xxi) Commercial Paper Dealer Agreement among California and Hawaiian Sugar Company, Inc., Alexander & Baldwin, Inc., A&B-Hawaii, Inc. and Goldman Sachs Money Markets, L.P. dated June 20, 1995, with respect to California and Hawaiian Sugar Company, Inc.'s $100 million revolving credit facility (Exhibit 10.a.(xxvi) to A&B's Form 10-Q for the quarter ended June 30, 1995).

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

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

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

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

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

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

(xxviii)(a) Assignment and Assumption Agreement dated as of June 30, 1995, among Matson Leasing Company, Inc., Matson Navigation Company, Inc. and The Prudential Insurance Company of America, with respect to the Note Agreements between Matson Leasing Company, Inc. and The Prudential Insurance Company of America dated as of June 28, 1991 and March 11, 1992 (Exhibit 10.a.(xxviii)(a) to A&B's Form 10-Q for the quarter ended June 30, 1995).

(xxviii)(b) Consent and Amendment Agreement dated as of June 30, 1995, among Matson Leasing Company, Inc., Matson Navigation Company, Inc. and The Prudential Insurance Company of America, with respect to the Note Agreements between Matson Leasing Company, Inc. and The Prudential Insurance Company of America dated as of June 28, 1991 and March 11, 1992 (Exhibit 10.a.(xxviii)(b) to A&B's Form 10-Q for the quarter ended June 30, 1995).

(xxix) Agreement to Implement the Execution and Closing of Vessel Purchase, Purchase of Guam Assets and Alliance Slot Hire Agreement between Matson Navigation Company, Inc. and American President Lines, Ltd., dated as of September 22, 1995 (Exhibit 10.a.(xxix) to A&B's Form 10-Q for the quarter ended September 30, 1995).

(xxx) Amendments Nos. 1 through 7, dated as of October 10, 1995, October 30, 1995, November 30, 1995, December 8, 1995, December 15, 1995, January 31, 1996 and February 8, 1996, respectively, to the Agreement to Implement the Execution and Closing of Vessel Purchase, Purchase of Guam Assets and Alliance Slot Hire Agreement between Matson Navigation Company, Inc., and American President Lines, Ltd., dated as of September 22, 1995.

(xxxi) Vessel Purchase Agreement between Matson Navigation Company, Inc., and American President Lines, Ltd., dated December 20, 1995.

(xxxii) Amendment No. 1 dated December 28, 1995 to the Vessel Purchase Agreement between Matson Navigation Company, Inc., and American President Lines, Ltd., dated December 20, 1995.

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

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

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

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

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

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

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

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

(viii) Amendment No. 2 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan, effective as of January 27, 1994

(Exhibit 10.b.1.(iv) to A&B's Form 10-Q for the quarter ended March 31, 1994).

(ix) Amendment No. 3 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan, effective as of October 27, 1994 (Exhibit 10.b.1.(ix) to A&B's Form 10-K for the year ended December 31, 1994).

(x) Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan (Exhibit 10.c.1.(x) to A&B's Form 10-K for the year ended December 31, 1988).

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

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

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

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

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

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

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

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

(xix) Amendment No. 2 to the A&B Excess Benefits Plan, effective August 24, 1994 (Exhibit 10.b.1.(xix) to A&B's Form 10-K for the year ended December 31, 1994).

(xx) Amendment No. 3 to and Restatement of the A&B Excess Benefits Plan, effective February 1, 1995 (Exhibit 10.b.1.(xx) to A&B's Form 10-K for the year ended December 31, 1994).

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

(xxii) Amendment No. 1 to and Restatement of the A&B Executive Survivor/Retirement Benefit Plan, effective February 1, 1995 (Exhibit 10.b.1.(xxii) to A&B's Form 10-K for the year ended December 31, 1994).

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

(xxiv) Amendment No. 1 to and Restatement of the A&B 1985 Supple-mental Executive Retirement Plan, effective February 1, 1995 (Exhibit 10.b.1.(xxiv) to A&B's Form 10-K for the year ended December 31, 1994).

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

(xxvi) Amendment No. 1 to and Restatement of the A&B Retirement Plan for Outside Directors, effective February 1, 1995 (Exhibit 10.b.1.(xxvi) to A&B's Form 10-K for the year ended December 31, 1994).

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

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

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

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

11. Statement re computation of per share earnings.

13. Annual report to security holders.

    13. Alexander & Baldwin, Inc. 1995 Annual Report.

22. Subsidiaries.

    22. Alexander & Baldwin, Inc. Subsidiaries as of February 29, 1996

24. Consent of Deloitte & Touche LLP dated March 27, 1996 (included as last page of A&B's Form 10-K for the year ended December 31, 1995).

D. REPORTS ON FORM 8-K

An amendment on Form 8-K/A, to a report on Form 8-K dated June 30, 1995, was filed on December 12, 1995, for the purpose of filing under Item 7 certain required pro forma financial information and financial statements relative to the sale by Matson Leasing and Matson (collectively, the "Sellers"), of Matson Leasing's container leasing business, through the sale of certain assets and liabilities of the Sellers (primarily of Matson Leasing).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALEXANDER & BALDWIN, INC.
(Registrant)

Date: March 27, 1996

By /s/ John C. Couch

John C. Couch
Chairman of the Board,
President and Chief
Executive Officer

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

SIGNATURE	TITLE	DATE
/s/ John C. Couch John C. Couch	Chairman of the Board, President and Chief Executive Officer and Director	March 27, 1996
/s/ Glenn R. Rogers Glenn R. Rogers	Vice President, Chief Financial Officer and Treasurer	March 27, 1996
/s/ Thomas A. Wellman Thomas A. Wellman	Controller	March 27, 1996
/s/ Michael J. Chun Michael J. Chun	Director	March 27, 1996
/s/ Leo E. Denlea, Jr. Leo E. Denlea, Jr.	Director	March 27, 1996
/s/ Walter A. Dods, Jr. Walter A. Dods, Jr.	Director	March 27, 1996
/s/ Charles G. King Charles G. King	Director	March 27, 1996
/s/ Carson R. McKissick Carson R. McKissick	Director	March 27, 1996
/s/ C. Bradley Mulholland C. Bradley Mulholland	Director	March 27, 1996
/s/ Robert G. Reed III Robert G. Reed III	Director	March 27, 1996
/s/ Maryanna G. Shaw Maryanna G. Shaw	Director	March 27, 1996
/s/ Charles M. Stockholm Charles M. Stockholm	Director	March 27, 1996

INDEPENDENT AUDITORS' REPORT

Alexander & Baldwin, Inc.:

We have audited the financial statements of Alexander & Baldwin, Inc. and its subsidiaries as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, and have issued our report thereon dated January 25, 1996; such financial statements and report are included in your 1995 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedules of Alexander & Baldwin, Inc. and its subsidiaries, listed in Item 14.B. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information shown therein.

/s/ Deloitte & Touche LLP
Honolulu, Hawaii

January 25, 1996

INDEPENDENT AUDITORS' CONSENT

Alexander & Baldwin, Inc.:

We consent to the incorporation by reference in Registration Statements No. 2-72008, 2-84179, 33-31922, 33-31923 and 33-54825 of Alexander & Baldwin, Inc. and its subsidiaries on Form S-8 of our reports dated January 25, 1996, appearing in and incorporated by reference in the Annual Report on Form 10-K of Alexander & Baldwin, Inc. and its subsidiaries for the year ended December 31, 1995.

/s/ Deloitte & Touche LLP
Honolulu, Hawaii

March 27, 1996

ALEXANDER & BALDWIN, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

ALEXANDER & BALDWIN, INC. (Parent Company)
CONDENSED BALANCE SHEETS
DECEMBER 31, 1995 AND 1994
(In thousands)

	1995	1994
ASSETS		
Current Assets:		
Cash and cash equivalents	$44	$37
Accounts and notes receivable, net	75	1
Prepaid expenses and other	7,033	5,913
Total current assets	7,152	5,951
Investments:		
Subsidiaries consolidated, at equity	584,151	596,070
Other	81,538	61,031
Total investments	665,689	657,101
Real Estate Developments	-	8,196
Property, at cost	97,193	80,814
Less accumulated depreciation and amortization	10,512	7,595
Property -- net	86,681	73,219
Other Assets	1,234	1,232
Total	$760,756	$745,699
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$319	$1,640
Due to subsidiaries	53,805	54,162
Other	4,361	9,188
Total current liabilities	58,485	64,990
Long-Term Liabilities	5,127	7,485
Deferred Income Taxes	43,818	40,610
Commitments and Contingencies		
Shareholders' Equity:		
Capital stock	37,133	37,493
Additional capital	40,138	38,862
Unrealized holding gains on securities	39,830	29,073
Retained earnings	550,042	541,910
Cost of treasury stock	(13,817)	(14,724)
Total shareholders' equity	653,326	632,614
Total	$760,756	$745,699

See accompanying notes.

ALEXANDER & BALDWIN, INC. (Parent Company)
CONDENSED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(In thousands)

	1995	1994	1993
Revenue:			
Net sales, revenue from services and rentals	$10,287	$ 9,753	$12,362
Interest, dividends and other	3,798	3,753	2,683
Total revenue	14,085	13,506	15,045
Costs and Expenses:			
Cost of goods sold, services and rentals	2,946	4,972	3,289
Selling, general and administrative	9,111	11,119	10,904
Interest and other	1,604	1,148	2,449
Income taxes	427	(4,339)	(1,393)
Total costs and expenses	14,088	12,900	15,249
Income (Loss) Before Equity in Net Income Subsidiaries Consolidated	(3)	606	(204)
Equity in Net Income From Continuing Operations of Subsidiaries Consolidated	32,422	63,373	58,940
Equity in Net Income From Discontinued Operations of Subsidiaries Consolidated	23,336 *	10,629	8,253
Net Income	$55,755	$74,608	$66,989

See accompanying notes.

* Includes an after-tax gain of $18 million on the sale of the net assets of Matson Leasing Company, Inc.

ALEXANDER & BALDWIN, INC. (Parent Company)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1995,1994 AND 1993
(In thousands)

	1995	1994	1993
Cash Flows from Operations	($9,405)	($6,341)	$11,696
Cash Flows from Investing Activities:			
Capital expenditures	(678)	(935)	(800)
Proceeds from sale (purchase) of investments	(1,514)	1,200	-
Net cash provided by (used in) investing activities	(2,192)	265	(800)
Cash Flows from Financing Activities:			
Increase (decrease) in intercompany payable	(357)	5,066	(8,118)
Dividends received from subsidiaries	70,000	60,000	39,000
Payments of long-term debt	(6,892)	(935)	(936)
Proceeds from issuances of capital stock	468	122	288
Repurchase of capital stock	(11,580)	(17,717)	-
Dividends paid	(40,035)	(40,563)	(40,777)
Net cash provided by (used in) financing activities	11,604	5,973	(10,543)
Cash and Cash Equivalents:			
Net increase (decrease) for the year	7	(103)	353
Balance, beginning of year	37	140	(213)
Balance, end of year	$44	$37	$140
Other Cash Flow Information:			
Interest paid, net of amounts capitalized	$479	$889	$690
Income taxes paid	53,014	18,391	15,123

See accompanying notes.

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

(a) ORGANIZATION AND OPERATIONS

Alexander & Baldwin, Inc. is the parent company of A&B-Hawaii, Inc. (ABHI) and Matson Navigation Company, Inc. (Matson). ABHI has principal business operations of Food Products and Property Development and Management. Matson has principal business operations of Ocean Transportation and until June 1995, of Container Leasing. The net assets of Matson Leasing Company, Inc., the Company's container leasing subsidiary, were sold in June 1995 for $361.7 million in cash. Accordingly, the operating results and the gain on sale of The container leasing segment have been separately reported.

(b) LONG-TERM LIABILITIES

At December 31, 1995 and 1994, long-term liabilities consisted of the following:

	1995	1994
	(In thousands)	
Long-term debt:		
Limited partnership subscription notes, no interest, payable through 1996	$850	$1,700
Mortgage loans, collateralized by land and buildings, 9% to 12.5%, repaid in 1995	-	6,041
Total	850	7,741
Less current portion	850	6,657
Long-term debt	0	1,084
Other--principally deferred compensation and executive survivors	5,127	6,401
Total	$5,127	$7,485

At December 31, 1995, maturities of long-term debt during 1996 will be $850,000.

(c)COMMITMENTS AND CONTINGENCIES

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

At December 31, 1995, the Company did not have any significant firm commitments.

(d)CASH DIVIDENDS FROM AFFILIATES

Cash dividends from a consolidated subsidiary were $70,000,000 in 1995, $60,000,000 in 1994 and $39,000,000 in 1993.

Exhibit 4.b.(ix)

EIGHTH AMENDMENT TO REVOLVING CREDIT AND TERM LOAN AGREEMENT

This Eighth Amendment (the "Eighth Amendment") dated as of November 30, 1995 (the "Effective Date"), by and among ALEXANDER & BALDWIN, INC., a Hawaii corporation (the "Parent"), A&B-HAWAII, INC., a Hawaii corporation ("A&B-Hawaii"), the undersigned banks (individually a "Bank" and collectively the "Banks"), and FIRST HAWAIIAN BANK, a Bank and as Agent for the Banks, amends the Amended and Restated Revolving Credit and Term Loan Agreement (as previously amended, the "Agreement") effective as of April 1, 1989, among the Parent, A&B-Hawaii, the Agent, and the banks that are parties thereto.

RECITALS

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

B. The parties hereto wish to amend the Agreement to extend the Termination Date as set forth below.

AGREEMENT

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

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

2. Amendment. In the definition of "Termination Date" set forth in Section 9.1 of the Agreement, the date "November 30, 1996" shall be deleted, and the date "November 30, 1997" shall be inserted in its place.

3. Miscellaneous.

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

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

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

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

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

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

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

ALEXANDER & BALDWIN, INC.

By /s/ G. Stephen Holaday
Its Vice President

A&B-HAWAII, INC.

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

FIRST HAWAIIAN BANK,
as a Bank and as Agent

By /s/Adolph F. Chang
Its Vice President

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

By /s/ Richard E. Bryson
Its Vice President

BANK OF HAWAII

By /s/ D. Edward Wohlleb
Its Vice President

THE BANK OF CALIFORNIA, N.A.

By /s/ Wanda Headrick
Its Vice President

CREDIT LYONNAIS LOS ANGELES BRANCH	CREDIT LYONNAIS CAYMAN ISLAND BRANCH
By /s/ Thierry F. Vincent	By /s/ Thierry F. Vincent
Its Vice President	Its Authorized Signatory

Exhibit 10.a.(xvii)

November 29, 1995

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

Ladies and Gentlemen:

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

At the request of the Issuers and pursuant to paragraph 11C of each Agreement, Prudential agrees to amend and restate paragraph 6B(6)(iii)(B) of each Agreement, effective as of September 30, 1995, as follows:

> "C&H create, incur, assume or suffer to exist at any time any Funded Debt except Funded Debt of C&H that does not exceed at any time 225%."

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

Other than expressly amended herein, the Agreements continue unmodified and in full force and effect. Please sign a counterpart hereof and return it to the undersigned, whereupon it shall become an amendment to each of the Agreements, amending each of the 1990 Agreement and the 1993 Agreement in the manner to the extent set forth herein.

Very truly yours,

The Prudential Insurance
Company of America

By /s/

Vice President

Acknowledged and Agreed to:

Alexander & Baldwin, Inc.

By /s/ G. Stephen Holaday
Its Vice President

A&B-Hawaii, Inc.

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

Exhibit 10.a.(xxx)

October 10, 1995

Mr. Kevin C. O'Rourke
Vice President & General Counsel
Matson Navigation Company
333 Market Street
San Francisco, CA 94105

Re: Agreement to Implement the Execution and Closing of Vessel Purchase, Purchase of Guam Assets and Alliance Slot Hire Agreement Dated September 22, 1995

Dear Kevin:

This is to confirm that APL and Matson have agreed to, and hereby do, amend Sections 1.1(b)(viii) and 1.1(c)(vii) of the above agreement to change the reference in those Sections from "October 16, 1995" to "October 30, 1995."

To confirm this, please sign the enclosed copy of this letter in the space provided and return that signed copy to me.

Thank you.

Very truly yours,

AMERICAN PRESIDENT LINES, LTD.

By /s/ David V. Ainsworth

Acknowledged and Agreed:

MATSON NAVIGATION COMPANY, INC.

By /s/ Kevin C. O'Rourke

October 30, 1995

Mr. Kevin C. O'Rourke
Vice President/General Counsel
Matson Navigation Company
P. O. Box 7452
San Francisco, CA 94120

Agreement to Implement the Execution and Closing of
Vessel Purchase, Purchase of Guam Assets and Alliance Slot
Hire Agreement, dated September 22, 1995,
as amended by letter dated October 10, 1995

Dear Kevin:

This is to confirm that APL and Matson have agreed to, and hereby do, amend the above agreement as follows:

1) Section 1.1(b)(viii) and 1.1(c)(vii) are amended to change the reference in those Sections to "October 30, 1995" to "December 1, 1995."

2) Sections 1.1(b)(vii) and 1.1(c)(vi) are amended to change the reference in those Sections to "November 1, 1995" to December 1, 1995."

3) Recital E, Section 1.1(c)(x) and Section 3.1(a) are amended to change the reference in those Sections to "October 16, 1995" to "December 1, 1995."

4) Section 9.8(a) is amended to change the reference therein to "October 1, 1995" to "November 1, 1995."

To confirm this, please sign the enclosed copy of this letter in the space provided and return that signed copy to me.

Thank you.

Very truly yours,

AMERICAN PRESIDENT LINES, LTD.

By /s/ Frederick M. Sevekow, Jr.

Acknowledged and Agreed:

MATSON NAVIGATION COMPANY, INC.

By /s/ Kevin C. O'Rourke

November 30, 1995

Mr. Kevin C. O'Rourke
Vice President/General Counsel
Matson Navigation Company, Inc.
333 Market Street
P. O. Box 7452
San Francisco, CA 94120

Agreement to Implement the Execution and Closing of Vessel Purchase, Purchase of Guam Assets and Alliance Slot Hire Agreement, dated September 22, 1995, as amended by Letters dated October 10, 1995 and October 30, 1995

Dear Kevin:

This is to confirm that APL and Matson have agreed to, and hereby do, amend the above agreement as follows:

1) Sections 1.1(b)(viii) and 1.1(c)(vii) are amended to change the reference in those Sections to "December 1, 1995" to "December 8, 1995."

2) Sections 1.1(b)(vii) and 1.1(c)(vi) are amended to change the reference in those Sections to "December 1, 1995" to "December 8, 1995."

3) Recital E and Section 3.1(a) are amended to change the reference in those Sections to "December 1, 1995" to "December 8, 1995."

To confirm this, please sign the enclosed copy of this letter in the space provided and return that signed copy to me.

Thank you.

Very truly yours,

AMERICAN PRESIDENT LINES, LTD.

By /s/ Frederick M. Sevekow

Acknowledged and Agreed:

MATSON NAVIGATION COMPANY, INC.

By /s/ Kevin C. O'Rourke

December 8, 1995

Mr. Kevin C. O'Rourke
Vice President/General Counsel
Matson Navigation Company, Inc.
333 Market Street
P. O. Box 7452
San Francisco, CA 94120

Agreement to Implement the Execution and Closing of Vessel Purchase, Purchase of Guam Assets and Alliance Slot Hire Agreement, dated September 22, 1995, as amended by Letters dated October 10, 1995, October 30, 1995 and November 30, 1995

Dear Kevin:

This is to confirm that APL and Matson have agreed to, and hereby do, amend the above agreement as follows:

1) Sections 1.1(b)(viii) and 1.1(c)(vii) are amended to change the reference in those Sections to "December 8, 1995" to "December 15, 1995."

2) Sections 1.1(b)(vii) and 1.1(c)(vi) are amended to change the reference in those Sections to "December 8, 1995" to "December 15, 1995."

3) Recital E and Section 3.1(a) are amended to change the reference in those provisions to "December 8, 1995" to "December 15, 1995."

To confirm this, please sign the enclosed copy of this letter in the space provided and return that signed copy to me.

Thank you.

Very truly yours,

AMERICAN PRESIDENT LINES, LTD.

By /s/ Frederick M. Sevekow, Jr.

Acknowledged and Agreed:

MATSON NAVIGATION COMPANY, INC.

By /s/ Kevin C. O'Rourke

AMENDMENT NO. 5

DATED DECEMBER 15, 1995

BY AND BETWEEN

MATSON NAVIGATION COMPANY, INC.

AND

AMERICAN PRESIDENT LINES, LTD.

TO THE

AGREEMENT TO IMPLEMENT
THE EXECUTION AND CLOSING OF
VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND
ALLIANCE SLOT HIRE AGREEMENT,
DATED SEPTEMBER 22, 1995

AMENDMENT NO. 5
TO THE
AGREEMENT TO IMPLEMENT
THE EXECUTION AND CLOSING OF
VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND
ALLIANCE SLOT HIRE AGREEMENT

THIS AMENDMENT NO. 5 ("Amendment No. 5") to the AGREEMENT TO IMPLEMENT THE EXECUTION AND CLOSING OF VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND ALLIANCE SLOT HIRE AGREEMENT (as originally executed on September 22, 1995, and as previously amended on October 10, October 30, November 30, 1995 and December 8, 1995, the "Agreement") is entered into this 15th day of December, 1995 by and between MATSON NAVIGATION COMPANY, INC., a Hawaii corporation ("Matson") and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation ("APL"). Capitalized terms used in this Amendment No. 5 and not otherwise defined herein have the meanings specified in Appendix 1 to the Agreement.

SECTION 1.

(a) The brackets around the words "Vessel Assets Inventory" in Section 6.9 of the Table of Contents of the Agreement are deleted and the brackets around the words "Schedule 1(b) - Responsibility and Schedule" in the Table of Contents of the Agreement are deleted.

(b) The phrase "the terms and conditions of which are to be determined by the parties as set forth herein and to be attached as Exhibit C" is deleted from Recital D and the phrase "substantially in the form set forth in Exhibit C" is inserted in lieu thereof.

(c) Exhibits A, B, C, D, E and F to the Agreement are amended and restated to read in their entirety as set forth, respectively, in Exhibits A, B, C, D, E and F to this Amendment No. 5.

SECTION 2.

The words "a C-8 Vessel to be mutually designated by the parties by October16, 1995" in Recital E of the Agreement are deleted and the words "the PRESIDENT GRANT, Official No. 530138" are inserted in lieu thereof.

SECTION 3.

The phrase "January 2, 1996" in Section 1.1(a) of the Agreement is deleted and the phrase "December 20, 1995" is inserted in lieu thereof.

SECTION 4.

The text of Sections 1.1(b)(vi), (vii) and (viii) and 1.1(c)(v), (vi) and (vii) of the Agreement are deleted in their entirety, and the following text inserted in lieu thereof in said Sections:

"Intentionally Omitted."

SECTION 5.

The text of Section 1.1(c)(x) of the Agreement, including the brackets around said Section, is deleted in its entirety.

SECTION 6.

Section 1.2(a) of the Agreement is deleted in its entirety and the following inserted in lieu thereof:

"Provided that Matson and APL shall have executed and delivered the VPA as provided in SECTION 1.1 hereof, and subject to the satisfaction of the conditions set forth in SECTIONS 1.2(b) and 1.2(c) hereof, Matson and APL shall consummate the transactions contemplated under the VPA and IBCA (i) on the first VPA Closing Date with respect to the PRESIDENT TYLER, which shall be on or about December 20, 1995, unless otherwise agreed by the parties, (ii) on or about January 2, 1996 with respect to two of the C-9 Vessels, but in no event later than January 6, 1996, unless otherwise agreed by the parties (the "Second VPA Closing Date"), and (iii) on the Second VPA Closing Date, or on one or more subsequent VPA Closing Dates with respect to the remaining C-9 Vessel and the two remaining C-8 Vessels, any such subsequent VPA Closing Date or Dates to occur as soon after the Second VPA Closing Date as practical, given the geographic location of such Vessels and availability of the United States Coast Guard to redocument such Vessels, unless otherwise agreed to by the parties, but not later than March 31, 1996, unless otherwise agreed to by the parties (any such subsequent VPA Closing Dates, together with the First VPA Closing Date and the Second VPA Closing Date, referred to herein individually as a "VPA Closing Date" and collectively as the "VPA Closing Dates")."

SECTION 7.

The words "first two C-9 Vessels" are deleted from Section 2.1(a) of the

Agreement and the words "PRESIDENT TYLER" are inserted in lieu thereof.

SECTION 8.

(a) Section 3.1(a) is deleted in its entirety and the following text is inserted in lieu thereof:

"(a) Subject to the satisfaction of the conditions set forth in SECTION 3.1(b) and (c) hereof and to the provisions of SECTIONS 3.1(d) and (e) hereof, Matson and APL shall execute and deliver the Alliance Agreement and all Ancillary Alliance Agreements which the parties have theretofore in writing agreed on and identified as such on or about February 8, 1996, but in no event later than March 31, 1996, unless otherwise agreed by the parties (the date of such execution and delivery being referred to in this Agreement as the "Implementation Date")."

(b) Section 3.1(b)(ii) is amended by adding the following words at the end thereof and prior to the period: "and this Agreement."

(c) Section 3.1(b) is further amended by adding SECTION 3.1(b)(vii) as follows:

"(vii) The parties shall have agreed on any matters on which the parties are required to attempt to reach agreement pursuant to SECTIONS 3.1(d) or (e) hereof."

(d) Section 3.1(c)(ii) is amended by adding the words at the end thereof and prior to the period: "and this Agreement."

(e) Section 3.1(c) is further amended by adding SECTION 3.1(b)(vi) as follows:

"(vi) The parties shall have agreed on any matters on which the parties are required to attempt to reach agreement pursuant to SECTIONS 3.1(d) or (e) hereof."

(f) Section 3.1 is further amended by adding SECTIONS 3.1(d), (e) and (f) as follows:

"(d) In the event:

(i) A Non-Termination Loss shall have occurred with respect to any of the Alliance Vessels (other than the RJ PFEIFFER) before the Implementation Date; and

(ii) Such Non-Termination Loss will interfere with the commencement or operation of the Service in accordance with the Alliance Agreement, the Service Schedule and the Transition Plan were the Service to begin (or be attempted to be begun) on the then-scheduled Implementation Date;

then Matson shall have the option (which Matson shall exercise by notice to APL promptly upon the occurrence of such Non-Termination Loss) to defer the Implementation Date to a date later than February 8, 1996, but not later than March 31, 1996, unless otherwise agreed by the parties; provided, whether or not Matson so elects to defer the Implementation Date, the parties shall promptly upon occurrence of such Non-Termination Loss in good faith confer and attempt to agree on such changes in the Transition Plan, and in the case of any deferral of the Implementation Date such changes in the then-scheduled Implementation Date as will (as nearly as practicable) achieve the objectives of the Service Schedule and the original unmodified Transition Plan."

"(e) In the event:

(i) A Non-Termination Loss shall have occurred with respect to the RJ PFEIFFER before the Implementation Date; and

(ii) Such Non-Termination Loss will interfere with the commencement or operation of the Service in accordance with the Alliance Agreement, the Service Schedule and the Transition Plan were the Service to begin (or be attempted to be begun) on the then-scheduled Implementation Date;

then APL shall have the option (which APL shall exercise by notice to Matson promptly upon the occurrence of such Non-Termination Loss) to defer the Implementation Date to a date later than February 8, 1996 but not later than March 31, 1996 unless otherwise agreed by the parties; provided, whether or not APL so elects to defer the Implementation Date, the parties shall promptly upon the occurrence of such Non-Termination Loss in good faith confer and attempt to agree on such changes in the Transition Plan, and in the case of any deferral of the Implementation Date such changes in the then-scheduled Implementation Date as will (as nearly as practicable) achieve the objectives of the Service Schedule and the original unmodified Transition Plan."

(g) Sections 3.1(b)(v) and 3.1(c)(v) are amended by deleting the words "VPA Closing" wherever appearing therein, and by inserting the word "Implementation" in lieu thereof.

SECTION 9.

(a) The words "and Closing" are inserted after the word "Execution" in the titles to Sections 4.1, 4.1(a), 4.1(b) and 4.1(c) of the Agreement.

(b) The words "the 10th day prior to the Implementation Date" are deleted from Section 4.1(a) of the Agreement, and the following words inserted in lieu thereof:

> "February 1, 1995, unless otherwise agreed by the parties (the "GAPA Closing Date")."

(c) The words "and to close the transactions contemplated thereby" are inserted after the word "GAPA" on the second line of Section 4.1(b) and (c) of the Agreement.

(d) The word "Execution" in the text of Sections 4.1(b), 4.1(b)(i), 4.1(b)(ii), 4.1(c)(i) and 4.1(c)(ii) of the Agreement is deleted, and the word "Closing" is inserted in lieu thereof.

(e) The word "VPA" in Sections 4.1(b)(iii)(B), (C) and (D) and in Sections 4.1(c)(iii)(B), (C) and (D) is deleted, and the word "GAPA" is inserted in lieu thereof.

(f) Section 4.1(b) is amended by adding new clauses (v) and (vi) thereto as follows:

"(v) Matson GAPA Conditions Satisfied. Each of the conditions set forth in Section 5 of the GAPA shall have been satisfied or waived in writing by Matson."

"(vi) APL and Matson shall have agreed in writing on: (A) the form and substance of (1) all appendices, exhibits and schedules to the copy of the GAPA which is attached as an Exhibit to this Agreement, (2) all appendices, exhibits and schedules which are not included, or are marked "To Be Completed," in the copy of the Alliance Agreement which is attached as an Exhibit to this Agreement, (3) the manner in which all blanks in the copies of the GAPA, the Alliance Agreement, and in the appendices, exhibits and schedules to the copy of the Alliance Agreement, which are attached as Exhibits to this Agreement, shall be completed, (B) whether the bracketed language in the copies of the GAPA, the Alliance Agreement, and in the appendices, exhibits and schedules to the copy of the Alliance Agreement, which are attached as Exhibits to this Agreement, shall stand as is or be changed or otherwise resolved and, if so, how, (C) all Included Materials to be contained in the Volumes referred to in Exhibit E hereto, and (D) the form and substance of all Ancillary Alliance Agreements which either of them wishes to enter into or identify as such concerning practices and procedures relating to the Alliance Agreement performance."

(g) Section 4.1(c) is amended by adding new clauses (iv), (v) and (vi) thereto as follows:

"(iv) APL GAPA Conditions Satisfied. Each of the conditions set forth in Section 6 of the GAPA shall have been satisfied or waived in writing by APL."

"(v) APL and Matson shall have agreed in writing on: (A) the form and substance of (1) all appendices, exhibits and schedules to the copy of the GAPA which is attached as an Exhibit to this Agreement, (2) all appendices, exhibits and schedules which are not included, or are marked "To Be Completed," in the copy of the Alliance Agreement which is attached as an Exhibit to this Agreement, (3) the manner in which all blanks in the copies of the GAPA, the Alliance Agreement, and in the appendices, exhibits and schedules to the copy of the Alliance Agreement, which are attached as Exhibits to this Agreement, shall be completed, (B) whether the bracketed language in the copies of the GAPA, the Alliance Agreement, and in the appendices, exhibits and schedules to the copy of the Alliance Agreement, which are attached as Exhibits to this Agreement, shall stand as is or be changed or otherwise resolved and, if so, how, (C) all Included Materials to be contained in the Volumes referred to in Exhibit E hereto, and (D) the form and substance of all Ancillary Alliance Agreements which either of them wishes to enter into or identify as such concerning practices and procedures relating to the Alliance Agreement performance."

"(vi) The Designated APL Employees (as defined in the GAPA) shall have approved (A) the representations and warranties in the GAPA, and (B) the Schedules to the GAPA."

(h) Section 4.2 of the Agreement is deleted in its entirety.

SECTION 10.

(a) The text of the first three lines of Section 6.2(a)(i) of the Agreement is deleted in its entirety, and the following text is inserted in lieu thereof:

"Except for retention bonuses (A) change in any manner the rate of compensation of any APL Guam Employee,".

(b) The text of Section 6.2(a)(iii) is deleted in its entirety, and the following text is inserted in lieu thereof:

"Sell, transfer, license or otherwise dispose of, or agree to sell, transfer, license or otherwise dispose of, any intellectual property which is to be subject to the APL End User License Agreement referred to in the GAPA and the VPA in any manner which would preclude APL from complying with its obligations under such APL End User License Agreement."

SECTION 11.

(a) Section 6.5(c) is amended by adding the following new sentence between the existing third and fourth sentences of that Section:

"The party entering into the contract shall be responsible for administration and supervision of warranty claims under that contract."

(b) The first sentence of Section 6.5(e) is deleted in its entirety and the following text is inserted in lieu thereof:

"Matson and APL agree to share any third-party costs under SECTION 6.5(b) and (c) hereof, the out-of-pocket costs incurred by the party entering into each respective contract in connection with administration and supervision of warranty claims under SECTION 6.5(c) hereof, together with the Delivery Costs under SECTION 6.5(d) hereof as well as any United States customs duties on any of the Requisite Work (such costs and any such duties, jointly the "Reimbursable Costs")."

SECTION 12.

Section 6.7 is amended by adding a new Section 6.7(d) as follows:

"(d) APL warrants to Matson that APL is the owner of the Other Shoreside Spares to be transferred to Matson pursuant to SECTION 6.7(b) hereof, and Matson warrants to APL that Matson will be the owner of any of the Other Shoreside Spares withdrawn by APL pursuant to SECTION 6.7(c) hereof, in each case free and clear of all liens and encumbrances, except for the rights of Waterman Steamship Company in certain of the Other Shoreside Spares under the Joint Spares Agreement. EXCEPT AS SET FORTH IN THE PRECEDING SENTENCE, NEITHER PARTY MAKES OR HAD MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO OR IN CONNECTION WITH ANY OF THE OTHER SHORESIDE SPARES, INCLUDING ANY OF THE OTHER SHORESIDE SPARES SUBJECT TO THE JOINT SPARES AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF TITLE, DESIGN, CONDITION, QUALITY, SEAWORTHINESS, MERCHANTABILITY, WORKMANSHIP, SUITABILITY OR FITNESS OR ELIGIBILITY FOR ANY TRADE OR VOYAGE OR FOR ANY OTHER USE OR PURPOSE, ALL OF WHICH REPRESENTATIONS AND WARRANTIES ARE EXPRESSLY EXCLUDED. THERE ARE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER OF EITHER PARTY WITH RESPECT TO ANY OF THE OTHER SHORESIDE SPARES, INCLUDING ANY OF THE OTHER SHORESIDE SPARES SUBJECT TO THE JOINT SPARES AGREEMENT, OTHER THAN AS SET FORTH IN THE FIRST SENTENCE OF THIS SECTION 6.7(D), WHICH REPRESENTATIONS AND WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF EITHER PARTY WITH RESPECT TO ANY OF THE OTHER SHORESIDE SPARES OR ANY OF THE SPARES SUBJECT TO THE JOINT SPARES AGREEMENT, WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED. EACH PARTY ACCEPTS THE OTHER SHORESIDE SPARES AND ANY OF THE OTHER SHORESIDE SPARES SUBJECT TO THE JOINT SPARES AGREEMENT AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS, WHETHER PATENT OR LATENT, AND WITHOUT RECOURSE OF ANY KIND TO THE OTHER PARTY ON ACCOUNT OF ANY LOSS, DAMAGE OR INJURY SUFFERED OR SUSTAINED ON ACCOUNT OF ANY SUCH FAULT OR DEFECT, WHETHER ON ANY THEORY OF NEGLIGENCE, STRICT LIABILITY, UNSEAWORTHINESS, BREACH OF CONTRACT OR EXPRESS OR IMPLIED WARRANTY, ON WHICH ANY SUCH RECOURSE MIGHT OTHERWISE BE PURSUED."

SECTION 13.

Section 6.9 of the Agreement, including the brackets around said Section, is deleted.

SECTION 14.

The words "[Add provision re no further claim]" in Section 7.3(a)(v) of the Agreement are deleted, and the following text is inserted in lieu thereof:

"Upon such refund, Matson shall have no further claim against APL with respect to the fee or any lost profits referred to in, or any obligation created by, said SECTION 6.8."

SECTION 15.

Section 7.6 of the Agreement is deleted in its entirety and the following inserted in lieu thereof:

"7.6 CDS REPAYMENT DATA AND CALCULATIONS.

"During the Alliance Period, and for twelve (12) months following the end thereof, APL shall provide Matson, or cause Matson to be provided with all information relating to gross freight revenues generated by the carriage of APL Cargo (as that term is defined in the Alliance Agreement) on the Alliance Vessels, whether paid to APL or any alliance partner of APL (other than Matson) for any such carriage during the Alliance Period, as required by the United States Maritime Administration ("MARAD") for CDS repayment computation purposes. Matson shall not disclose such information to any other Person, including, but not limited to, APL if any such information shall be received by Matson from any Person other than APL, except as otherwise required by law. Matson shall request confidential treatment of any such information forwarded by it to MARAD under the Freedom of Information Act."

SECTION 16.

(a) Section 7.3(a)(i) of the Agreement is deleted in its entirety, and the following inserted in lieu thereof:

"(i) The reversal of the sale of any Vessel, Vessel Assets, Other Shoreside Spares or Guam Sale Assets (as defined in the GAPA)."

(b) Section 7.3(a)(ii) of the Agreement is amended by inserting the words "or New Employee (as defined in the GAPA)" after the word "Officer."

(c) Sections 7.3(a)(iv) and (v) of the Agreement are amended by inserting the words "or under the GAPA" before the word "together" in the first sentence thereof.

(d) The following are added as new clauses (viii) and (ix) of Section 7.3(a) of the Agreement:

"(viii) The payment from Matson to APL of any insurance proceeds or payment from APL or any other Person received by Matson with respect to any loss or damages to a Vessel, except to the extent that (A) Matson shall be entitled to such proceeds in reimbursement of any repairs of such loss or damages to a Vessel the cost of which are borne by Matson, or (B) Matson shall be obligated under any contract for repairs of such loss or damages at the time of any such termination, or (C) APL shall have failed to reimburse Matson for any uninsured portion borne by Matson under clause (A) or with respect to which Matson is obligated pursuant to clause (B)."

"(ix) The refund to APL or its qualified plans of all amounts previously transferred to Matson or Matson's qualified plans pursuant to Section 4.3 of the GAPA."

SECTION 17.

The last sentence of Section 9.1 of the Agreement, including the brackets around the same, is deleted in its entirety.

SECTION 18.

Section 9.8 is deleted in its entirety and the following text is substituted in lieu thereof:

"Exhibit E sets forth representations and warranties of APL, and the parties' agreement, concerning materials provided by APL to Matson during the course of the negotiation and documentation, and Matson's evaluation, of the transactions contemplated by this Agreement and the Related Agreements."

SECTION 19.

The bracketed proviso clause at the end of the third sentence of Section 9.9 of the Agreement is deleted in its entirety, the brackets only are deleted from the fourth sentence of said Section, and the following is added as a new sentence at the end of said Section:

"Neither party shall be liable to the other for any act or omission of the party or its employees, agents or independent contractors in the course of or in connection with the performance of any Transition Services pursuant to this SECTION 9.9, other than any such act or omission which is willful or which constitutes a willful refusal to provide such Transition Services required to be provided under this SECTION 9.9."

SECTION 20.

The definition of "Material Guam Change" in Appendix 1 to the Agreement is deleted in its entirety and the following text inserted in lieu thereof:

"Material Guam Change" means any of the following: (A) total Guam revenues for the full calendar year 1995 shall be less than $67 million (as reported in APL's Star Database), or (B) at any time prior to and including December 31, 1995, APL's market share in Guam (based on total FEUs of APL and Sea-Land) for 1995 on a year-to-date basis shall decline below forty-four percent (44%) as determined by APL in Guam utilizing data provided by the Port of Guam and calculated on a basis consistent with the 1995 market share data previously provided to Matson by APL, or (C) at any time after December 31, 1995, either (i) total Guam revenues for the 365-day period ending on the date the determination of a Material Guam Change is made shall be less than $67 million (as reported in APL's Star Database), or (ii) APL's market share in Guam (based on total FEUs of APL and Sea-Land) for the 365-day period ending on such a determination date shall be less than forty-four percent (44%) as determined by APL in Guam utilizing data provided by the Port of Guam and calculated on a basis consistent with the 1995 market share data previously provided to Matson by APL."

SECTION 21.

The brackets around the definition of "ODS" in Appendix 1 to the Agreement are deleted.

SECTION 22.

(a) The following definitions are inserted in Appendix 1 to the Agreement in alphabetical order:

" "SECOND VPA CLOSING DATE" has the meaning set forth in SECTION 1.2(a) of this Agreement."

"NON-TERMINATION LOSS" means any loss, damage, casualty, breakdown or inability to operate in a manner consistent with recent operating history which (i) in the case of any such event or condition affecting any Alliance Vessel other than the RJ PFEIFFER, is not described in SECTIONS 7.1(a)(ii)(A) or (B) or 7.2(a)(ii)(A) or (B) hereof, or (ii) in the case of any such event or condition affecting the RJ PFEIFFER, cannot be repaired by Matson prior to March 31, 1996.

"TRANSITION PLAN" has the meaning specified in the Alliance Agreement.

"SERVICE SCHEDULE" has the meaning specified in the Alliance Agreement."

(b) The term "GAPA Execution Date" in Appendix 1 to the Agreement is deleted in its entirety.

SECTION 23.

(a) The title of item 2 of Schedule 1(a) to the Agreement is deleted in its entirety, and the words "PRESIDENT GRANT" inserted in lieu thereof, and the title to item 4 of said Schedule is deleted in its entirety, and the words "PRESIDENT HOOVER" inserted in lieu thereof.

(b) The bracketed phrase "[additional on deck reefer receptacles]" is added at the end of item 2 of Schedule 1(a) to the Agreement.

SECTION 24.

SCHEDULE 1(b) to the Agreement is deleted in its entirety and the following is inserted in lieu thereof:

"SCHEDULE 1(B)

RESPONSIBILITY AND SCHEDULE

VESSEL	RESPONSIBILITY	ANTICIPATED WORK LOCATION	ANTICIPATED WORK SCHEDULE
PRESIDENT MONROE	APL	Pusan	1/6-8/96
PRESIDENT WASHINGTON	APL	Pusan	1/20-22/96
PRESIDENT LINCOLN	APL	Pusan	1/27-29/96
PRESIDENT GRANT	APL	Far East	2/22-3/12/96
R.J. PFEIFFER	Matson	Far East	3/12-4/15/96
PRESIDENT HOOVER	APL	Far East	1/31-2/14/96"

SECTION 25.

Except as amended by this Amendment No. 5, all other terms, conditions and covenants of the Agreement are hereby confirmed by the parties hereto and remain unchanged and in full force and effect. From and after the date hereof, all references to the Agreement in the Agreement (including references therein to "this Agreement," "hereof," "hereto" or "hereunder") and in any of the Related Agreements, shall be deemed to be references to the Agreement as amended by this Amendment No. 5.

SECTION 26.

This Amendment No. 5 may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Matson and APL have caused this Amendment No. 5 to be duly executed as of the day and year first above written.

MATSON NAVIGATION COMPANY, INC.

By

Name:
Title:

AMERICAN PRESIDENT LINES, LTD.

By

Name:
Title:

AMENDMENT NO. 6

DATED AS OF JANUARY 31, 1996

BY AND BETWEEN

MATSON NAVIGATION COMPANY, INC.

AND

AMERICAN PRESIDENT LINES, LTD.

TO THE

AGREEMENT TO IMPLEMENT
THE EXECUTION AND CLOSING OF
VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND
ALLIANCE SLOT HIRE AGREEMENT,
DATED SEPTEMBER 22, 1995

AMENDMENT NO. 6
TO THE
AGREEMENT TO IMPLEMENT
THE EXECUTION AND CLOSING OF
VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND
ALLIANCE SLOT HIRE AGREEMENT

THIS AMENDMENT NO. 6 ("Amendment No. 6") to the AGREEMENT TO IMPLEMENT THE EXECUTION AND CLOSING OF VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND ALLIANCE SLOT HIRE AGREEMENT (as originally executed on September 22, 1995, and as previously amended on October 10, October 30, November 30, 1995, December 8, 1995 and December 15, 1995, the "Agreement") is entered into as of this 31st day of January, 1996 by and between MATSON NAVIGATION COMPANY, INC., a Hawaii corporation ("Matson") and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation ("APL"). Capitalized terms used in this Amendment No. 6 and not otherwise defined herein have the meanings specified in Appendix 1 to the Agreement.

SECTION 1.

The reference to "Recital C" in the definition of "Guam Sale Assets" in Appendix A to the Agreement is changed to "Recital D".

SECTION 2.

Each of Sections 3.1(b) and 3.1(c) of the Agreement is amended by adding the following clause at the end thereof, which clause shall be designated clause "(viii)" in the case of Section 3.1(b) and clause "(vii)" in the case of Section 3.1(c):

"APL and Matson shall have agreed in writing on: (A) the form and substance of (1) all appendices, exhibits and schedules which are not included or are marked "To Be Completed" in the copy of the Alliance Agreement which is attached as an Exhibit to this Agreement, and (2) the manner in which all blanks in the copy of the Alliance Agreement, and in the appendices, exhibits and schedules to the copy of the Alliance Agreement, which are attached as Exhibits to this Agreement, shall be completed, (B) whether the bracketed language in the copy of the Alliance Agreement, and in the appendices, exhibits and schedules to the copy of the Alliance Agreement, which are attached as Exhibits to this Agreement, shall stand as is or be changed or otherwise resolved and, if so, how, (C) all Included Materials to be contained in the Volumes referred to in <u>Exhibit E</u> hereto, and (D) the form and substance of all Ancillary Alliance Agreements which either of them wishes to enter into or identify as such concerning practices and procedures relating to the Alliance Agreement performance."

SECTION 3.

The text of each of Sections 4.1(b)(vi) and 4.1(c)(v) of the Agreement is amended and restated in its entirety to read as follows:

"APL and Matson shall have agreed in writing on: (A) the form and substance of (1) all appendices, exhibits and schedules to the copy of the GAPA which is attached as an Exhibit to this Agreement, and (2) the manner in which all blanks in the copy of the GAPA which is attached as an Exhibit to this Agreement shall be completed, and (B) whether the bracketed language in the copy of the GAPA which is attached as an Exhibit to this Agreement shall stand as is or be changed or otherwise resolved and, if so, how."

SECTION 4.

Section 6.5 of the Agreement is amended by inserting the words "and the R.J. Pfeiffer" after the word "Vessels" in the first paragraph thereof, and by changing all references to "Vessel" or "Vessels" in clauses (a), (b) and (c) thereof to "vessel" and "vessels" respectively.

SECTION 5.

Except as amended by this Amendment No. 6, all other terms, conditions and covenants of the Agreement are hereby confirmed by the parties hereto and remain unchanged and in full force and effect. From and after the date hereof, all references to the Agreement in the Agreement (including references therein to "this Agreement," "hereof," "hereto" or "hereunder") and in any of the Related Agreements, shall be deemed to be references to the Agreement as amended by this Amendment No. 6.

SECTION 6.

This Amendment No. 6 may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Matson and APL have caused this Amendment No. 6 to be duly executed as of the day and year first above written.

MATSON NAVIGATION COMPANY, INC.

By

Name:
Title:

AMERICAN PRESIDENT LINES, LTD.

By

Name:
Title:

AMENDMENT NO. 7

DATED AS OF FEBRUARY 8, 1996

BY AND BETWEEN

MATSON NAVIGATION COMPANY, INC.

AND

AMERICAN PRESIDENT LINES, LTD.

TO THE

AGREEMENT TO IMPLEMENT
THE EXECUTION AND CLOSING OF
VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND
ALLIANCE SLOT HIRE AGREEMENT,
DATED SEPTEMBER 22, 1995

AMENDMENT NO. 7
TO THE
AGREEMENT TO IMPLEMENT
THE EXECUTION AND CLOSING OF
VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND
ALLIANCE SLOT HIRE AGREEMENT

THIS AMENDMENT NO. 7 ("Amendment No. 7") to the AGREEMENT TO IMPLEMENT THE EXECUTION AND CLOSING OF VESSEL PURCHASE, PURCHASE OF GUAM ASSETS AND ALLIANCE SLOT HIRE AGREEMENT (as originally executed on September 22, 1995, and as previously amended on October 10, October 30, November 30, 1995, December 8, December 15, 1995 and January 31, 1996, the "Agreement") is entered into as of this 8th day of February, 1996 by and between MATSON NAVIGATION COMPANY, INC., a Hawaii corporation ("Matson") and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation ("APL"). Capitalized terms used in this Amendment No. 7 and not otherwise defined herein have the meanings specified in Appendix 1 to the Agreement.

SECTION 1.

The Exhibits to the Agreement are amended as follows:

(a) Exhibit A to the Agreement is amended by adding thereto Amendment No. 1 to the Vessel Purchase Agreement attached hereto as Exhibit A; and

(b) Exhibits C, D and E to the Agreement are amended and restated to read in their entirety as set forth, respectively, in Exhibits C, D and E to this Amendment.

SECTION 2.

Section 6.7 of the Agreement is amended by: (a) deleting the words "The shoreside spare parts in APL's possession" in the third sentence thereof and inserting in lieu thereof of the words "The portion of the shoreside spare parts in APL's possession which APL desires to sell to Matson and Matson desires to purchase from APL,"; (b) deleting the words "Within ten (10) days prior to the Implementation Date" in the fifth sentence of clause (a) and inserting in lieu thereof the words "By March 31, 1996," and by adding to the end of said fifth sentence the words "as at February 8, 1996"; (c) deleting the words "On or about the time of transfer of title" in clause (b) and inserting in lieu thereof the words "Prior to March 31, 1996,"; and (d) changing the reference to "Section 6.7(d)" in clause (b) to "Section 6.7(c)."

SECTION 3.

The parties hereto acknowledge and agree that, the Stevedoring and Terminal Services Agreement between Eagle Marine Services, Ltd., a Delaware corporation, and Matson (Port of Los Angeles) dated as of February 1, 1996 (the "APL Terminal Agreement"), and the Stevedoring and Terminal Services Agreement between Matson Terminals, Inc., a Hawaii corporation, and APL (Port of Oakland) dated as of February 1, 1996 (the "Matson Terminal Agreement") were entered into pursuant to that certain Alliance Slot Hire Agreement (as originally executed and as amended from time to time in accordance with its terms (the "Alliance Agreement")) and are the APL Terminal Agreement and the Matson Terminal Agreement, respectively, referred to and defined in the Alliance Agreement and that each (as originally executed and as amended from time to time in accordance with their respective terms) is an Alliance Agreement within the meaning of, and for all purposes relating to, the Alliance Agreement.

SECTION 4.

Except as amended by this Amendment No. 7, all other terms, conditions and covenants of the Agreement are hereby confirmed by the parties hereto and remain unchanged and in full force and effect. From and after the date hereof, all references to the Agreement in the Agreement (including references therein to "this Agreement," "hereof," "hereto" or "hereunder") and in any of the Related Agreements, shall be deemed to be references to the Agreement as amended by this Amendment No. 7.

SECTION 5.

This Amendment No. 7 may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Matson and APL have caused this Amendment No. 7 to be duly executed as of the day and year first above written.

MATSON NAVIGATION COMPANY, INC.

By

Name:
Title:

AMERICAN PRESIDENT LINES, LTD.

By

Name:
Title:

Exhibit 10.a.(xxxi)

VESSEL PURCHASE AGREEMENT

BY AND BETWEEN

MATSON NAVIGATION COMPANY, INC.

AND

AMERICAN PRESIDENT LINES, LTD.

DATED DECEMBER 20, 1995

VESSEL PURCHASE AGREEMENT

THIS VESSEL PURCHASE AGREEMENT ("Purchase Agreement") is entered into as of December 20, 1995 by and between MATSON NAVIGATION COMPANY, INC., a Hawaii corporation ("Matson"), and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation ("APL").

RECITALS

A. Matson and APL are party to that certain Agreement to Implement the Execution and Closing of Vessel Purchase, Purchase of Guam Assets and Alliance Slot Hire Agreement, dated September 22, 1995 (as originally executed and as amended, modified or supplemented heretofore or hereafter in accordance with its terms, the "Implementation Agreement"). Pursuant to the Implementation Agreement, APL and Matson are entering into this Purchase Agreement.

B. APL is the owner of three (3) United States flag C-9 containerships: PRESIDENT LINCOLN, Official No. 651627, PRESIDENT WASHINGTON, Official No. 653424, and PRESIDENT MONROE, Official No. 655397, and three (3) United States flag C-8 containerships: PRESIDENT HOOVER, Official No. 530137, PRESIDENT GRANT, Official No. 530138, and PRESIDENT TYLER, Official No. 530140. Each of said six (6) containerships, together with the below-defined Vessel Assets appertaining or belonging thereto, is individually referred to herein as a "Vessel" and all of the same are collectively referred to herein as the "Vessels."

C. APL has agreed to sell the Vessels to Matson and Matson has agreed to purchase the Vessels from APL, subject to the terms and conditions of this Purchase Agreement, including Section 13 hereof. The parties have further agreed that the direct conveyance of some of the Vessels from APL to Matson pursuant to this Purchase Agreement shall constitute a conveyance of such Vessels by APL to a qualified intermediary, and the transfer of such Vessels from such qualified intermediary to Matson, if APL elects to effect a like-kind exchange transaction, pursuant to SECTION 13 hereof.

NOW, THEREFORE, in consideration of the recitals and of the respective covenants, representations and agreements herein contained, and intending to be legally bound, Matson and APL agree as follows:

SECTION 1.
SALE AND PURCHASE OF THE VESSELS

In reliance on the representations, warranties and covenants and subject to the terms and conditions contained in this Purchase Agreement and in the Implementation Agreement, APL hereby agrees to sell, convey, transfer and deliver to Matson each of the Vessels, and Matson hereby agrees to purchase each of the Vessels from APL. As employed in this Purchase Agreement, the following terms shall have the following meanings:

(a) "VESSEL ASSETS" means all of the following, other than the Excluded Assets: (i) all engines, boilers, machinery, masts, boats, anchors, cables, chains, tackle, apparel, furniture, capstans, outfit, tools, pumps, pumping and other equipment, gear, lashings (including a full complement of all components of container lashing equipment sufficient in number to carry a full load of 40' containers), furnishings, appliances, fittings and other personal property appertaining or belonging to any of the Vessels referred to in Recital B hereof and all spares and replacement parts, in each case which are on board each such Vessel to the extent required by Section 6(c) of the below defined Bareboat Charter at the time the Vessel is redelivered to by Matson by APL in accordance with the provisions of said Bareboat Charter, (ii) the two shoreside propellers and two shoreside propeller shafts identified in Exhibit A attached hereto, (one such propeller and shaft relating to the C-8s and the other to the C-9s), (iii) all plans, drawings and other technical documents, logs, manuals, instruction books relating to each such Vessel, and (iv) certain intellectual property or rights with respect thereto relating to each such Vessel which are listed in Schedule 1(a) attached hereto and which shall be sold, licensed or otherwise transferred to Matson in accordance with the APL End User License Agreement referred to in SECTION 4.3 hereof.

(b) "EXCLUDED ASSETS" means: (i) any and all consumable, expendable or subsistence stores, slop chest, fuel oil or diesel oil for a Vessel, whether on board or ashore, (ii) all personal property and effects of the Master, officers or crew of any Vessel, and (iii) all other shoreside spares identified in the inventory agreed to by the parties prior to the date hereof to be purchased separately by Matson pursuant to the Implementation Agreement, and (iv) any software or other intellectual property other than the intellectual property or rights to be sold, licensed or otherwise transferred to Matson in accordance with the APL End User License Agreement.

SECTION 2.
PURCHASE PRICE

The aggregate purchase price for the Vessels is ONE HUNDRED SIXTY MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (US$160,500,000.00) (the "Purchase Price"). The parties agree that the Purchase Price is to be allocated among the Vessels as previously agreed by the parties in writing. The Purchase Price shall be paid by Matson to APL (or to the qualified intermediary if APL elects to effect a like-kind exchange pursuant to SECTION 13 hereof), at such appraised value for each Vessel, at the Closings (as defined in SECTION 3 below) by wire transfer free of bank charges to an account or accounts designated in writing by APL, such designation not to be later than ten (10) days prior to the Closing Dates (as defined in SECTION 3 below).

SECTION 3.
CLOSING

The purchase and sale of the Vessels shall take place at closings (individually, a "Closing" and collectively, the "Closings") to be held on the First VPA Closing Date (as defined in the Implementation Agreement) and each subsequent VPA Closing Date, as such dates are determined pursuant to the Implementation Agreement (individually, a "Closing Date" and collectively, the "Closing Dates") at the offices of Lillick & Charles, Two Embarcadero Center, Suite 2700, San Francisco, California 94111, or at such other place or places as APL and Matson may agree. On the First VPA Closing Date, the parties shall, subject to the conditions set forth therein and in the Implementation Agreement, enter into the Interim Bareboat Charter Agreement, a form of which is attached hereto as Exhibit D (the "Bareboat Charter").

SECTION 4.
DELIVERIES AT THE CLOSING

4.1 DELIVERIES BY APL.

At each Closing, APL shall deliver to Matson, in each case relating to the Vessel or Vessels to be transferred at such Closing, the following in the form reasonably acceptable to Matson, duly executed and acknowledged as appropriate:

(a) Valid and sufficient bills of sale in recordable form (the "Bills of Sale") transferring title to each of such Vessels from APL to Matson, with warranties of title and free from all mortgages, pledges, liens, charges, leases, claims and other encumbrances of any kind (whether recorded or unrecorded) (collectively, "Liens"), other than (i) any Construction-Differential Subsidy and Capital Construction Fund restrictions imposed by law, regulation or contract, (ii) any trading restrictions imposed by law, regulation or contract, (iii) those Liens described in items 1 and 2 of Exhibit B attached hereto, and (iv) any Liens created by Matson (all such items referred to in the preceding clauses (i) through (iv) being referred to herein collectively, as "Permitted Liens"). Such warranties in the Bills of Sale to Matson shall survive the delivery of the Bills of Sale and transfer title to such Vessels to Matson.

(b) A Certificate of Ownership of Vessel (United States Coast Guard ("USCG") Form 1330) or certified copy of the USCG abstract of title for each of such Vessels showing APL as the owner of the Vessels and showing no encumbrances of record.

(c) Except to the extent the same is unavailable due to a Non-Termination Loss (as defined in SECTION 14.9 hereof), a current confirmation of class for each of such Vessels and their machinery and equipment issued by the American Bureau of Shipping ("ABS") showing each of the Vessels to be classed Maltese Cross A1(E) (hull), Maltese Cross AMS (machinery) and, in the case of the C-9 Vessels, Maltese Cross ACCU (automated equipment), free of any outstanding recommendations.

(d) Copies of certificates of insurance, policies or cover notes evidencing the addition of Matson as an assured under the insurances relating to such Vessels referred to in Section 13 of the Bareboat Charter and referred to in SECTION 6 hereof, together with loss payable clauses required by Section 13 of the Bareboat Charter.

(e) Except to the extent the same is unavailable due to a Non-Termination Loss (as defined in SECTION 14.9 hereof), a current inspection certificate of the USCG for each of such Vessels and evidence of no outstanding citations or requirements.

(f) To the extent not previously delivered to Matson and in APL's possession or control, copies of all certificates of regulatory bodies, plans, drawings and other technical documents, logs and instructional manuals for each of such Vessels.

(g) Copies of current radio and radio telegraphic licenses for each of such Vessels.

4.2 DELIVERIES BY MATSON AND APL.

At each Closing, Matson and APL shall execute and deliver to the other (a) a Certificate of Delivery and Acceptance for each of the Vessels transferred at such Closing, showing date, time and place of delivery, in the form attached hereto as Exhibit C, and (b) an appropriate addendum (the "CDS Addendum") whereby Matson is substituted for APL, and APL is released as an obligor, under the Construction-Differential Contract (or the Title V Contract) applicable to each of such Vessels to the extent agreed by the United States Maritime Administration ("MARAD"), and (c) on the First VPA Closing Date, the APL End User License Agreement (as defined in SECTION 4.3 hereof) in the form attached hereto as Exhibit 4.3, which shall become effective as to the property subject thereto as to each Vessel in accordance with the terms thereof.

4.3 APL VESSEL SOFTWARE.

APL will grant Matson a non-exclusive license to use the APL proprietary software located on the Vessels as listed on Schedule 1(a)(A) (the "APL Proprietary Vessel Software") attached hereto. APL will obtain consent to a transfer of the licenses for third-party software located on the Vessels, as listed in Schedule 1(a)(B) (the "APL Licensed Vessel Software") attached hereto, at no additional cost to Matson. APL will transfer to Matson the shrinkwrap software listed on Schedule 1(a)(C) (the "APL Miscellaneous Vessel Software") attached hereto. Matson will pay all associated costs and ongoing maintenance for the APL Licensed Vessel Software and the APL Miscellaneous Vessel Software. APL will provide Matson with any manuals corresponding to the APL Proprietary Vessel Software, APL Licensed Vessel Software and APL Miscellaneous Vessel Software. All the foregoing is provided in accordance with and subject to the license terms attached hereto as Exhibit 4.3 (the "APL End User License Agreement").

SECTION 5.
CONDITIONS TO CLOSING

5.1 CONDITIONS TO MATSON'S OBLIGATIONS.

The obligation of Matson to purchase each Vessel to be transferred on each Closing Date shall be subject to the following conditions having been satisfied, or waived in writing by Matson, on or before such Closing Date:

(a) APL shall have delivered to Matson each of the items specified in SECTION 4 of this Purchase Agreement with respect to such Vessel.

(b) Each of the conditions set forth in Section 1.2(b) of the Implementation Agreement for the benefit of Matson shall have been satisfied.

(c) Each of the representations and warranties of APL set forth in SECTION 7 of this Purchase Agreement shall be true and correct in all material respects as of the Closing Date.

(d) APL shall have performed all of its obligations under SECTION 9 of this Purchase Agreement.

(e) The United States of America shall have entered into the CDS Addendum applicable to such Vessel, in form and substance reasonably satisfactory to Matson.

(f) As of each Closing Date, such Vessel shall not be an actual, constructive, agreed to or compromised total loss, there shall have been no other loss, damage or casualty to any Vessel which is not covered by insurance (except applicable deductibles) or which does not constitute a Non-Termination Loss, and such Vessel shall, except to the extent it has suffered such a Non-Termination Loss, be in the same condition as it was in at its Vessel Inspection Date (as defined below), ordinary wear and tear not affecting class excepted. If there has been any such Non-Termination Loss covered by insurance which has not been fully repaired prior to a Closing Date, APL shall concurrently with the related Closing, assign to Matson all insurance proceeds relating thereto (except to the extent of amounts allocable to repairs already performed by APL or for which APL is obligated to pay), and shall pay to Matson any then applicable deductible. As used herein, "Vessel Inspection Date" means, as to a particular Vessel, the date on which such Vessel was previously inspected by or on behalf of Matson as set forth below:

VESSEL	INSPECTION DATE
PRESIDENT LINCOLN	6/12 - 6/15, 1995
PRESIDENT WASHINGTON	6/5 - 6/8, 1995
PRESIDENT MONROE	5/22 - 6/25, 1995
PRESIDENT HOOVER	6/18 - 6/23, 1995
PRESIDENT GRANT	5/28 - 5/27, 1995
PRESIDENT TYLER	6/4 - 6/9, 1995

At any time or times prior to any Closing upon reasonable notice to

APL and without an undue delay to any Vessel to be transferred at such Closing, Matson shall have the right to conduct such additional inspections of any such Vessel (excluding drydocking) as it deems reasonably necessary in order to determine the satisfaction of the terms of this SECTION 5.1(f).

(g) The Vessels are, except for Permitted Liens, unrestricted and specifically qualified to operate in the United States domestic, coastwise and foreign trades.

(h) APL shall have obtained and delivered to Matson for the third-party software listed in Schedule 2.1(a)(B) attached hereto, the consents which APL is required to obtain under the APL End User License Agreement.

(i) The USCG shall have redocumented such Vessel in the name of Matson for operation in the United States coastwise and foreign trades.

(j) Matson shall have received an opinion of counsel for APL reasonably satisfactory to Matson, that the Exchangor (as defined in that certain Exchange Agreement between APL and Chicago Deferred Exchange Corporation, dated , 1995) shall, upon completion of the tax-free exchange, referred to in SECTION 13 hereof, retain no right, title or interest in or to the Vessels subject to such exchange. Counsel for APL shall be entitled to rely conclusively, when giving such opinion, upon correspondence from the Exchangor concerning its right, title and interest in and to the Vessel upon completion of the tax-free exchange referred to herein.

(k) Matson shall have received a certificate of APL executed on its behalf by the president or any vice president of APL stating whether or not the Vessel is in compliance with SECTION 5.1(f) hereof, and, if not, to the extent known to APL, the particulars and details of any non-compliance therewith.

5.2 CONDITIONS TO APL'S OBLIGATIONS.

The obligation of APL to sell each Vessel to be transferred on each Closing Date shall be subject to the following conditions having been satisfied, or waived in writing by APL, on or before such Closing Date:

(a) Matson shall have paid the portion of the Purchase Price allocable to such Vessel to APL, or to the qualified intermediary to the extent that APL elects to effect a like-kind exchange pursuant to SECTION 13 hereof, in accordance with SECTION 2 of this Purchase Agreement.

(b) Matson shall have delivered to APL the items specified in SECTION 4.2 of this Purchase Agreement with respect to such Vessel.

(c) Each of the conditions set forth in Section 1.2(c) of the Implementation Agreement for the benefit of APL shall have been satisfied.

(d) As of each Closing Date, the United States of America shall have entered into the CDS Addendum, in form and substance reasonably satisfactory to APL.

(e) The representation and warranty of Matson set forth in SECTION 7 of this Purchase Agreement shall be true and correct in all material respects as of each Closing Date.

(f) The USCG shall have redocumented such Vessel in the name of Matson for operation in the United States coastwise and foreign trades.

(g) As of each Closing Date, such Vessel shall not be an actual, constructive, agreed to or compromised total loss, there shall have been no other loss, damage or casualty to any Vessel which is not covered by insurance (except applicable deductibles) or which does not constitute a Non-Termination Loss, and such Vessel shall, except to the extent it has suffered such a Non-Termination Loss, and in the same condition as it was in at its Vessel Inspection Date, ordinary wear and tear not affecting class excepted. If there has been any such Non-Termination Loss covered by insurance which has not been fully repaired prior to a Closing Date, APL shall concurrently with the related Closing, assign to Matson all insurance proceeds relating thereto (except to the extent of amounts allocable to repairs already performed by APL, for which APL is obligated to pay), and shall pay to Matson any then applicable deductible.

(h) The Vessels are, except for Permitted Liens, unrestricted and specifically qualified to operate in the United States domestic, coastwise and foreign trades.

5.3 TRANSACTIONS DEEMED SIMULTANEOUS.

All deliveries and payments referred to in SECTIONS 2 and 4 of this Purchase Agreement with respect to any Closing shall be deemed to have occurred simultaneously and no delivery or payment shall be considered to have been finally made until all have been completed. Upon each Closing, all conditions precedent to the obligations of each of the parties as specified in SECTION 5.1 and SECTION 5.2 with respect to such Closing shall irrevocably be deemed to have been either satisfied or waived; provided, however, that nothing in this SECTION 5.3 or elsewhere in this Purchase Agreement regarding conditions shall be deemed or interpreted in any way to prohibit or impair the survival of all warranties and representations set forth in SECTION 7 hereof pursuant to the provisions thereof, or the survival of all warranties and representations set forth in Section 5 of the Implementation Agreement pursuant to the provisions thereof.

SECTION 6.
PASSAGE OF TITLE, DELIVERY OF VESSELS AND BAREBOAT CHARTER

On each Closing Date, title to each of the Vessels to be transferred on such Closing Date shall be transferred by APL to Matson while each Vessel is in international waters.

SECTION 7.
WARRANTIES AND REPRESENTATIONS OF APL

(a) APL hereby makes the following representations and warranties to Matson, which representations and warranties shall survive each Closing:

(i) On each Closing Date and immediately prior to the sale, APL was the sole owner of and had sole title to such Vessels to be transferred on that date, and such Vessels were documented in the name of APL under the laws of the United States.

(ii) On each Closing Date, each of the Vessels to be transferred on that date will be free and clear of any Liens, except for Permitted Liens.

(iii) On each Closing Date, APL is a citizen of the United States of America within the meaning of Section 802 of Title 46, United States Code Annotated and is qualified to operate the Vessels throughout the Bareboat Charter term of each Vessel in the trades in which the Vessels will be engaged throughout such term.

(b) Matson hereby makes the following representation and warranty to APL, which representation and warranty shall survive each Closing. On each Closing Date, Matson is a citizen of the United States with in the meaning of Section 802 of Title 46, United States Code Annotated.

SECTION 8.
DISCLAIMER OF WARRANTIES AND REPRESENTATIONS

EXCEPT AS EXPRESSLY SET FORTH IN SECTION 7 HEREOF, APL HAS NOT MADE AND DOES NOT MAKE (NOR SHALL APL BE DEEMED TO HAVE MADE OR TO MAKE BY VIRTUE OF THE SALE OF THE VESSELS AND VESSEL ASSETS TO MATSON OR ANY OTHER FACT OR CIRCUMSTANCE WHATSOEVER), TO MATSON OR ANY OTHER PERSON ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE VESSELS, OR ANY OF THE VESSEL ASSETS OR ANY OF THE SOFTWARE AND INTELLECTUAL PROPERTY DESCRIBED IN SCHEDULE 1(A) ATTACHED HERETO, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES OF TITLE, DESIGN, CONDITION, QUALITY, SEAWORTHINESS, MERCHANTABILITY, WORKMANSHIP, SUITABILITY OR FITNESS OR ELIGIBILITY FOR ANY TRADE OR VOYAGE OR FOR ANY OTHER USE OR PURPOSE, ALL OF WHICH REPRESENTATIONS AND WARRANTIES ARE EXPRESSLY EXCLUDED. THERE ARE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER OF APL WITH RESPECT TO ANY OF THE VESSELS, OR ANY OF THE VESSEL ASSETS OR ANY OF THE SOFTWARE OR INTELLECTUAL PROPERTY DESCRIBED IN SCHEDULE 1(A) ATTACHED HERETO, OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION 7 HEREOF, WHICH REPRESENTATIONS AND WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF APL WITH RESPECT TO ANY OF THE VESSELS OR ANY OF THE VESSEL ASSETS, WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED. SUBJECT TO THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION 7 HEREOF, MATSON SHALL PURCHASE AND ACCEPT ALL OF THE VESSELS, ALL OF THE SOFTWARE AND INTELLECTUAL PROPERTY DESCRIBED IN SCHEDULE 1(A) ATTACHED HERETO AND ALL OF THE VESSEL ASSETS AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS, WHETHER PATENT OR LATENT, AND WITHOUT RECOURSE TO APL ON ACCOUNT OF ANY LOSS, DAMAGE OR INJURY SUFFERED OR SUSTAINED BY MATSON OR ANY OTHER PERSON ON ACCOUNT OF ANY SUCH FAULT OR DEFECT WHETHER ON ANY THEORY OF NEGLIGENCE, STRICT LIABILITY, UNSEAWORTHINESS, BREACH OF CONTRACT OR EXPRESS OR IMPLIED WARRANTY, ON WHICH ANY SUCH RECOURSE MIGHT OTHERWISE BE PURSUED. NOTHING IN THIS SECTION 8 SHALL LIMIT OR ALTER ANY OF THE RIGHTS OF APL OR MATSON UNDER SECTION 8 OF THE GUAM ASSET PURCHASE AGREEMENT.

SECTION 9.
MAINTENANCE OF THE VESSELS

APL agrees that from the date of this Purchase Agreement until each Closing Date, APL shall use due diligence to maintain and repair each of the Vessels in accordance with good commercial marine practice and in accordance with APL's normal practices.

SECTION 10.
TAXES

Any sales, use or ad valorem taxes payable to any governmental authority as a result of the transactions described in this Purchase Agreement shall be shared equally by the parties.

SECTION 11.
DEFAULT AND TERMINATION

All defaults and disputes relating to this Purchase Agreement shall be governed exclusively by the provisions of Sections 7 and 8 of the Implementation Agreement prior to and including the Implementation Date, and by the provisions of the Alliance Agreement (as defined in the Implementation Agreement) if such Alliance Agreement shall be executed and delivered by the parties on the Implementation Date, after the Implementation Date. This Purchase Agreement shall automatically terminate upon any termination pursuant to Section 7 of the Implementation Agreement. Notwithstanding anything in this Purchase Agreement or in the Implementation Agreement to the contrary, the rights and obligations of the parties with respect to any termination pursuant to Section 7 of the Implementation Agreement prior to the Implementation Date (as defined in the Implementation Agreement) shall be exclusively as set forth in, and shall be exclusively governed by, the provisions of Section 7 of the Implementation Agreement.

SECTION 12. INDEMNIFICATION

(a) APL agrees to indemnify, defend and hold harmless Matson, its employees, agents and representatives, from and against any and all claims, judgments, demands, causes of action, damages, losses, liabilities, interest, award, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred or suffered by Matson, its employees, agents and representatives, in connection with or relating to:

(i) Any breach of any representation, warranty, covenant or agreement of APL contained in this Purchase Agreement;

(ii) Liabilities of APL arising from or relating to the ownership, chartering or other employment of any Vessel prior to its Closing Date;

(iii) Claims of third parties arising out of or resulting from APL's ownership, chartering or other employment of any Vessel prior to its Closing Date; and

(iv) The tax-free exchange by APL referred to in SECTION 13 hereof.

(b) Matson agrees to indemnify, defend and hold harmless APL, its employees, agents and representatives, from and against any and all claims, judgments, demands, causes of action, damages, losses, liabilities, interest, award, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred or suffered by APL, its employees, agents and representatives, in connection with or relating to any or breach of any representation, warranty, covenant or agreement of Matson contained in this Purchase Agreement.

(c) Any party to be indemnified pursuant to this SECTION 12 shall notify the indemnifying party in writing of any fact of circumstance which may give rise to such indemnification with reasonable detail and promptness after such fact or circumstance first comes to the attention of the party to be indemnified; provided, that in the event the party to be indemnified shall fail in any respect to give such notice, the indemnifying party's obligation to indemnify in respect of the fact or circumstance in question shall be reduced only by the amount of the damage (if any) which the indemnifying party proves it suffered as a direct and proximate result of such failure. The parties will cooperate with each other in the defense of any claim for which indemnity may be sought, and will provide each other with access to, and copies of, such records, and such other assistance, as may reasonably be required in connection with such defense.

SECTION 13. APL LIKE-KIND EXCHANGE

Pursuant to Section 6.6 of the Implementation Agreement, and subject to said Section 6.6 and the above indemnities, Matson has agreed to cooperate in good faith with APL to facilitate a tax-free exchange of any or all of the Vessels under Internal Revenue Code Section 1031 for an APL C-11 newbuilding currently under construction, including the use of a qualified intermediary, if APL elects to effect such a like-kind exchange; provided, that Matson bear no material financial, legal or other risk by reason of such tax-free exchange.

SECTION 14. MISCELLANEOUS

14.1 OTHER AGREEMENTS; AMENDMENTS; NO WAIVER IMPLIED.

This Purchase Agreement, including all appendices, exhibits and schedules attached hereto, and the Implementation Agreement and all appendices, exhibits and schedules attached thereto, constitute the entire agreement among the parties pertaining to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements, representations and understandings of the parties with respect thereto. No supplement, modification or amendment of this Purchase Agreement shall be binding unless executed in writing by all the parties hereto. No waiver of any provision of this Purchase Agreement shall be deemed to be, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

14.2 NOTICES.

All notices under this Purchase Agreement shall be given in the same manner as provided in the Implementation Agreement.

14.3 CAPTIONS.

The captions in this Purchase Agreement are for convenience of reference only and are not part of this Purchase Agreement. They do not define or limit any of the terms or provision, or otherwise affect the construction, of this Purchase Agreement.

14.4 REFERENCES.

References in this Purchase Agreement to sections and exhibits are references to Sections and Exhibits of this Purchase Agreement, except as expressly otherwise indicated.

14.5 ASSIGNMENT; BINDING EFFECT.

Neither party hereto shall have the right to assign or delegate any of its rights or obligations under this Purchase Agreement, and any purported assignment or delegation by such party in violation of the preceding clause shall be null and void and of no force or effect; provided, however, that APL shall, subject to all provisions of this Purchase Agreement, have the right to assign or delegate its rights and obligations under this Purchase Agreement, relating to the right to receive payment and the obligation to transfer any of the Vessels, to a qualified intermediary in connection with a like-kind exchange of the Vessels pursuant to SECTION 13 hereof, and Matson shall, subject to all the provisions of this Purchase Agreement, consent to such assignment and delegation. This Purchase Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors.

14.6 APPLICABLE LAW.

This Purchase Agreement shall be construed and enforced in accordance with and be governed by the internal laws of the State of California. In the event of any uncertainty in the terms of this Purchase Agreement, there shall exist no presumption against either party that such uncertainty arose from the preparation of this Purchase Agreement by such party.

14.7 COUNTERPARTS.

This Purchase Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

14.8 FURTHER ASSURANCES.

At any time or from time to time upon the reasonable request of a party hereto (the "Requesting Party"), the other party will promptly execute, acknowledge, and deliver such further documents and do such other acts and things, at the Requesting Party's expense, as shall be necessary or advisable, in the Requesting Party's reasonable judgment, in order to affect fully the purposes of this Purchase Agreement.

14.9 OTHER.

As employed in this Purchase Agreement, the term "Non-Termination Loss" means any loss, damage or casualty to a Vessel not constituting an event set forth in Section 7.1(a)(ii)(A) or (B) or Section 7.2(a)(ii)(A) or (B) of the Implementation Agreement.

IN WITNESS WHEREOF, APL and Matson have caused this Purchase Agreement to be duly executed as of the day and year first above written.

MATSON NAVIGATION COMPANY, INC.

By ______________________________
Name:
Title:

AMERICAN PRESIDENT LINES, LTD.

By ______________________________
Name:
Title:

- ------

EXHIBIT A

DESCRIPTION OF PROPELLERS AND PROPELLER SHAFTS

One C-9 Propeller

One C-9 Tail Shaft

One C-8 Propeller

One C-8 Stern Tube Shaft

One C-8 Intermediate Shaft

One C-8 Propeller Shaft

EXHIBIT B

RESTRICTIONS AND LIENS

1. Maritime liens arising by operation of law securing obligations for necessaries and wages of crews employed by APL which obligations are not due and payable. APL shall pay all such obligations when due and payable, and shall indemnify Matson fully against all such liens and obligations and shall, at APL's cost and expense, immediately cause the release of any Vessel seized or otherwise levied upon by reason of any such lien or obligation.

2. Maritime liens arising by operation of law for salvage, cargo damage and tort claims incurred by APL which claims are insured (in excess of deductibles) and which have not been liquidated by final judgment or settlement. APL shall pay all such claims if and when liquidated by final judgment or settlement (and in accordance with the terms of the judgment or settlement), and shall indemnify Matson fully against all such liens and obligations and shall, at APL's cost and expense, immediately cause the release of any Vessel seized or otherwise levied upon by reason of any such lien or obligation.

EXHIBIT C

CERTIFICATE OF DELIVERY AND ACCEPTANCE

AMERICAN PRESIDENT LINES, LTD. ("APL") does hereby certify:

1. That at _____ a.m./p.m., San Francisco time, on the _____ day of _____, 199_, APL delivered the containership named PRESIDENT _____, Official No. _____ (the "Vessel"), at _________, to MATSON NAVIGATION COMPANY, INC. ("MATSON") pursuant to that certain Vessel Purchase Agreement between APL and Matson dated December __, 1995, as the same has been heretofore amended in accordance with its terms and a Bill of Sale executed by APL dated this date.

2. That the Vessel was delivered in accordance with the Vessel Purchase Agreement, except for the items in Exhibit 1 hereto, if any, and delivered to Matson while the Vessel was located at __________, and Matson simultaneously accepted the delivery of the Vessel from APL.

IN WITNESS WHEREOF, APL has executed this Certificate of Delivery and Acceptance on this _____ day of _____, 199_.

AMERICAN PRESIDENT LINES, LTD.

By _____________________________

Title __________________________

MATSON HEREBY accepts the Vessel pursuant to the Vessel Purchase Agreement on the date hereof at the aforementioned time, at the aforementioned place, subject to the exceptions listed in Exhibit 1 hereto, if any, and subject to warranties and other rights of Matson under the Vessel Purchase Agreement.

MATSON NAVIGATION COMPANY, INC.

By ______________________________

Title ___________________________

EXHIBIT 1

TO CERTIFICATE OF DELIVERY AND ACCEPTANCE

REQUIRED REPAIRS, RENEWALS, REPLACEMENTS OR
OTHER OBLIGATIONS WHICH REMAIN TO BE
ACCOMPLISHED BY CHARTERER

EXHIBIT D

FORM OF INTERIM BAREBOAT CHARTER AGREEMENT

EXHIBIT 4.3

APL END USER LICENSE AGREEMENT

SCHEDULE 1(A)

APL VESSEL SOFTWARE*

SOFTWARE	TYPE	VENDOR
A. APL PROPRIETARY VESSEL SOFTWARE		
Filepump	File Management Communications	Proprietary (Written by Paul Wood for APL)
Fuel	Fuel Tracking	Proprietary (Written by Paul Wood for APL)
Stability, Trim and Bending (STAB)	Ship Management	Proprietary (Written by Paul Wood for APL)
Tactics	Ship Management	Proprietary (Developed by NAVIS for APL)
B. APL LICENSED VESSEL SOFTWARE		
AMOS-D	Ship Management	SpecTech General
FUTRAC	Fuel Tracking Passage Reporting	Ocean Systems, Inc.
NTC Ship Manager	Ship Management	Nautical Technology Corp.
StackWeight	Lashing/Stow Management	Herbert Engineering
C. APL MISCELLANEOUS VESSEL SOFTWARE		
AutoPilot System	Menuing	Pilot Systems
3 Menus	Menuing	3-Com
Blast	Communications	Communications Research Group
Flow Charting 3	Flowcharging	Patton & Patton
Instant Mail Manager	Communications/E-Mail	Kensington
Lotus	Financial Spreadsheets and Database Program	Lotus
Microsoft DOS	PC Operating System	Microsoft
Microsoft Excel	Spreadsheet	Microsoft
Microsoft Office	Office Automation	Microsoft
Microsoft Power Point	Drawing/Graphics	Microsoft
Microsoft Windows	PC Operations Software	Microsoft
Microsoft Word	Word Processing	Microsoft
Multimate	Word Processing	Borland
NetWare	PC Network	Novelle
Norton AntiVirus	Virus Detection	Symantec
Norton Desktop for DOS	PC Operations Software	Norton
Professional Write	Word Processing	Software Publishing
Reflex	Database program	Borland
The Network Archivist (TNA)	Tape BackUp	Pallindrome

**Matson will receive either original or replacement software for all items on this list reasonably required by Matson to run the Vessels.

Exhibit 10.a.(xxxii)

AMENDMENT NO. 1

DATED DECEMBER   , 1995
--

BY AND BETWEEN

MATSON NAVIGATION COMPANY, INC.

AND

AMERICAN PRESIDENT LINES, LTD.

TO THE

VESSEL PURCHASE AGREEMENT,
DATED DECEMBER 20, 1995

AMENDMENT NO. 1 TO THE VESSEL PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 ("Amendment No. 1") to the VESSEL PURCHASE AGREEMENT (as originally executed on December 20, 1995 (the "VPA") is entered into on this ---- day of December, 1995 by and between MATSON NAVIGATION COMPANY, INC., a Hawaii corporation ("Matson") and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation ("APL"). Capitalized terms used in this Amendment No. 1 and not otherwise defined herein have the meanings specified in, or in other instruments referred to in, the VPA.

SECTION 1.

Notwithstanding the provisions of Sections 5.1(b), 5.2(c) and 10 of the VPA, and Section 1.2(b)(v) and 1.2(c)(v) of the Implementation Agreement, with respect to the purchase and sale of the vessel PRESIDENT WASHINGTON, Official No. 653424 (the "Vessel"), APL shall indemnify and defend Matson from and against any claims, demands, causes of action, costs, losses, damages, liabilities, fines, penalties and expenses (including, without limitation, reasonable attorneys' fees) for or with respect to any sale, use or ad valorem taxes payable to any governmental authority, or claimed to be payable by any such governmental authority, by reason of the Vessel not being outside the territorial waters of the United States and California at the time of the purchase and sale of the Vessel pursuant to the VPA. Nothing in the VPA or any instrument or other document executed pursuant thereto or in respect thereof concerning the transfer of the Vessel, shall constitute a waiver of, or any limitation on, Matson's rights or APL's obligations pursuant to the indemnity set forth in the preceding sentence.

SECTION 2.

(a) Except as amended by this Amendment No. 1, all other terms, conditions and covenants of the VPA are hereby confirmed by the parties hereto and remain unchanged and in full force and effect. From and after the date hereof, all references to the VPA in the VPA (including references therein to "this Agreement", "hereof," "hereto," or "hereunder") and in any of the Related Agreements, shall be deemed to be references to the VPA as amended by this Amendment No. 1.

(b) This Amendment No. 1 may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Matson and APL have caused this Amendment No. 1 to be duly executed as of the day and year first above written.

MATSON NAVIGATION COMPANY, INC.

By

Name:
Title:

AMERICAN PRESIDENT LINES, LTD.

By

Name:

Title:

EXHIBIT 11

ALEXANDER & BALDWIN, INC.
COMPUTATION OF EARNINGS PER SHARE
FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(In thousands, except per share amounts)

	1995	1994	1993
Primary Earnings Per Share (a)			
Net income from continuing operations	$32,419	$63,979	$58,736
Net income from discontinued operations	23,336	10,629	8,253
Net income	$55,755	$74,608	$66,989
Average number of shares outstanding	45,492	46,059	46,338
Primary earnings per share from continuing operations	0.72	1.39	1.27
Primary earnings per share from discontinued operations	0.51	0.23	0.18
Primary earnings per share	$1.23	$1.62	$1.45
Fully Diluted Earnings Per Share			
Net income from continuing operations	$32,419	$63,979	$58,736
Net income from discontinued operations	23,336	10,629	8,253
Net income	$55,755	$74,608	$66,989
Average number of shares outstanding	45,492	46,059	46,338
Effect of assumed exercise of outstanding stock options	23	51	31
Average number of shares outstanding after assumed exercise of outstanding stock options	45,515	46,110	46,369
Fully diluted earnings per share from continuing operations	0.72	1.39	1.27
Fully diluted earnings per share from discontinued operations	0.51	0.23	0.18
Fully diluted earnings per share	$1.23	$1.62	$1.45

(a)The computations of primary earnings per share do not include the effects of assumed exercises of employee stock options because such effects were immaterial.

Alexander & Baldwin, Inc. is a diversified corporation with the majority of its operations centered in Hawaii. Its principal business segments are:

Ocean Transportation
Property Development and Management
Food Products

Alexander & Baldwin, Inc. was founded in 1870 and was incorporated in 1900. Its common stock is traded on The NASDAQ Stock MarketSM. The trading symbol is ALEX.

Headquartered at 822 Bishop Street, Honolulu, Hawaii
The Company's mailing address is:
P. O. Box 3440, Honolulu, HI 96801-3440.
Telephone: (808)525-6611
Fax (808)525-6652

On the cover:
Expanding the tradition of Matson schedule integrity, S.S. Manulani carries containers in Matson's new Pacific Coast service. By providing weekly coastwise service between Los Angeles and the Pacific Northwest ports of Seattle and Vancouver, B.C., the service, initiated in 1994, provides an alternative to truck and rail in the West Coast's busy North/South transportation corridor.

Financial Highlights

	1995	1994	Change
Revenue	$ 1,020,455,000	$ 1,144,033,000	- 11%
Net Income	$ 55,755,000	$ 74,608,000	- 25%
Per Share	$ 1.23	$ 1.62	- 24%
Cash Dividends	$ 40,035,000	$ 40,563,000	- 1%
Per Share	$ 0.88	$ 0.88	
Average Shares Outstanding	45,492,000	46,059,000	- 1%
Total Assets	$ 1,782,759,000	$ 1,925,775,000	- 7%
Shareholders' Equity	$ 649,678,000	$ 632,614,000	+ 3%
Per Share	$ 14.35	$ 13.85	+ 4%
Return on Beginning Shareholders' Equity	8.8%	12.7%	-
Current Ratio	1.4 to 1	1.3 to 1	-
Ratio: Long-term Debt and Capital Leases to Total Capital	.26 to 1	.32 to 1	-
Employees	3,076	3,581	- 14%

Contents

[Page references are for the printed Annual Report to Shareholders and do not correlate to the electronic version.]

To Our Shareholders

[Photo caption: John C. Couch, Chairman of the Board, President and Chief Executive Officer, Alexander & Baldwin, Inc.]

[Photo caption:
A changed identity--the newly renamed S.S. Mahimahi, recently acquired from American President Lines, inaugurates the Pacific Alliance service. The vessel is shown in its new Matson markings, departing from Oakland, Calif., for Hawaii, Guam and Far Eastern ports. The vessel then will return to the U.S., under charter to APL, carrying import cargo.]

Fellow Shareholders

Your Company's 125th anniversary year was a challenging one. Nonetheless, a great deal was accomplished to build on our strengths and confront fundamental changes in our business environment.

The Hawaii economy continued its extraordinarily slow recovery; competition intensified in several of our primary markets; and, problems with administration of the current federal sugar program placed severe financial stress on U.S. cane sugar refiners.

We are meeting these challenges head-on and have implemented a number of strategic initiatives which will reduce costs, improve our competitive position and open-up new market opportunities in each of our businesses.

Among the more significant initiatives were: the sale, for $362 million, of our international marine container leasing unit, Matson Leasing Company, Inc. (Matson Leasing); the purchase, for $168 million, of six container ships and other assets from American President Lines, Ltd. (APL); and the establishment of an alliance with APL that will permit Matson Navigation Company, Inc. (Matson) to serve the Guam market while realizing substantial cost savings in the Hawaii service. In the property development area, we launched our 76-acre Maui Business Park by establishing an alliance with a prominent developer that will result in the creation of a large new value retail center. In food products, we announced the phasing-out of our historic, but unprofitable, sugar-growing operations on Kauai by the end of 1996, and we moved aggressively to reduce costs at our sugar refining and marketing business -- including a major restructuring of the refinery operations that resulted in a 25-percent reduction in the work force and should lower costs by $8 million annually. Finally, we implemented a number of Company-wide initiatives to reduce general and administrative costs by an additional $10 million per year. These initiatives will help position each business to deal more effectively and profitably with the challenges it faces in the years ahead.

While Hawaii's economy continues to show signs of slow, but persistent, growth, there has been no concrete progress, as of mid-February, in the legislative arena toward meaningful reform of the U.S. sugar program. The past year brought into sharp focus flaws in existing sugar legislation. It especially has disadvantaged the cane sugar refining segment, which markets half the sugar consumed in the country. At this point, the timing and extent of any legislative reform remains uncertain. The federal budget impasse, as well as continuing debate about overall farm legislation, are impeding resolution of the matter.

1995 Financial Results Disappointing

A&B's 1995 net income was $55.8 million, down 25 percent from $74.6 million earned in 1994. Earnings per share were $1.23, versus $1.62 in 1994. These 1995 figures incorporate a charge of $5.1 million for the closure of the Kauai sugar operations, a charge of $2.4 million to write-down certain California and Hawaiian Sugar Company, Inc. (C&H) assets, an $18 million gain on the sale of Matson Leasing, and the $5.3 million in net income Matson Leasing earned prior to its sale in June.

Strong cash flow again permitted the Company to proceed with important capital commitments, while concurrently reducing debt, repurchasing shares and continuing regular cash dividends. The annual dividend rate remained at $.88 per share. In addition to distributing $40 million in dividends, a total of $11.6 million was spent during 1995 to repurchase 511,000 shares of outstanding stock, continuing the A&B stock repurchase program begun in 1994. As a result, each remaining shareholder has a larger ownership stake. To date, 1.2 million shares, or nearly three percent of the shares outstanding at the start of the program, have been repurchased at a total cost of $29.3 million. Share repurchase remains an important mechanism for returning excess cash to shareholders.

Matson's New Alliance With APL

The strengthening of tourism in Hawaii last year was not enough to offset a reduction in statewide construction spending. As a result, Matson's total cargo volume in the Hawaii Service declined. Competition also contributed to the unfavorable year-over-year performance. Matson's 1994 results benefited from a labor strike at its primary competitor. Also, that competitor inaugurated, at mid-year 1995, a new eastbound service from Honolulu to Los Angeles which affected the comparison.

In April 1995, Matson and APL announced their intent to operate a joint service that would benefit both carriers by producing significant cost savings. The core of Matson's business is its Hawaii Service. Most of the cargo volume in this trade, however, travels westbound to Hawaii from the U.S. Mainland. As a result, Matson's ships return eastbound "light," carrying less cargo. Transpacific carriers, like APL, normally face the opposite situation. Their high-volume direction is eastbound, carrying import cargo from the Far East. In the joint service, vessel utilization on the round trip will improve significantly.

The principal features of the strategic alliance are: Matson has purchased from APL six vessels and assets related to its Guam shipping service. During the first quarter of 1996, four of those vessels and one Matson ship will begin operation of the new consolidated service between the U.S. Pacific Coast and Hawaii, Guam and four ports in Korea and Japan; and Matson will take over an established Guam trade from APL and share the cost of the new five-ship combined service. Additional Matson benefits are revenue from cargo shipped to Guam and other nearby destinations, and payments from APL for use of the vessels to carry cargo from the Far East on the return voyages to the U.S. Pacific Coast.

At midyear 1995, Matson Leasing was sold. From its launch in 1989, Matson Leasing had grown rapidly and successfully to become the seventh-largest international marine container leasing company in the world. To continue to prosper, however, Matson Leasing needed significant amounts of additional capital for the purchase of new containers. Strategically, we concluded that A&B would be better served by investing in operating assets rather than dedicating so much capital to financial assets. Proceeds from the sale of Matson Leasing facilitated the purchase of the additional vessels, the formation of the strategic alliance with APL and the initiation of service to Guam. In addition, the sale permitted A&B to reduce debt and repurchase shares.

Advances in computer and telecommunications technology continue to create exciting new opportunities to enhance customer service and reduce costs. An acknowledged leader in the transportation industry in this area, Matson last year took another significant step forward. Near the end of 1995, all of Matson's customer service operations were consolidated at a new, high-tech, high-service center in Phoenix, Ariz. This new facility provides customers "one-stop shopping" for all Matson services, and should save about $1 million per year in operating and administrative costs.

[Photo caption:
With economic conditions on the island of Kauai still uncertain, A&B proceeded with applications for important land designations and zoning changes. State and County approvals were granted during 1995. Scenic Kukui'ula Bay and a total of 1,050 acres of A&B land mauka (toward the mountains) of the Bay now await renewed economic growth for residential and commercial development.]

Food Products Segment Struggles

[Photo caption:
Convenience and innovation mark new packaging of C&H products. Although the artwork is traditional, during 1995, C&H introduced new ways to make its familiar, high-quality sugar products easier to use and to store between uses.]

A&B's McBryde plantation has grown sugar cane on the island of Kauai since 1899. With competitive changes in the industry, smaller, less economical plantations like McBryde have struggled to survive. In spite of concerted efforts by management and employees over many years, we concluded, reluctantly, that McBryde's sugar operations could not be profitable on a sustained basis. In June 1995, therefore, we announced that these sugar operations would be phased out by harvest-end 1996, and that an $8.1 million pretax charge would be taken in 1995 to cover all of the anticipated costs. This decision was difficult, but necessary.

Coffee production and marketing, while still in the development stage, continue to show promise. Last year we harvested about 1.8 million pounds of coffee on 4,000 acres formerly used for sugar. Production should more than double in the next few years.

Although sugar refining losses in 1995 largely can be traced to the market distortions (i.e., abnormally high raw sugar prices) created by the present federal sugar program, the situation was exacerbated by a six-week strike at C&H that spanned portions of the third and fourth quarters. The resulting labor agreement, however, was constructive and will help the refiner become more cost competitive.

Sugar production at the Company's large plantation on Maui in 1995 was about 25,000 tons (12 percent) lower than we had expected due to lower crop yields. Abnormally dry weather accounted for much of the shortfall. A thorough review, however, prompted important adjustments in agronomic practices that should improve yields for subsequent crops.

Maui Business Park Leads Development

During 1995, A&B's geographically diverse property operations moved ahead on a number of fronts. The largest and most significant achievements were the construction progress and initial sales at Maui Business Park, a project we formerly called Kahului Industrial Park. With an intended fully developed size of about 240 acres, construction started with a 76-acre first phase. At year-end, a significant sale and lease, of about 20 acres in total, was closed with a prominent local developer. Plans call for development of a 275,000 square-foot value retail center, Maui's first. Closing of this transaction, which includes the purchase of 5.5 acres and a lease with purchase option on 14.5 additional acres of land, has been a catalyst for interest in Maui Business Park. There are 32 additional lots offered in this first increment of the project. Sales of the first three closed in 1995. Selling prices in this well-located project are proceeding at planned levels.

Also on Maui, A&B is progressing on several residential developments. Sales interest is strong in our newest development, the 93-lot residential sub-division at Ku'au Bayview on the North Shore. This will be the first develop-ment of individual house/lot packages by A&B in several years. In addition, plans have been submitted for three new agricultural subdivisions on Maui, and lot sales continue at the existing subdivision, Haiku Mauka on Maui's North\Shore, where 29 of the 39 lots in the project were sold by year-end 1995. Finally, sales began at midyear 1995 at Kahului Ikena, a 102-unit townhouse condominium project.

Near year-end, the Kauai County Council approved zoning for 514 additional acres of A&B's Kukui'ula planned residential project. When added to 213 acres previously approved, the Kukui'ula project now comprises 727 acres of zoned residential land adjacent to the Poipu resort area. Although the present economic situation on the island of Kauai precludes taking immediate advantage of this approval, this conclusive regulatory step enhances the value of the property, and permits more detailed planning for future development.

On the U.S. Mainland, two shopping centers were purchased in June, adding to A&B's leased property portfolio. These purchases preserve the tax-deferred status of gains on previous real estate transactions and provide new sources of earnings, cash flow and potential appreciation. One is a 168,000 square-foot regional center in Reno, Nevada and the other a 43,000 square-foot neighborhood center in Greeley, Colorado. The Company's total lease portfolio (2.8 million square feet) continued to enjoy high occupancy rates during 1995, averaging 97 percent for the Mainland properties and 90 percent for those in Hawaii.

In California, the El Dorado County general plan was approved in early 1996, incorporating our long-term plans for an 1,800-acre residential project at Pilot Hill.

Outlook for 1996, Beyond

The outlook for Hawaii's economy remains modestly encouraging, with forecasts of slow, but persistent, growth. Hawaii's visitor industry continues to improve, with visitor arrivals near all-time highs. Important segments within the construction industry, however, continue to contract, holding the industry down and slowing the overall economic recovery.

Anticipating that the Hawaii economy will not provide much of a boost in 1996, A&B will concentrate on successful implementation of the 1995 strategic initiatives to grow earnings and improve profitability.

We are optimistic that Matson's overall results will improve in 1996 as a result of the benefits from the new APL alliance. Hawaii Service revenue is likely to remain under pressure, awaiting a more pronounced turnaround in Hawaii's economy. The West Coast shipping industry will face labor contract negotiations with the International Longshoremen's and Warehousemen's Union. While there may be some difficult issues to resolve, we expect satisfactory agreements will be reached without work disruption.

While food products results are expected to improve over those of last year, major uncertainties remain about the federal sugar program and resulting sugar prices. Our priorities for the coming year will be to continue to improve the cost competitiveness of both our sugar refinery and sugar-growing activities and, at the same time, to consider longer range strategic options for these operations.

In the property area, we look forward to a good year as we respond to current demand for development of new properties, as well as continue entitlement work which will allow us to meet demand for improved commercial and residential property over the next 10 to 20 years.

Cash flow is expected to remain strong. A&B has relatively few large investment obligations in the next few years. Matson, however, will need to begin replacing its fleet by the end of the century and plans for doing so will be developed in the near future. The timing of additional large investments will await improvement in the economic outlook for the markets served by our other businesses.

A&B's 125th Anniversary

As noted earlier, in 1995, A&B celebrated the 125th anniversary of the formation of its original sugar growing partnership. Each of the Company's core businesses today traces its roots to that small sugar plantation on Maui. During the subsequent century and a quarter, A&B has experienced great successes as well as disappointments, enormous challenges as well as good fortune, and significant changes as well as long periods of stability. An enduring characteristic of the Company, and one I believe has contributed to its successes, has been the willingness to take a long-term view of its business opportunities and prospects. The Company also has a long history of innovation and purposeful change. Given the challenges we faced in 1995, that heritage was especially helpful.

During the year, all of A&B's business segments continued to face significant near-term problems. Nevertheless, in each case, important steps were taken to deal not only with the immediate issues, but also to improve future results. We remain firmly committed to providing improved returns for our shareholders as the Company continues to grow with and beyond Hawaii.

On behalf of all shareholders, I want to thank the employees of A&B and its subsidiaries for their contributions to our progress in 1995. I also would like to thank the shareholders, directors and employees for their support during my first year as chairman of this venerable company. The creativity, commitment and capabilities of my associates and the inherent strengths of our businesses give me confidence in our prospects for greater success in the years ahead.

John C. Couch
Chairman of the Board,
President and
Chief Executive Officer

February 16, 1996

Review of Operations

The following table shows the operating profit for each segment for the last three years. Results and prospects for each segment are discussed in the following pages.

(Dollars in thousands)	1995	Percent of Total	1994	Percent of Total	1993	Percent of Total
Ocean Transportation	$ 87,769	88	$ 97,319	69	$ 91,194	62
Property Development and Management:						
Leasing	23,063	23	23,163	16	22,975	15
Sales	14,497	14	18,522	13	18,570	13
Food Products	(27,797)	-28	(418)	-	12,692	9
Other	2,593	3	3,143	2	2,357	1

[Graph: A&B Operating Profit by Source 1985-1995
The graph illustrates the contributions to operating profit by each business segment.]

Matson

[Photo caption:
C. Bradley Mulholland, President and Chief Executive Officer, Matson Navigation Company, Inc.]

[Photo caption:
Heading for port and laden with varied cargoes for consumers, the S.S. Kauai steams near Hawaii's famous landmark, Diamond Head. Four weekly Matson ship arrivals in Hawaii provide the capacity and frequency of service needed to assure ample supplies of commodities required to support the State's diverse economy.]

[Photo caption:
Top: With one call to the brand new customer service center, customers have access to Matson's entire freight information network. Customer service representatives use state-of-the-art hardware and software to help shippers of all sizes transport their cargo.
Bottom: New refrigerated containers arrive. Much of the cargo moving to and from Hawaii requires precise temperature control. During 1995, Matson invested $14 million to provide nearly 500 new refrigerated containers for its customers.]

[Photo caption:
Top: John Perillo (right), assistant store manager, and Bobby DePeralta (left) produce manager for Safeway view the array of fresh produce delivered by Matson to their new store in Kapolei, Oahu. Economical shipping costs, reliable customer service and schedule integrity make Matson a dependable carrier for many of Hawaii's shippers.
Left: In 1995, the hailing port for all of Matson's ships was changed to Honolulu. Whether Matson ships call on Yokohama, Vancouver, Los Angeles or Guam, the strong, historic links between Matson and Hawaii will be seen clearly by all.]

The ocean transportation operations of Alexander & Baldwin, Inc. (A&B) are conducted by Matson Navigation Company, Inc. (Matson), a wholly owned subsidiary headquartered in San Francisco. Matson is the principal carrier of containerized cargo and automobiles between the U.S. Pacific Coast and Hawaii, utilizing container ships and combination container/trailer ships in regularly scheduled service between Hawaii and Los Angeles, Oakland and the U.S. Pacific Northwest. This core Hawaii service includes transshipment of cargo between Honolulu and the islands of Hawaii, Maui and Kauai.

During 1995, Matson announced a new trans-Pacific service, which started operations in February 1996. In conjunction with American President Lines, Ltd. (APL), the Pacific Alliance service offers weekly sailings from Oakland, Honolulu, Guam, Busan, Hakata, Nagoya, Yokohama and Los Angeles. Matson also operates a Pacific Coast service using one container ship that operates along the West Coast and a container barge service between Honolulu and several mid-Pacific islands.

In addition, Matson subsidiaries offer stevedoring and terminal services, intermodal services and harbor tugboat services.

At midyear 1995, Matson's international marine container leasing operations, established in 1989, were sold for $362 million.

Matson's mission is to be a preferred provider of cargo transportation services by offering a high-value service, characterized by reliability, frequency, efficiency and ease-of-use.

Operating Results

In 1995, ocean transportation operations provided 58 percent of A&B's revenue and 88 percent of its operating profit. For explanations of year-to-year changes in results, please refer to Management's Discussion and Analysis on page 25.

	1995	1994	1993
	(in thousands)		
Revenue	$593,807	$604,754	$551,687
Operating Profit*	$ 87,769	$ 97,319	$ 91,194

*Before interest expense, corporate expense and income taxes

Hawaii Service Cargo

In 1995, Matson's total Hawaii service containerized freight declined by nine percent from the volume in 1994. For the sixth consecutive year, the Hawaii economy had little or no growth, and there was no event similar to a 24-day strike that had shut down a principal competitor in 1994. Over the past ten years, however, Matson's containerized freight carriage units have grown at an annual compound rate of four percent.

Total Hawaii service volume for the past three years was:

	1995	1994	1993
Freight (Units*)	157,200	173,300	171,600
Automobiles	107,100	116,800	109,300

*Starting in 1995, to conform better with industry practice, Matson changed its basic measure of freight from twenty-four foot equivalent units (TFEUs) to container units. All years are now reported on this new basis.

[Graph: Ten year Freight volume]
[Graph: Ten year Automobile volume]
Although tourism in Hawaii experienced moderate growth during 1995, the construction industry continued a cyclical decline, which offset the benefit of greater visitor traffic.

Due to reductions in Hawaii rental car fleets, greater competition and soft consumer demand for new automobiles, total automobile carriage to and from Hawaii also decreased in 1995, by eight percent.

1995 Progress

The single most significant step during 1995 for Matson was the announcement and successful negotiation of a strategic alliance with APL. In addition to the new joint service, the agreement included the purchase, for $168 million, of six APL container ships, shoreside spares and operating assets on Guam. The alliance allows Matson to reduce costs in the Hawaii service; adds relatively inexpensive fleet capacity; and introduces a new service to Guam that complements the Hawaii service. The six ships include three C-9 vessels, the largest and most modern American-built vessels operating in U.S. foreign trades, and three C-8 vessels. Four of the APL vessels will join the MV R. J. Pfeiffer in the new weekly trans-Pacific service. Under the agreement, Matson and APL share the costs of round trip voyages, with the vessels carrying primarily Matson freight on the westbound leg and APL freight eastbound. Both carriers benefit from the resulting greater utilization of assets.

For Matson, the new Guam service marks its entry into a growing island trade, where the Company can capitalize on its experience in delivering dependable, on-time shipping that has a crucial role in the distribution systems of the island's businesses. The weekly schedule to Guam features a Thursday morning arrival, ensuring customers fresh inventories for high-volume weekend sales. Using connecting carrier agreements, the service also extends to surrounding island neighbors, such as Saipan, Tinian, Rota, Yap, Chuuk, Pohnpei and Palau.

The new service is a natural fit for Matson, whose strategic focus is serving Pacific domestic trades. Another example of this focus is Matson's Pacific Coast service, inaugurated in July 1994. Volume in this weekly coastwise service between Los Angeles and the Pacific Northwest ports of Seattle and Vancouver, British Columbia continues to grow. The Pacific Coast service targets three primary markets: feeder service for other ocean carriers under connecting carrier agreements, domestic cargo moving between California and Washington, and U.S. foreign commerce (primarily moving between Vancouver, B.C. and Southern California). Although this service has not yet reached its profitability objectives, customer response has been very positive, largely due to the strong record of dependable, on-time service. One of the newly acquired APL vessels, the S.S. Ewa, recently was assigned to the service, replacing the S.S. Manulani. The new ship adds greater 20- and 40-foot container capacity to the trade.

In late 1995 and early 1996, Matson consolidated all of its customer service activities in a new facility located in Phoenix, Arizona. Along with significant cost savings, the centralization of this function allows customers to call just one toll-free number (1-800-4MATSON) for any matter regarding Matson's Hawaii, Pacific Alliance, Pacific Coast or Mid-Pacific services. Along with allowing for future growth, the new center assures that Matson is strategically positioned to utilize new information systems to speed customer transactions and to broaden the data available to customer service representatives and customers.

In 1995, several schedule changes important to customers were made in the Hawaii service. By reconfiguring the fleet, transit time for one of the two weekly ships from the important Los Angeles market to Honolulu was reduced by ten hours. As a result, Oahu customers now can receive their freight one business day earlier. Transit times to Neighbor Island ports also were reduced. Matson was recognized during 1995 with two honors that ranked its Hawaii service among the best in the industry by logistics professionals. Matson received a Transportation Quality Award from Traffic Management magazine for the third straight year, the only carrier ever to have been so honored, and the only U.S. carrier recognized in 1995. This rating is based on a national quality survey that asked readers to rate carriers in five key performance areas: price, on-time delivery, customer service, damage/claims record and financial stability. As a result of another survey, Matson also was named a 1995 Quality Carrier by Distribution magazine, the second consecutive year Matson was so recognized.

In a subtle, but meaningful, change, during 1995 Matson underscored the importance of Hawaii to its business by changing the hailing, or "home," port of all its vessels from San Francisco to Honolulu. This change acknowledges that Hawaii is the hub of Matson's operations and that, just as Matson's ships bear Hawaiian names, the Company's services have long been synonymous with Hawaii.

Two important Matson subsidiaries continued to benefit its operations and financial results during 1995. Matson's contract stevedoring subsidiary, Matson Terminals, Inc., also serves three international carriers, spreading the fixed costs of terminals over greater volume. Matson Intermodal System, Inc. (MIS) arranges overland transportation for Matson and many other carriers. Because MIS is not committed to use any proprietary rail service, it is free to search out the carriers offering the lowest cost and best schedule for cargo originating from inland points nationwide.

Shipping Rates

On November 21, 1995, Matson filed a 3.8-percent general rate increase that became effective on January 28, 1996, as scheduled. Barring unforeseen circumstances, Matson has no plans to seek additional across-the-board increases during 1996. In the ten-year period ending in 1994, Honolulu's Consumer Price Index has risen 57 percent and the U.S. CPI has risen 42 percent, but Matson's rates have increased just 23 percent.

1996 Labor Negotiations

Present labor contracts with the International Longshoremen's and Warehousemen's Union bargaining units on the West Coast and in Hawaii will expire in July 1996. In addition, contracts expire in mid-June with unlicensed seagoing crew members. Matson anticipates that the contracts will be renegotiated in the normal course of business, without any disruption to service.

Issues, Plans to Address Them

Support for the Jones Act: Periodically, Congress re-examines the legislation under which Matson and other companies serve the U.S. domestic shipping trades. The present law, commonly known as the Jones Act, is one of many similar laws, enacted since 1789, that have reserved for American citizens the exclusive right to offer shipping services between two ports within the U.S. Similar laws reserve airline service, telecommunications and public utility businesses for U.S. citizens.

The current deregulatory climate in Congress has prompted Matson to join with over 400 other organizations in founding the broad-based Maritime Cabotage Task Force, to educate the public on the economic, national security, environmental and safety benefits of the Jones Act. In short, because vessels are governed by the laws of the country where the vessel is documented, U.S. vessels must comply with safety, environmental, labor practices and other policies that have been deemed important and proper for the conduct of business in this country. Other countries' vessels do not have these obligations and their attendant costs, nor do they adhere to the same standards. It is Matson's intent to support the Jones Act actively and to take a leadership role in demonstrating the efficiency, commitment and innovation that is found in the unsubsidized U.S. domestic fleet.

Competition, Hawaii's Economic Pause: The Hawaii trade is highly competitive and, in the past five years, fundamental economic factors have limited growth in cargo. Matson has remained, and plans to continue as, the premier carrier in the trade. This commitment is evidenced by Matson's substantial investments in the trade and by its competitive advantages in number of sailings, on-time arrivals, capacity, variety of container equipment and other unique services.

Operating Profit Outlook

In 1996, due primarily to economic conditions, Matson expects Hawaii freight volume to be comparable to 1995. Revenue will benefit, however, from the new cargo carried to Guam. Operating profit will improve moderately with the net contribution of that cargo, plus the benefits of lower eastbound Hawaii Service costs and improved subsidiary contributions. Earnings also should benefit from the continued growth of the Pacific Coast service.

ABHI

[Photo caption:
W. Allen Doane, President and Chief Operating Officer, A&B-Hawaii, Inc.]

[Photo caption:
Steady progress in the development of Maui Business Park is evident in the new roadways, at the center of this photo. Constructed on former sugar-growing lands near Maui's airport and at the intersection of several major roads, Maui Business Park is receiving deserved interest among potential buyers. Sales of the first lots in the first phase closed in December 1995.]

[Photo caption:
To attract buyers in a very selective market, recent A&B developments have ranged from agricultural subdivisions, where buyers acquire large lots and build their own dwellings (upper), to moderately priced townhouses (lower).]

[Photo caption:
Finished products at A&B developments in Kahului, Maui. Eagle Distributor's new warehouse (above) handles Budweiser and other popular beverage products island-wide. A Matson customer, Eagle constructed the warehouse in the Kamehameha Parkway industrial subdivision, built by A&B. A&B is leasing the distinctive Apex Building (above, right) to new commercial users at the Triangle Square development. Also at Kamehameha Parkway (right) is a medical building, offering a variety of physicians' services.]

[Photo caption:
During 1995, A&B acquired two shopping centers to replace one sold in 1994. The photos above and to the left are of the 168,000 square-foot regional shopping center called Airport Square, located in fast-growing Reno, Nev.]

[Photo caption:
From the field to the sugar bowl. It is hard to visualize the massive scale of modern sugar cultivation and harvesting. A cane hauler at HC&S carries 65 tons of cane from a field to the sugar mill, where it is processed into raw sugar for transport to the Mainland and refining into more familiar forms of sugar products.]

[Photo caption:
Coffee production has qualities of both a science and an art. A taster in the photo (upper left) samples the quality of coffee brewed from separate batches of Kauai Coffee. Estate-grown Kauai Coffee products packaging (top): green beans in a burlap sack; roasted, for restaurant use, in the plastic pack and, for retail, in smaller foil bags. Raw sugar for re-export. Benefiting from economies of scale, C&H refines foreign sugar and re-exports the finished products (left).]

[Photo caption:
The massive scale and sophistication of the new 240 megawatt cogeneration plant adjacent to C&H's Crockett, Calif. refinery is apparent in this photo. Full-scale operations are scheduled for May 1996.]

The property development and management, and food products operations of Alexander & Baldwin, Inc. (A&B) are conducted by A&B-Hawaii, Inc. (ABHI). ABHI's operations extend from the cultivation of sugar cane in the fertile central valley of Maui to the refining and distribution of sugar throughout the Western United States, and from the development of master-planned communities in Hawaii to the management of prime commercial, light industrial and retail properties on the Mainland.

ABHI is responsible for the stewardship of some of A&B's most valuable assets, its extensive landholdings in Hawaii. In all of its property-related activities, both in Hawaii and elsewhere, ABHI strives to be a responsible steward of the land, employing its landholdings at their highest and best use, consistent with community needs.

The extent and nature of the Company's landholdings dictate that, for the foreseeable future, the highest and best use of the vast majority of its land is for agriculture and conservation. ABHI's own agribusiness operations utilize 40,000 acres of land for sugarcane and coffee cultivation. Because sugar cane currently is the best crop for a large percentage of the Company's cultivatable land, A&B is committed to improving the efficiency and profitability of its sugar operations.

In 1993, A&B purchased, through ABHI, the portion of California and Hawaiian Sugar Company, Inc. (C&H) that it did not already own. C&H refines raw cane sugar in the San Francisco Bay area and in Hawaii, and distributes industrial and grocery products throughout the Western United States.

Property Development and Management

Segment Description

The property development and management activities of A&B are conducted by ABHI and its subsidiary, A&B Properties, Inc. At year-end 1995, A&B owned approximately 92,800 acres, including 68,800 acres on Maui, 21,900 acres on Kauai, and 2,000 acres elsewhere. An additional 19,000 acres on Maui and Kauai are leased from others. Approximately 91,500 acres owned by A&B are planted in sugar cane and coffee or are employed in other agricultural, conservation or related uses. Currently, about 1,300 acres are fully zoned for urban use. An estimated 9,700 acres in Hawaii that now are zoned for agriculture or non-urban uses have foreseeable urban potential.

The combination of the large amount of land that the Company owns and the location of that land provides A&B the opportunity to serve growing residential, commercial and industrial markets on Maui and Kauai.

A&B also owns a diversified portfolio of commercial and industrial income-producing properties. That improved property includes approximately 2.8 million square feet in Hawaii and in five Western states.

The following directional statements guide the activities of A&B Properties:

Maintain a market-oriented pace of entitlements and related development as well as sales activity;

Provide new sources of recurring income and cash flow, through leasing;

Redevelop existing properties in the Company's portfolio, when appropriate, to ensure they are at their highest and best use; and

Develop and manage a geographically diversified portfolio of commercial, industrial and residential properties.

Operating Results

In 1995, property development and management operations provided six percent of A&B's revenue and 38 percent of its operating profit. For explanations of year-to-year changes in results, please refer to Management's Discussion and Analysis beginning on page 25.

	1995	1994	1993
	(in thousands)		
Revenue:			
Leasing	$34,073	$33,387	$32,606
Sales	25,835	60,767	32,559
Total	$59,908	$94,154	$65,165
Operating Profit:*			
Leasing	$23,063	$23,163	$22,975
Sales	14,497	18,522	18,570
Total	$37,560	$41,685	$41,545

*Before interest expense, corporate expense and income taxes

1995 Progress

Entitlements

Work to obtain entitlements for urban use in 1995 focused on: the Kukui'ula residential development on Kauai, the proposed master-planned residential community at Pilot Hill in California and the continued participation in the update of the County of Maui's community plans.

In May 1995, the Hawaii State Land Use Commission approved urban reclassification of 822 acres at Kukui'ula. Approval was granted for 537 acres immediately and for 285 additional acres when certain on- and off-site improvements are completed. At year-end, the County of Kauai approved rezoning of 514 acres for development. Adding that approval to 213 acres previously approved, the total reconfigured first phase of development is 727 acres. Renewal of construction, however, awaits improved economic conditions on Kauai, especially in housing demand.

Pilot Hill, an 1,800-acre parcel located in El Dorado County, California, is expected to be developed as a master-planned residential community. El Dorado County, located 40 miles northeast of Sacramento, completed the legally mandated update of its General Plan on January 12, 1996. The project was designated a "planned community" in the new plan.

The Company continues to pursue a number of projects as part of the ten-year update of Maui's community plans. Community plans in Hawaii generally are the first step in the lengthy governmental land approval process, creating a "blueprint" for planned development activity over the following decade. A&B is seeking various urban designations for portions of its undeveloped land within four Plan regions where most of the Company's holdings are located.

Development

The largest and most prominent development activity in 1995 was the construction of on- and off-site improvements for Maui Business Park, a light industrial/commercial business park located near Maui's primary airport and commercial harbor. Ultimately planned to consist of about 240 acres, Maui Business Park's construction last year included mass grading, roads, utilities and landscaping for phase IA (42 acres), and mass grading for phase IB (34 acres), plus substantial off-site drainage and sewer work. Significant off-site road work remains to be completed during 1996.

Nearby, Maui's first Costco opened for business in May 1995. The facility was constructed by Costco on a 13-acre parcel ground-leased from A&B. Across the street, the 28,000 square foot Apex Building, developed by A&B and completed in 1995, is now 30-percent leased.

Other projects constructed on Maui in 1995 include Kahului Ikena, a 102-unit townhouse project. Kahului Ikena sales commenced in June 1995. Also, grading, drainage and on-site improvements were nearly finished by year-end on a 21-acre, 92-lot residential project called Ku'au Bayview, at Pa'ia, on Maui's rural North Shore. Construction of two model homes is underway, which is expected to reinforce already active interest in the house/lot packages to be offered.

Sales Activity

Large Parcel Sales

In the fourth quarter of 1995, 38 acres in the Spreckelsville, Maui area were sold in bulk to a developer for $2.4 million. The buyer intends to continue with A&B's plans for subdivision of the property into 17 lots.

Improved Lot Sales

At Maui Business Park, the sale of 5.5 acres and lease of 14.5 acres closed in late 1995 for a site planned by a local developer for a 275,000 square-foot value retail center. Marketing of the 32 lots in Phase IA of Maui Business Park also commenced in late 1995. Three of these lots, comprising 1.3 acres, closed in December for $1.7 million.

Project	Total Salable Units	Available In 1995	Sold In 1995	Available In 1996
Maui Business Park (Phase IA)	32	32	3	29
Kamehameha Parkway Business Park	35	4	4	-
Port Allen Industrial lots	5	5	4	1

Through 1995, four lots in the Kamehameha Parkway industrial subdivision in Kahului, Maui, encompassing a total of 1.4 acres, were sold for $2.1 million. These sales closed out the 35-lot project. On Kauai, four lots in the Port Allen development, comprising 1.4 acres, were sold for $900,000.

Residential, Agricultural
Subdivision Sales

During 1995, 22 lot sales in Haiku Mauka were closed, at prices averaging $169,000. Approvals are being sought for additional agricultural lot subdivisions on Maui.

There were 21 sales during 1995 at the Kahului Ikena condominium project, at an average price of $150,000.

Project	Total Salable Units	Available In 1995	Sold In 1995	Available In 1996
Haiku Mauka	39	32	22	10
Kahului Ikena	102	102	21	81
Eleele Nani II	146	10	4	6
Ku'au Bayview	92	Under Constr.	-	92

On Kauai, sales activity continued at Eleele Nani II, the Company's mixed-use housing project. In 1995, four lots were sold, at an average price of $118,000.

Growing Leased Property Portfolio

Hawaii Portfolio

The Hawaii leased property portfolio consists of improved properties and ground leases. The portfolio continued to enjoy relatively high occupancy levels in spite of the sluggish economy. Occupancy averaged 90 percent over the course of the year.

Aesthetic improvements to the (44-year old) Kahului Shopping Center were initiated in 1995, resulting in a favorable response by local merchants to leasing initiatives.

Mainland Portfolio

The Mainland portfolio, containing about 2.1 million square feet of leasable area, achieved an average occupancy level of 97 percent in 1995. Two new properties were acquired in 1995 to replace a Denver shopping center sold in December 1994. Airport Square, a 168,000 square foot regional center, located in Reno, Nevada, is anchored by PetsMart and Office Depot. It also benefits from an adjoining Costco store. The second acquisition was Market Square, a 43,000 square foot neighborhood center in Greeley, Colorado. Tenants include Blockbuster Video and Chili's Bar & Grill.

Issues, Plans to Address Them

Kauai Economy, Kukui'ula Development: The Kauai economy has yet to recover fully from Hurricane Iniki's effects and from the statewide economic doldrums. Several hotels remain closed. Unemployment on that island remains about nine percent. In response to these conditions, further investment in the Kukui'ula project will continue to be deferred until prospects for housing and commercial demand improve.

Overall Real Estate Demand: Consumers' concerns and public and private employment cutbacks have had a negative effect on real estate activity statewide. Although selling prices generally have remained stable, there is downward pressure on lease rates for office, retail and industrial space. The introduction of value retailing has benefited A&B through its ground leases to several large participants, but the new competition has heightened pressure on the existing retailers in those markets. A&B has been fortunate that Maui has enjoyed stronger economic activity than the rest of the State, and most of the Company's projects and land holdings are favorably located on that island. The present market circumstances, however, call for care and selectivity regarding investment to ensure timely recovery of invested capital.

Operating Profit Outlook

Property leasing revenue and operating profit are both expected to be higher in 1996 than in 1995. The leased property portfolio is expected to improve its results due to a full-year contribution by the new Costco ground lease, other new tenancies and the two new Mainland shopping centers. Property sales revenue likely will be higher, but the sales mix will consist of more lower-margin properties, such as residential subdivisions, versus large parcels, which may lead to moderately lower operating profit for that part of the segment's results.

Continued efforts to enhance the future value of the property portfolio through entitlement gains also are an important contributor to future shareholder value. These efforts will continue throughout 1996, both for Hawaii and Mainland properties.

(In acres)	Hawaii Maui	Hawaii Kauai	Hawaii Total	Mainland	Total
Fully Entitled Urban	393	796	1,189	139	1,328
Agr/Pasture/Misc	52,947	8,108	61,055	1,901	62,956
Conservation	15,500	13,000	28,500	-	28,500
Total	68,840	21,904	90,744	2,040	92,784
Designated Urban	613	373	986	1,841	2,827
Urban Potential	6,245	3,450	9,695	-	9,695

Food Products

Segment Description

ABHI's food products segment includes the sugar production operations of Hawaiian Commercial & Sugar Company (HC&S) on Maui and McBryde Sugar Company, Limited (McBryde) on Kauai, the coffee production and marketing activities of Island Coffee Company, Inc. (Island Coffee) on Kauai, as well as the sugar refining and marketing operations of C&H. A&B is the largest sugar producer in Hawaii, having grown about 45 percent of the State's total crop in 1995. ABHI's two plantations produce raw sugar, molasses, coffee and surplus electric power which is sold to utilities. C&H is the largest sugarcane refiner in the Western United States, supplying to consumer and industrial markets about 16 percent of the refined cane sugar produced in the country.

A&B remains committed to a healthy and efficient agricultural industry in Hawaii. The Company has adopted a three-part strategy to guide its food products operations: While taking steps to reduce operating costs and increase efficiency, lay the groundwork for long-term operating success at C&H through improvements to the refinery, extension of the C&H brand and examination of marketing opportunities throughout North America.

Sustain profitable sugar production through the expansion of cultivated acreage and improvements in technology and agronomy at HC&S.

Pursue the best long-term strategy for production and marketing of its premium, estate-grown Kauai Coffee.

Operating Results

In 1995, food products operations provided 36 percent of A&B's revenue. The operating loss in the segment, however, totaled $27,797,000, including an $8,100,000 provision for cessation of sugar operations at McBryde and a $3,800,000 charge for writing-down certain operating assets at C&H. For explanations of year to year changes in results, please refer to Management's Discussion and Analysis on page 25.

(in thousands)	1995	1994	1993
Revenue	$363,944	$441,209	$304,007
Operating Profit (Loss)*	$(27,797)	$ (418)	$ 12,692

*Before interest expense, corporate expense and income taxes

1995 Progress

C&H

As expected, 1995 was a very difficult year for C&H. Continuing ineffective administration of sugar price supports by the U.S. Department of Agriculture, and an excess supply of beet sugar prolonged and deepened the financial plight of all U.S. cane sugar refiners. Relatively high raw cane sugar prices combined with low prices for refined sugar products to destroy normal refiners' margins. These difficult external circumstances were exacerbated by a six-week strike by C&H refinery workers during September and October of 1995.

Part of the potential recognized in the acquisition of C&H in June 1993 was that the organization could be made more competitive, by transforming C&H from an agricultural co-op to an independent refiner/marketer. A comprehensive "benchmarking" study was prepared, comparing C&H's costs with those of other companies in the industry. A number of areas were identified where C&H could significantly streamline its operations and reduce operating costs. As a result, an announcement was made late in December 1995 that nearly one-quarter of the entire work force, from both the bargaining and non-bargaining units, would not return to C&H after the normal year-end shut-down period. This restructuring is projected to yield savings exceeding $8 million annually. The step, however difficult, was essential for continued successful operation of the business.

With the restructuring, C&H will be more competitive within its industry and with other caloric sweetener producers. For the sugar refining business to achieve financial returns commensurate with its cost of capital, however, further improvements are necessary and planned. The refiners' prospects also could be influenced significantly by the outcome of the current congressional debate on the reform of U.S. agricultural programs.

Construction continued during 1995 on a 240-megawatt cogeneration plant being built by a third party adjacent to the C&H refinery at Crockett. Now planned for initial full-scale operation in May 1996, the plant will use natural gas to produce steam and electricity. The steam will be used to power the C&H refinery, significantly reducing its energy costs.

Agribusiness

Sugar - Although the high raw sugar prices that hurt C&H`s results benefit A&B's sugar plantations, 1995 presented additional challenges that offset the gains at HC&S. Sugar production at that plantation was just 11.2 tons of sugar per acre (TSA), the lowest level in ten years. A number of factors appear to have caused this decrease in yield but record low levels of rainfall is the most significant. HC&S and industry scientists have critically reviewed sugar cane varieties, weather factors, and fertilization, cultivation and irrigation practices. As a result of this analysis steps have been taken to mitigate the adverse effects. Initial improvements will be seen in the 1996 harvest but, because sugar cane in Hawaii is grown on a two-year cycle, the improvement will be more apparent in the 1997 harvest.

In June 1995, A&B announced that sugar operations at McBryde would be phased out. The last harvest is scheduled to end in September 1996 and all anticipated costs will be covered by the $8,100,000 pre-tax charge taken in June 1995.

Approximately 6,200 acres of land used for sugar production at McBryde were leased from others. Under provisions of the leases, this acreage will be returned to its owners when sugar harvesting is completed. Approximately 4,000 acres of land at McBryde remains planted in coffee.

Coffee - Operations at Island Coffee continue to develop and show promise. Total green coffee produced during the 1995 harvest, nearly 1.8 million pounds, was about 30-percent higher than that in 1994. Both the quality of the crop and per-acre recovery rate improved. The Company is marketing the bulk of the green (unroasted) coffee on the Mainland. The larger crop and better quality are attracting buyers' interest. Sales in Hawaii of roasted and packaged coffee products also continue to increase. Coffee production is expected to rise again in the 1996 harvest.

Power - Sales of power from HC&S and McBryde to local electric utilities totaled 118,000 MW hours, versus 122,000 in 1994. Unusually low rainfall on Maui during the year necessitated greater use of power for irrigation pumping and lessened the amount of power available for sale.

Agribusiness operating statistics for the past three years were:

	1995	1994	1993
Raw sugar produced (tons)	222,000	223,000	240,000
Molasses produced (tons)	73,000	67,000	68,000
Electricity sold (megawatt hours)	118,000	122,000	118,000
Green coffee produced (pounds)	1,770,000	1,365,000	550,000
Cultivated acreage:			
Sugar	40,400	43,000	43,000
Coffee	4,000	4,000	4,300

Issues, Plans to Address Them

National Sugar Legislation - The original goal of the U.S. sugar programs was to insulate U.S. consumers and producers from the volatility of the world market, by establishing market prices that would allow efficient producers to survive and to ensure ample supplies of a wide variety of reasonably priced sugar products to consumers, at no cost to the taxpayer. Because the country is a net importer of sugar, regulating the amount of imported raw cane sugar is the primary mechanism used under current law to control sugar prices. The increasing diversity, complexity and dynamics of the U.S. sweetener market has revealed serious flaws in this simplistic approach to price control. The result has been unintended market distortions. Among other things, reduced import quotas inflated the price of raw cane sugar above the price of refined sugar products. As a result, operating margins of sugarcane refiners which market half the sugar consumed in the country, have been negative.

Current legislative proposals do not provide meaningful relief to cane refiners. C&H continues to participate in the legislative process with other industry groups and to encourage reform that better balances the needs of all industry segments. The outcome of these on-going deliberations remains uncertain but new agricultural bills are expected to be brought to a vote in the House and Senate during the first quarter.

HC&S Costs and Yields - To preserve their already thin operating margins, growers of sugar cane must constantly work to reduce their costs. HC&S has, for many years, successfully pursued a steady stream of cost-saving and cost-cutting measures. In addition, its work on new cane varieties and other forms of yield improvement have contributed greatly to its success. During 1996 and thereafter, as the industry becomes more competitive and costs rise, the importance of similar initiatives to achieve continuous improvements will become greater.

Coffee - This relatively new business is still in a developmental stage, with marketing the larger crop a major focus in the near future. Its overall contribution to profit is not expected to be significant in the near term.

Operating Profit Outlook

With no consensus now apparent regarding new farm legislation, and with the present law expiring in September 1996, there continues to be uncertainty about the business prospects for this segment. The recent restructuring at C&H, however, will provide a substantial and favorable improvement for operations and financial performance. Two increases in sugar import quotas announced by the U.S. Department of Agriculture, and reports of firming refined product prices also will help improve refiners' margins. But, in the absence of meaningful progress toward legislative reform and more favorable terms of new legislation, the food products segment is unlikely to return to acceptable levels of profitability and financial returns in the next year.

General Information

[Photo caption:
Because Maui is central to A&B's history, the 125th anniversary of Alexander & Baldwin, Inc., was the occasion for a community gathering on the grounds of the new Maui Community Arts and Cultural Center. Along with Hawaiian food delicacies, being enjoyed by these gentlemen, the day also provided many A&B retirees, employees and families the opportunity to enjoy each other's company and many fond memories.]

Board of Directors

Members of the current Board of Directors, including one advisory director, beneficially own approximately seven percent of A&B shares.

At the Annual Meeting of Shareholders on April 27, 1995, shareholders elected a total of 10 directors, all of whom were nominated by the Board. Re-elected were Michael J. Chun, John C. Couch, Leo E. Denlea Jr., Walter A. Dods Jr., Charles G. King, Carson R. McKissick, C. Bradley Mulholland, Robert G. Reed III, Maryanna G. Shaw and Charles M. Stockholm. Alexander C. Waterhouse serves as an advisory director at the pleasure of the Board.

R. J. Pfeiffer, Chairman of the Board since 1980 and a director since 1978, did not stand for re-election, having advised the Board that he wished to retire. Mr. Pfeiffer stepped down as Chairman, effective March 31, 1995. At the February 1995 meeting of the Board of Directors, John C. Couch was elected to succeed Mr. Pfeiffer as Chairman, effective April 1, 1995. The Board also elected Mr. Pfeiffer to the honorary position of Chairman Emeritus.

Management, Organization

W. Allen Doane, executive vice president and chief operating officer of ABHI, was appointed president and chief operating officer of ABHI, effective April 27, 1995.

Kevin C. O'Rourke, vice president and general counsel of Matson, was appointed senior vice president and general counsel of Matson, effective April 27, 1995.

Paul E. Stevens, vice president (marketing) of Matson, was appointed a senior vice president of Matson, effective April 27, 1995.

Frederick M. Gutterson, senior vice president of Matson, and president and chief executive officer of Matson Leasing, left the Company in the course of the sale of Matson Leasing.

[Graph: Ten year history of year-end stock price plus dividends per share.
Data is available in the Eleven-Year Summary of Selected Financial Data.]

Common Stock

A&B's common shares trade under the symbol ALEX on The NASDAQ Stock MarketSM. A summary of daily stock transactions is listed in the NASDAQ National Market Issues section of major newspapers. Trading volume averaged 86,022 shares a day in 1995, compared with 85,594 shares a day in 1994 and 99,569 in 1993. Currently, 16 firms make a market in ALEX.

High and low sales prices per share, by quarter, for 1995 and 1994 were:

Quarter	1995	1994
First	$24-1/4 - 20-1/2	$28-1/4 - 24-5/8
Second	25-1/2 - 21-3/4	26-1/4 - 23-3/4
Third	25-1/2 - 22-1/4	26-3/4 - 24-3/4
Fourth	24-1/4 - 22-1/2	26 - 21-1/4

[Graph: Stock Price Range by Quarter
Data points are in the above table.]

Dividends

A&B strives to pay the highest possible dividends commensurate with operating and capital needs. The Company has paid cash dividends in every quarter since 1903. The quarterly dividend rate last was increased in the second quarter of 1990, from 20 cents a share to 22 cents.

Credit Ratings

As discussed in Note 8 to the financial statements, Matson has outstanding commercial paper notes aggregating approximately $149 million. These notes are rated A-1/P-1/D-1 by Standard & Poor's, Moody's, and Duff & Phelps, respectively. Standard & Poor's rates Matson's senior debt as A-.

C&H has outstanding commercial paper aggregating $97 million. The commercial paper notes are rated A-2/P-2 by Standard & Poor's and Moody's, respectively.

Quarterly Results (Unaudited)

Segment results by quarter for 1995 and 1994 are listed below (in thousands, except per share amounts).

	1995				1994			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Revenue:								
Ocean transportation	$148,595	$150,507	$149,663	$145,042	$154,318	$154,542	$159,403	$136,491
Property development & management:								
Leasing	8,805	8,746	8,441	8,081	8,322	8,298	8,315	8,452
Sales	16,437	2,403	2,874	4,121	45,940	2,136	4,082	8,609
Food products	83,613	83,946	108,588	87,797	133,569	118,983	103,209	85,448
Other	730	684	701	681	1,748	697	666	805
Total revenue	$258,180	$246,286	$270,267	$245,722	$343,897	$284,656	$275,675	$239,805
Operating Profit:								
Ocean transportation	$ 23,220	$ 26,592	$ 20,855	$ 17,102	$ 23,322	$ 22,114	$ 29,591	$ 22,292
Property development & management:								
Leasing	5,827	6,033	5,729	5,474	5,382	5,709	5,896	6,176
Sales	10,949	328	1,524	1,696	9,115	748	3,124	5,535
Food products	(8,217)	(4,350)	(11,388)	(3,842)	1,036	(1,404)	14	(64)
Other	684	640	656	613	1,146	636	733	628
Total operating profit	32,463	29,243	17,376	21,043	40,001	27,803	39,358	34,567
Interest expense	8,753	9,513	7,711	7,452	7,300	6,457	7,102	6,843
General corporate expenses	2,690	3,462	4,224	4,366	3,941	4,653	4,143	4,659
Income before income taxes	21,020	16,268	5,441	9,225	28,760	16,693	28,113	23,065
Income taxes	8,440	5,923	1,901	3,271	9,032	5,669	9,847	8,104
Income from continuing operations	12,580	10,345	3,540	5,954	19,728	11,024	18,266	14,961
Discontinued operations:								
Income from MLC operations	-	-	2,730	2,606	3,223	2,788	2,668	1,950
Gain on sale of MLC	794	-	17,206	-	-	-	-	-
Net income	$ 13,374	$ 10,345	$ 23,476	$ 8,560	$ 22,951	$ 13,812	$ 20,934	$ 16,911
Earnings per share	$0.30	$0.23	$0.51	$0.19	$0.50	$0.30	$0.45	$0.37

FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ALEXANDER & BALDWIN, INC.:

We have audited the accompanying balance sheets of Alexander & Baldwin, Inc. and its subsidiaries as of December 31, 1995 and 1994, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995 (pages 24 and 28 to 39). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of Alexander & Baldwin, Inc. and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

As discussed in Note 4 to the financial statements, the Company discontinued the container leasing segment of its operations in June 1995, when it sold certain assets and liabilities of Matson Leasing Company, Inc. The gain on sale and results of operations prior to the sale are included in discontinued operations in the accompanying financial statements.

As discussed in Note 7 to the financial statements, in 1994 the Company changed its method of accounting for investments to conform with Statement of Financial Accounting Standards No. 115.

DELOITTE & TOUCHE LLP
Honolulu, Hawaii
January 25, 1996

Eleven-Year Summary of Selected Financial Data
(Dollars and shares in thousands except per-share amounts)
Alexander & Baldwin Inc. and Subsidiaries

	1995	1994	1993	1992	1991
Annual Operations:					
Net sales and other operating revenue	$ 1,020,455	$ 1,144,033	$ 923,804	$ 703,948	$ 715,984
Deduct:					
Cost of goods sold and operating expenses	926,972	1,019,700	794,880	583,593	565,105
Plantation closure	8,100	-	-	-	-
Interest expense	33,429	27,702	28,802	23,881	24,575
Hurricane loss	-	-	-	24,803	-
Income taxes	19,535	32,652	41,386	19,044	42,359
Income from continuing operations	32,419	63,979	58,736	52,627	83,945
Income (loss) from discontinued operations	23,336	10,629	8,253	7,878	4,861
Cumulative effect of change					

in accounting principle	-	-	-	(41,551)	-
Net income	$ 55,755	$ 74,608	$ 66,989	$ 18,954	$ 88,806
Earnings per share:					
Income from continuing operations	$ 0.72	$ 1.39	$ 1.27	$ 1.14	$ 1.82
Income (loss) from discontinued operations	0.51	0.23	0.18	0.17	0.10
Cumulative effect of change in accounting principle	-	-	-	(0.90)	-
Net income	$ 1.23	$ 1.62	$ 1.45	$ 0.41	$ 1.92
Return on beginning equity	8.8%	12.7%	12.0%	3.3%	16.7%
Cash dividends per share	$ 0.88	$ 0.88	$ 0.88	$ 0.88	$ 0.88
Average number of shares outstanding	45,492	46,059	46,338	46,294	46,213
Gross profit percentage	20.2%	21.2%	24.9%	29.1%	31.9%
Effective income tax rate	37.6%	33.8%	41.3%	26.6%	33.5%
Market price range per share:					
High	$ 25.500	$ 28.250	$ 28.000	$ 30.500	$ 29.500
Low	$ 20.500	$ 21.250	$ 22.500	$ 21.500	$ 21.000
Close	$ 23.000	$ 22.250	$ 26.750	$ 24.750	$ 28.250
At Year End:					
Shareholders of record	6,357	6,729	7,056	7,507	7,749
Shares outstanding	45,280	45,691	46,404	46,333	46,229
Shareholders' equity	$ 649,678	$ 632,614	$ 587,006	$ 559,099	$ 578,669
Per share	14.35	13.85	12.65	12.07	12.52
Total assets	1,782,759	1,925,775	1,904,742	1,676,635	1,547,648
Working capital	84,399	58,392	64,884	40,013	23,195
Cash and cash equivalents	32,150	8,987	32,295	20,827	18,675
Property-net	973,514	975,672	1,032,983	888,621	882,513
Real estate developments -noncurrent	56,104	66,371	54,919	50,977	36,362
Long-term debt-noncurrent	380,389	519,605	576,390	549,960	452,279
Capital lease obligations -noncurrent	24,186	35,274	44,495	59,816	69,717
Current ratio	1.4 to 1	1.3 to 1	1.3 to 1	1.4 to 1	1.2 to 1
Capital stock price/earnings ratio at December 31	18.7 to 1	13.7 to 1	18.5 to 1	60.4 to 1	14.7 to 1

All share and per-share amounts reflect the stock splits of 2-for-1 in 1988 and 3-for-2 in 1986.
All Statement of Income and Balance Sheet data, and related ratios have been restated to reflect Matson Leasing Company as discontinued operations, due to the sale of its net assets in 1995.

Eleven-Year Summary of Selected Financial Data, Continued
(Dollars and shares in thousands except per-share amounts)
Alexander & Baldwin Inc. and Subsidiaries

	1990	1989	1988	1987	1986	1985
Annual Operations:						
Net sales and other operating revenue	$ 747,550	$ 845,936	$ 701,908	$ 655,276	$ 536,668	$ 506,311
Deduct:						
Cost of goods sold and operating expenses	552,236	512,499	495,234	470,928	409,563	399,362
Plantation closure	-	-	-	-	-	-
Interest expense	29,602	26,965	27,406	21,104	16,042	18,453
Hurricane loss	-	-	-	-	-	-
Income taxes	58,820	107,461	61,535	62,167	575	37,051
Income from continuing operations	106,892	199,011	117,733	101,077	110,488	51,445
Income (loss) from discontinued operations	1,075	(310)	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-	-	-
Net income	$ 107,967	$ 198,701	$ 117,733	$ 101,077	$ 110,488	$ 51,445
Earnings per share:						
Income from continuing operations	$ 2.32	$ 4.30	$ 2.35	$ 1.93	$ 1.97	$ 0.92
Income (loss) from discontinued operations	0.02	(0.01)	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-	-	-
Net income	$ 2.34	$ 4.29	$ 2.35	$ 1.93	$ 1.97	$ 0.92

	===========	===========	=========	=========	=========	=========
Return on beginning equity	23.5%	45.2%	31.7%	21.4%	27.9%	13.9%
Cash dividends per share	$ 0.86	$ 0.80	$ 0.77	$ 0.68	$ 0.66	$ 0.47
Average number of shares outstanding	46,133	46,326	50,079	52,444	55,990	55,750
Gross profit percentage	36.0%	48.5%	38.8%	37.2%	35.2%	33.3%
Effective income tax rate	35.5%	35.1%	34.3%	38.1%	0.5%	41.9%
Market price range per share:						
High	$ 38.000	$ 39.500	$ 36.750	$ 32.000	$ 24.500	$ 14.750
Low	$ 19.000	$ 31.250	$ 20.875	$ 16.000	$ 14.000	$ 10.875
Close	$ 22.250	$ 37.500	$ 31.500	$ 21.625	$ 22.500	$ 14.250
At Year End:						
Shareholders of record	7,860	7,650	7,201	6,859	6,749	6,662
Shares outstanding	46,201	46,096	50,099	50,347	56,095	55,789
Shareholders' equity	$ 530,298	$ 459,712	$ 439,729	$ 371,007	$ 473,283	$ 396,718
Per share	11.48	9.97	8.78	7.37	8.44	7.11
Total assets	1,364,165	1,141,671	1,070,483	981,737	934,032	863,836
Working capital	55,340	33,906	35,974	42,262	67,533	87,418
Cash and cash equivalents	47,351	23,389	22,794	26,695	34,507	56,121
Property-net	799,942	691,194	548,066	520,124	489,076	480,345
Real estate developments -noncurrent	14,156	-	-	-	-	-
Long-term debt-noncurrent	315,851	196,954	174,715	172,014	94,512	97,978
Capital lease obligations -noncurrent	86,392	95,241	100,306	106,935	90,818	96,337
Current ratio	1.5 to 1	1.4 to 1	1.4 to 1	1.5 to 1	1.9 to 1	2.3 to 1
Capital stock price/earnings ratio at December 31	9.5 to 1	8.7 to 1	13.4 to 1	11.2 to 1	11.4 to 1	15.5 to 1

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

	1995	1994	1993	1992	1991
REVENUE:					
Ocean transportation	$ 593,807	$ 604,754	$ 551,687	$ 537,669	$ 550,423
Property development and management:					
Leasing	34,073	33,387	32,606	30,386	27,702
Sales	25,835	60,767	32,559	27,529	24,634
Food products	363,944	441,209	304,007	104,053	110,947
Other	2,796	3,916	2,945	4,311	2,278
Total revenue	$1,020,455	$1,144,033	$ 923,804	$ 703,948	$ 715,984
OPERATING PROFIT:					
Ocean transportation	$ 87,769	$ 97,319	$ 91,194	$ 97,195	$ 109,792
Property development and management:					
Leasing	23,063	23,163	22,975	21,357	19,953
Sales	14,497	18,522	18,570	17,720	20,852
Hurricane loss	-	-	-	(900)	-
	37,560	41,685	41,545	38,177	40,805
Food products:					
Before hurricane loss	(27,797)	(418)	12,692	(2,272)	16,123
Hurricane loss	-	-	-	(23,903)	-
	(27,797)	(418)	12,692	(26,175)	16,123
Other	2,593	3,143	2,357	4,263	1,957
Total operating profit	100,125	141,729	147,788	113,460	168,677
Interest expense	(33,429)	(27,702)	(28,802)	(23,881)	(24,575)
General corporate expenses	(14,742)	(17,396)	(18,864)	(17,908)	(17,798)
Income from continuing operations before income taxes	$ 51,954	$ 96,631	$ 100,122	$ 71,671	$ 126,304
IDENTIFIABLE ASSETS:					
Ocean transportation	$ 997,230	$ 853,933	$ 882,335	$ 958,669	$ 944,092
Property development and management	297,927	271,073	268,581	258,653	234,955
Food products	395,197	399,717	418,724	135,071	146,925
Other	92,405	87,362	39,094	38,437	31,587
Assets of contining operations	1,782,759	1,612,085	1,608,734	1,390,830	1,357,559
Discontinued operations - container leasing.	-	313,690	296,008	285,805	190,089
Total assets	$1,782,759	$1,925,775	$1,904,742	$1,676,635	$1,547,648
CAPITAL EXPENDITURES:					
Ocean transportation	$ 46,872	$ 29,676	$ 53,745	$ 64,333	$ 141,157
Property development and management	8,613	21,193	34,772	37,819	34,728
Food products	13,650	18,665	26,637	8,589	17,496
DEPRECIATION AND AMORTIZATION:					
Ocean transportation	$ 57,619	$ 55,663	$ 55,738	$ 52,829	$ 51,381
Property development and management	5,561	5,246	4,860	4,523	4,338
Food products	20,390	21,340	15,974	10,665	10,716

MANAGEMENT'S DISCUSSION AND ANALYSIS
ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

CONSOLIDATED EARNINGS

Net income for 1995 was $55,755,000, or $1.23 per share. This included an $18,000,000, or $0.40 per share, gain on the sale of Matson Leasing Company, Inc.'s (Matson Leasing) net assets, which occurred in June 1995. Also included in 1995 net income was $5,336,000, or $0.11 per share, from the partial year operations of Matson Leasing, offset by a $5,050,000, or $0.11 per share, charge for the phasing-out of the Company's unprofitable sugar-growing operations on the island of Kauai and a $2,384,000, or $0.05 per share, write-down of a California and Hawaiian Sugar Company (C&H) operating asset. Net income for 1994 was $74,608,000, or $1.62 per share, which included $10,629,000, or $0.23 per share, from Matson Leasing's full year operating results.

1995 COMPARED WITH 1994

OCEAN TRANSPORTATION revenue declined by two percent and operating profit declined by ten percent in 1995 compared with 1994. These declines were due primarily to decreases of nine percent and eight percent in Hawaii container volume and automobile carriage, respectively, for 1995, compared with 1994 levels. Both of these declines reflect primarily the continuing weaknesses in certain sectors of Hawaii's economy, most notably construction and the sales of automobiles and durable goods. Also, the 1994 results benefited from a strike by a competitor and the 1995 results were adversely impacted when that competitor commenced, in mid-1995, an eastbound service from Honolulu to Los Angeles. Operating profit for 1995, however, benefited from higher shipping rates and increased interest income.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue and operating profit were approximately the same for 1995 and 1994. Occupancy rates for the Company's U.S. Mainland properties averaged 97 percent for both years but occupancy levels for developed Hawaii properties declined slightly to 90 percent in 1995, from 92 percent in 1994.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue of $25,835,000 for 1995 was 57 percent lower than in 1994; however, operating profit declined only 22 percent during the same period. This was mainly due to the mix of property sales.

The mix of property sales in any year 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 sale of undeveloped land and subdivision lots 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 $145 per acre. Consequently, property sales revenue trends and the amount of real estate held for sale in the balance sheets are not necessarily indicators of future profitability for this segment.

Sales in 1995 included a 5.5 acre parcel and three individual lots in the Company's 76-acre Maui Business Park, eight developed industrial lots, a 38-acre agricultural-subdivision parcel, 47 residential subdivision and condominium units and the sales of various undeveloped land parcels. Sales in 1994 included a shopping center in Denver; five developed industrial lots, two undeveloped acres near the harbor at Kahului, Maui, 40 residential subdivision and condominium units and various other parcels.

FOOD PRODUCTS revenue decreased 18 percent, due primarily to lower refined sugar sales volume during a labor strike at C&H that began on September 8, 1995 and ended on October 17, 1995. The segment's operating loss for the year was $27,797,000, compared with a loss of $418,000 in 1994. The 1995 loss was due primarily to the C&H strike, a $3,800,000 (pre-tax) write down of certain operating assets of C&H, higher raw sugar costs, low refined sugar prices, a pre-tax charge of $8,100,000 for phasing-out the Company's sugar operations on Kauai, and lower sugar yields at the Company's Maui sugar plantation.

1994 COMPARED WITH 1993

OCEAN TRANSPORTATION revenue increased ten percent in 1994 compared with 1993, due primarily to increased cargo (in part, a result of a month-long strike in 1994 affecting a competitor), higher rates and new customers served by the Company's stevedoring and intermodal subsidiaries. Operating profit rose seven percent as a result of increased revenue, partially offset by higher fuel costs and costs associated with the start-up of the Pacific Coast Service. Hawaii container volume and automobile carriage increased four and seven percent, respectively, in 1994, compared with 1993 levels.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue and operating profit increased slightly in 1994, compared with 1993. In 1994, the occupancy rates for the Company's U.S. mainland property and Hawaii property portfolios averaged 97 percent and 92 percent, respectively, compared with 93 percent and 94 percent, respectively, for 1993.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue of $60,767,000 during 1994 was nearly double the 1993 revenue of $32,559,000. The fluctuation was due primarily to the mix of properties sold and the differing margins on the various types of real-estate transactions. The previously-described 1994 sales compare with a significantly different mix of 1993 sales, which primarily included one developed industrial lot, four undeveloped parcels and 101 residential lots.

FOOD PRODUCTS revenue increased 45 percent in 1994 compared with 1993, due primarily to the full-year effect of the acquisition of C&H. The operating loss in 1994 of $418,000 represents a substantial decline from an operating profit of $12,692,000 in 1993, due to poorer plantation yields, higher raw sugar costs and lower selling prices for refined sugar.

SIGNIFICANT EVENTS IN 1995

DISCONTINUED OPERATIONS: On June 30, 1995, the containers and certain other assets of Matson Leasing were sold to XTRA Corporation (XTRA), and certain liabilities were assumed by XTRA, for approximately $362 million. Specifically excluded from the transaction were Matson Leasing's long-term debt and U.S. tax obligations. The proceeds from the sale were used principally to repay debt, to pay tax obligations and to fund the capital needs of the Company's ocean transportation segment.

PACIFIC ALLIANCE SERVICE: In 1995, the Company and American President Companies, Inc. announced that their respective shipping subsidiaries had signed a memorandum of understanding that outlined a 10-year strategic operating alliance. This alliance includes the purchase, by Matson, of six containerships and certain assets on Guam from American President Lines, Ltd. (APL) for approximately $168 million and the sharing of cargo-carrying capacity of five Matson vessels including four of the vessels acquired from APL. Under a separate vessel-sharing agreement, Matson will operate and utilize five vessels on westbound voyages from the U.S. Pacific Coast to Hawaii, Korea, Japan and Guam and time charter the vessels to APL for return eastbound voyages from the Far East. The purchase of one vessel occurred in December 1995 and the remaining vessel purchases occurred in January 1996.

PROFIT IMPROVEMENT INITIATIVES: In September 1995, the Company began implementing additional cost control initiatives affecting all of its businesses. Included in these initiatives are the planned sale of an airplane, the freezing of executive salaries, the elimination of Company-owned executive automobiles, staff reductions and process improvements. Total Company-wide reductions among non-bargaining employees, which began in 1995, are expected to approximate ten percent of the non-bargaining work force. Certain staff reductions of bargaining-unit positions have also begun. The bargaining-unit reductions mainly have affected C&H and the Company's Kauai sugar operations. During 1995, as part of its cost reduction initiatives, the Company relocated the customer service operations of Matson to Phoenix, Arizona.

FOOD PRODUCTS CONCERNS: Of particular concern to the Company is the 1995 operating loss of its food products segment. The Company is actively working to return operating results to acceptable levels.

In June 1995, the Company began the closure of its unprofitable sugar plantation on Kauai. This closure resulted in a 1995 pre-tax charge of $8,100,000, but is expected to improve the future operating profit of the food products segment by approximately $4 million annually. The principal components of the closure cost were the write-off of the sugar factory and other sugar-related fixed assets, the write-off of materials and supplies inventories, severance costs, and increases in self-insurance medical and workers' compensation accruals. These charges are partially offset by pension and post-retirement benefit plan curtailment gains. Approximately 200 employees will be laid off during the closure process. The final sugarcane harvest for the Kauai plantation is expected to be completed in September 1996. Approximately 6,200 acres used for sugar cultivation were leased from others and will be returned to the lessors at the completion of the sugar harvest. Most of the Kauai land owned by the Company already has been converted into coffee production or is being considered for development. Sugar production is continuing at the Company's much larger Maui plantation.

The Company is also addressing concerns with declining yields at its Maui sugar plantation. A study of the problem revealed that the declines are temporary and were caused primarily by water shortages and fertilizer deficiencies. These matters are being corrected to the extent possible; however, due to the two-year crop cycle and dry weather on Maui, the yields are not expected to improve significantly in 1996.

Since the Company's acquisition of C&H in 1993, a number of initiatives have been undertaken to improve operating margins for the sugar refining operations. In particular, sugar refining results in 1996 will benefit from a significant restructuring at C&H which was announced in late 1995. The restructuring resulted in a 25-percent reduction in the C&H work force at the start of 1996. The ongoing savings from the work force reduction and the re-engineering of refining operations are expected to improve the operating results of the segment by approximately $8 million annually. Also, construction is continuing, by a third party, of a cogeneration plant adjacent to C&H's primary refinery. When operational in 1996, the third party-owned plant will provide steam to the C&H refinery, reducing energy costs by about 25-percent. Improvements also are being made to the refinery to increase its capacity to handle imports of lower quality foreign raw sugar.

The ineffective administration of the federal sugar support program, combined with an excess supply of beet sugar, continues to place pressure on C&H's refining margins. The government's attempts to prop up market prices by limiting imports of raw cans sugar failed to do anything but artificially inflate raw sugar prices. At the same time the continued expansion of the beet sugar industry depressed refined sugar prices creating negative margins for cane sugar refineries like C&H.

The prospects for the Company's sugar businesses will be influenced by new farm legislation which is being considered by Congress. The impact of these deliberations and resulting legislation on the Company's operations cannot be predicted at this time. Management believes, however, that the impact could be significant.

STOCK REPURCHASES: In 1995, the Company repurchased 511,000 shares of its common stock for an aggregate of $11,580,000. These purchases were made in accordance with a program, approved by the Board of Directors in December 1993, to repurchase up to two million shares of the Company's stock. The Company has purchased a total of 1.2 million shares for $29,296,000 under this program during the past two years.

FEDERAL MARITIME COMMISSION: In October 1995, revised Federal Maritime Commission (FMC) guidelines for determining a just and reasonable rate of return for the ocean transportation business became effective. The changes to the FMC's guidelines are not expected to have a material impact on the Company's future operating results. Additional discussion of this matter will be included in the Company's Annual Report on Form 10-K.

FINANCIAL CONDITION AND LIQUIDITY

Principal liquid resources of continuing operations, which consist of cash and cash equivalents, trade receivables, sugar inventories and unused lines of credit, less outstanding commercial paper (backed by lines of credit) and accrued deposits to the Capital Construction Fund (CCF), totaled $403,288,000 at December 31, 1995, a decrease of $24,722,000, from December 31, 1994. This decrease was due mainly to a $54,769,000 decrease in unused lines of credit, partially offset by a $23,163,000 increase in cash and cash equivalents and a $17,611,000 increase in accounts receivable. The reduction in available lines of credit and the increase in cash and cash equivalents were primarily the result of cash available following the sale of Matson Leasing's net assets. Receivables increased, due principally to an increase in amounts advanced by the Company to Hawaii sugarcane growers for the purchase of raw sugar.

Working capital of continuing operations increased to $84,399,000 at December 31, 1995, compared with working capital at December 31, 1994 of $58,392,000. This was primarily the result of the increase in cash and cash equivalents following the sale of Matson Leasing's net assets, partially offset by an increase of $25,000,000 in short-term commercial paper borrowing. The Company's current ratio of 1.4-to-1 at December 31, 1995 was slightly higher than the rate of 1.3-to-1 a year earlier.

Net cash provided by operations, before capital expenditures for real estate developments held for sale and discontinued operations, was $150,550,000 for 1995, compared with $148,876,000 for 1994. Operating cash flows were used principally for payments of long-term borrowings, deposits into the CCF, capital expenditures, payment of dividends and stock repurchases.

For 1996, internal cash flows are expected to be sufficient to finance working capital needs, dividends, capital expenditures and debt service. The Company maintains several committed and uncommitted borrowing facilities.

OTHER MATTERS

CAPITAL EXPENDITURES: In 1995, cash flows for capital expenditures of continuing operations were $69,489,000, compared with $61,434,000 in 1994. Ocean transportation capital expenditures in 1995 of $46,872,000 were primarily for container and chassis equipment and the acquisition of a container vessel. Property development and management capital expenditures of $8,613,000 in 1995 were for real-estate developments which will be held for investment purposes and for improvements to leased properties. Food products capital expenditures in 1995 of $13,650,000 were primarily for various power generation equipment for the Maui sugar plantation, factory modifications for C&H and for harvesting and factory equipment at the Company's sugar and coffee operations. Capital expenditures approved, but not yet spent, at December 31, 1995 were $216,971,000. This includes $155,500,000 for the planned purchase of five vessels which will be used in the Pacific Alliance Service. Of this vessel purchase, approximately $145,500,000 will be paid for through the CCF.

TAX-DEFERRED EXCHANGES: In 1995, the Company purchased two shopping centers, one near Reno, Nevada and the other in Greeley, Colorado, using the tax-deferred proceeds from the 1994 sale of the Company's Denver, Colorado shopping center. This transaction is reflected in the 1994 Statements of Cash Flows under the caption "Non-Cash Activities."

ENVIRONMENTAL MATTERS: As with most industrial and land-development companies of its size, A&B's operations have certain risks which could result in expenditures for environmental remediation. The Company believes that it is in compliance, in all material respects, with applicable environmental laws and regulations and takes a proactive role in identifying potential environmental concerns. Management believes that appropriate liabilities have been accrued for potential environmental costs.

NEW ACCOUNTING PRONOUNCEMENT: In 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." This Statement will require that, for years beginning after December 15, 1995, the Company include the value of stock-based compensation in its financial statements, using the fair value based method of accounting, or that it disclose the pro forma impact of the fair value method on its net income and earnings-per-share. The Company currently accounts for stock-based compensation using the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, the value of stock-based compensation is not included in the Company's net income. The Company does not plan to adopt the fair value method for its primary financial statements, but will disclose, as required by the pronouncement, the pro forma impact of the fair value method in its 1996 financial statements. The pro forma impact of SFAS No. 123 on the Company's net income or earnings-per-share for 1995 is not currently known.

OUTLOOK FOR 1996: Information about the Company's outlook for 1996 and its plans to address issues affecting each business unit, is included in the Letter to Shareholders on pages 2 through 6 and in the business unit discussions included on pages 8 through 18 of the Annual Report to Shareholders, which sections are incorporated herein by reference.

MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS

Management has prepared and is responsible for the Company's consolidated financial statements and related notes. They have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on judgments and estimates made by management. All financial information in this Annual Report is consistent with these financial statements.

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

The Company's financial statements have been audited by independent auditors who have expressed their opinion with respect to the fairness, in all material aspects, of the presentation of financial position, results of operations and cash flows under generally accepted accounting principles (see Independent Auditors' Report on page 21).

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

/s/ John C. Couch
- ------------------------
John C. Couch
Chairman of the Board, President
and Chief Executive Officer

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

Year Ended December 31,	1995	1994	1993
REVENUE:			
Net sales, food products	$ 350,613	$ 427,524	$ 281,816
Net sales, property development and other	25,334	59,412	43,764
Transportation and terminal services ...	511,673	473,450	445,442
Rentals and other services	100,423	161,764	135,394
Gain on sale of property and other	10,158	7,474	4,244
Interest	19,571	11,618	10,487
Dividends	2,683	2,791	2,657
Total revenue	1,020,455	1,144,033	923,804
COSTS AND EXPENSES:			
Cost of goods sold	340,254	422,444	267,730
Plantation closure	8,100	-	-
Cost of services	473,757	478,761	426,092
Selling, general and administrative	112,961	118,495	101,058
Interest	37,365	31,427	31,382
Interest capitalized	(3,936)	(3,725)	(2,580)
Total costs and expenses	968,501	1,047,402	823,682
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	51,954	96,631	100,122
INCOME TAXES.............................	19,535	32,652	41,386
INCOME FROM CONTINUING OPERATIONS.........	32,419	63,979	58,736
DISCONTINUED OPERATIONS:			
Income From Operations of Matson Leasing Company (Net of income taxes of $3,228 in 1995, $5,975 in 1994 and $4,794 in 1993)	5,336	10,629	8,253
Gain on Sale of Matson Leasing Company (Net of income taxes of $8,954)	18,000	-	-
NET INCOME...............................	$ 55,755	$ 74,608	$ 66,989
EARNINGS PER SHARE OF COMMON STOCK:			
Continuing Operations	$ 0.72	$ 1.39	$ 1.27
Discontinued Operations	0.51	0.23	0.18
Net Income	$ 1.23	$ 1.62	$ 1.45
AVERAGE COMMON SHARES OUTSTANDING.........	45,492	46,059	46,338

See notes to financial statements.

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

Year Ended December 31,	1995	1994	1993
CASH FLOWS FROM OPERATIONS:			
Income from continuing operations	$ 32,419	$ 63,979	$ 58,736
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	85,127	84,037	78,318
Plantation closure	8,100	-	-
Loss (gain) on disposal of property, investments and other assets	226	(5,700)	(292)
Changes in assets and liabilities:			
Accounts and notes receivable	(14,411)	1,245	(2,666)
Inventories	2,640	1,111	14,496
Prepaid expenses and other assets	6,153	26,328	10,038
Accounts and income taxes payable	(3,898)	(7,859)	(4,604)
Deferred income taxes payable	42,965	1,412	14,662
Other liabilities	(8,771)	(15,677)	(13,783)
Capital expenditures for real estate developments held for sale	(19,734)	(6,817)	(1,703)
Discontinued leasing operations	(59,160)	44,702	39,675
Net cash provided by operations	71,656	186,761	192,877
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for property	(63,908)	(48,791)	(109,315)
Capital expenditures for real estate developments held for investment	(5,581)	(12,643)	(12,875)
Acquisition of California and Hawaiian Sugar Company, Inc.	-	-	(62,564)
Receipts from disposal of income producing property, investments and other assets	362,501	1,447	10,182
Deposits into Capital Construction Fund	(136,484)	(8,900)	-
Withdrawals from Capital Construction Fund	999	9,383	87,495
Increase in investments	(1,518)	(32)	(1,108)
Discontinued leasing operations:			
Capital expenditures	(30,061)	(33,932)	(30,274)
Other	900	1,045	795
Net cash provided by (used in) investing activities	126,848	(92,423)	(117,664)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuances of long-term debt	40,000	31,000	89,500
Payments of long-term liabilities	(189,764)	(84,314)	(112,651)
Proceeds (payments) of short-term commercial paper borrowings - net	25,000	(6,000)	-
Repurchases of capital stock	(11,580)	(17,717)	-
Proceeds from issuances of capital stock	468	122	288
Dividends paid	(40,035)	(40,563)	(40,777)
Net cash used in financing activities	(175,911)	(117,472)	(63,640)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,593	(23,134)	11,573
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR:			
Continuing operations	8,987	32,295	20,827
Discontinued leasing operations	570	396	291
TOTAL CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,557	32,691	21,118
CASH AND CASH EQUIVALENTS AT END OF YEAR:			
Continuing operations	32,150	8,987	32,295
Discontinued leasing operations	-	570	396
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 32,150	$ 9,557	$ 32,691
OTHER CASH FLOW INFORMATION:			
Interest paid, net of amounts capitalized	$ 41,277	$ 44,064	$ 43,682
Income taxes paid, net of refunds	53,014	18,391	15,123
NON-CASH ACTIVITIES - Tax-deferred property exchanges	-	22,200	-

See notes to financial statements.

BALANCE SHEETS--
(In thousands, except per-share amounts)
ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

December 31,	1995	1994
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 32,150	$ 8,987
Accounts and notes receivable:		
Trade, less allowances of $5,479 and $6,449	110,697	110,881
Other	36,070	18,275
Inventories:		
Sugar and coffee	47,604	52,648
Materials and supplies	38,502	38,029
Real estate held for sale	23,550	4,014
Deferred income taxes	11,439	15,366
Prepaid expenses and other assets	13,413	14,068
Accrued deposits to Capital Construction Fund	(6,233)	(550)
Total current assets	307,192	261,718
INVESTMENTS	82,246	64,913
REAL ESTATE DEVELOPMENTS	56,104	66,371
PROPERTY:		
Land	60,101	52,202
Buildings	202,769	190,852
Vessels	657,238	651,435
Machinery and equipment	660,499	656,425
Water, power and sewer systems	82,208	86,254
Other property improvements	91,091	83,222
Total	1,753,906	1,720,390
Less accumulated depreciation and amortization	780,392	744,718
Property/net	973,514	975,672
CAPITAL CONSTRUCTION FUND	317,212	176,044
NET ASSETS OF DISCONTINUED OPERATIONS	-	313,690
OTHER ASSETS--NET	46,491	67,367
Total	$1,782,759	$1,925,775

See notes to financial statements.

December 31,	1995	1994
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 24,794	$ 27,239
Current portion of capital lease obligations	11,061	7,938
Short-term commercial paper borrowings	83,000	58,000
Accounts payable	30,916	35,505
Payrolls and vacation pay	19,891	19,847
Uninsured claims	13,076	12,110
Post-retirement benefit obligations/current portion.	5,118	6,582
Taxes other than income	6,099	5,390
Accrued interest payable	4,478	4,611
Promotional programs	1,099	4,563
Accrued and other liabilities	23,261	21,541
Total current liabilities	222,793	203,326
LONG-TERM LIABILITIES:		
Long-term debt	380,389	519,605
Capital lease obligations	24,186	35,274
Post-retirement benefit obligations	118,472	116,610
Pension obligations	13,345	21,933
Uninsured claims	11,182	12,337
Other	32,335	34,115
Total long-term liabilities	579,909	739,874
DEFERRED INCOME TAXES	330,379	349,961
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Capital stock/common stock without par value; authorized, 150,000 shares ($.75 stated value per share); outstanding, 45,280 shares in 1995 and 45,691 shares in 1994	37,133	37,493
Additional capital	40,138	38,862
Unrealized holding gains on securities	39,830	29,073
Retained earnings	546,394	541,910
Cost of treasury stock	(13,817)	(14,724)
Total shareholders' equity	649,678	632,614
Total	$1,782,759	$1,925,775

STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except per-share amounts)
ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

Three Years Ended December 31, 1995

	Capital Stock						
	Issued		In Treasury				
	Shares	Stated Value	Shares	Cost	Additional Capital	Unrealized Holding Gains	Retained Earnings
BALANCE, DECEMBER 31, 1992..........	50,687	$ 38,016	4,354	$(15,492)	$ 37,368		$499,207
CHANGES IN 1993:							
Stock options exercised..........	23	17			572		
Acquired in payment of options....	(7)	(6)					(227)
Issued -- incentive plan..........	1	1	(54)	768	570		
Net income........................							66,989
Cash dividends -- $.88 per share..							(40,777)
BALANCE, DECEMBER 31, 1993..........	50,704	38,028	4,300	(14,724)	38,510		525,192
CHANGES IN 1994:							
Shares repurchased and retired....	(723)	(542)					(17,175)
Stock options exercised..........	12	9			352		
Acquired in payment of options....	(6)	(5)					(152)
Issued--incentive plan...........	4	3					
Unrealized holding gains on securities....................						$29,073	
Net income........................							74,608
Cash dividends -- $.88 per share..							(40,563)
BALANCE, DECEMBER 31, 1994..........	49,991	37,493	4,300	(14,724)	38,862	29,073	541,910
CHANGES IN 1995:							
Shares repurchased and retired....	(511)	(383)					(11,196)
Stock options exercised..........	24	18			669		
Acquired in payment of options....	(2)	(1)					(40)
Issued--incentive plan...........	8	6	(70)	907	607		
Unrealized holding gains on securities....................						10,757	
Net income................							55,755
Cash dividends -- $.88 per share..							(40,035)
BALANCE, DECEMBER 31, 1995..........	49,510	$ 37,133	4,230	$(13,817)	$ 40,138	$39,830	$546,394

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION: The consolidated financial statements include the accounts of Alexander & Baldwin, Inc. and all subsidiaries, after elimination of significant intercompany amounts.

OCEAN TRANSPORTATION: Voyage revenue and variable costs and expenses are included in income at the time each voyage leg commences. This method of accounting does not differ materially from other acceptable accounting methods.

Vessel depreciation, charter hire, terminal operating overhead, and general and administrative expenses are charged to expense as incurred. Expected costs of regularly-scheduled dry docking of vessels and planned major vessel repairs performed during dry docking are accrued.

PROPERTY DEVELOPMENT AND MANAGEMENT: Sales are recorded when the risks and benefits of ownership have passed to the buyers (generally at closing dates), adequate down payments have been received and collection of remaining balances is reasonably assured.

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

FOOD PRODUCTS: Revenue is recorded when refined sugar products and coffee are sold to third parties.

Costs of growing sugar cane are charged to the cost of production in the year incurred and to cost of sales as refined products are sold. The cost of raw cane sugar purchased from third parties is recorded as inventory at the purchase price.

Costs of developing coffee are capitalized during the development period and depreciated over the estimated productive lives of the orchards. Costs of growing coffee are charged to inventory in the year incurred and to cost of sales as coffee is sold.

CASH AND CASH EQUIVALENTS: The Company considers highly liquid investments purchased with original maturities of three months or less, which have no significant risk of change in value, to be cash equivalents.

INVENTORIES: Sugar inventory, consisting of raw and refined sugar and coffee inventory, are stated at the lower of cost (first-in, first-out basis) or market. Other inventories, composed principally of materials and supplies, are stated at the lower of cost (principally average cost) or market.

PROPERTY: Property is stated at cost. Major renewals and betterments are capitalized. Replacements, maintenance and repairs which do not improve or extend asset lives are charged to expense as incurred. Assets held under capital leases are included with property owned. Gains or losses from property disposals are included in income.

CAPITALIZED INTEREST: Interest costs incurred in connection with significant expenditures for real estate developments or the construction of assets are capitalized.

DEPRECIATION: Depreciation is computed using the straight-line method. Depreciation expense includes amortization of assets under capital leases and vessel spare parts.

Estimated useful lives of property are as follows:

Buildings	10 to 50 years
Vessels	14 to 40 years
Marine containers	15 years
Machinery and equipment	3 to 35 years
Utility systems and other depreciable property	5 to 60 years

OTHER NON-CURRENT ASSETS: Other non-current assets consist principally of supply contracts and intangible assets. These assets are being amortized using the straight-line method over periods not exceeding 30 years.

OTHER LONG-TERM LIABILITIES: Other long-term liabilities include the Company's estimate of the liability for uninsured claims and self insurance, and reserves for dry-docking, pensions and other liabilities not expected to be paid within the next year.

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

INCOME TAXES: Current income tax expense is based on revenue and expenses in the Statements of Income. Deferred income tax liabilities and assets are computed at current tax rates for temporary differences between the financial statement and income tax bases of assets and liabilities.

FAIR VALUES: The carrying values of current assets (other than inventories, real estate held for sale, deferred income taxes and prepaid and other assets) and of debt instruments are reasonable estimates of their fair values. Real estate is carried at the lower of cost or net realizable value. Net realizable values are generally determined using the expected market value for the property less sales costs. For residential units and lots held for sale, market value is determined by reference to the sales of similar property, market studies, tax assessments and discounted cash flows. For commercial property, market value is determined using recent comparable sales, tax assessments and cash flow analysis. A large portion of the Company's real estate is undeveloped land located in Hawaii. This land has a cost basis which averages $145 per acre, a value which is much lower than market values.

FUTURES CONTRACTS: Realized and unrealized gains and losses on commodity futures contracts are deferred and recorded in inventory in the period in which the related inventory purchases occur. These amounts are not significant.

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

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Future actual amounts could differ from those estimates.

RECLASSIFICATIONS: Certain amounts in the 1994 and 1993 financial statements have been reclassified to conform with the 1995 presentation.

RESTATEMENTS: The financial statements for all periods presented have been restated to reflect the sale of certain net assets of the Company's container leasing segment as described in Note 4.

2. EMPLOYEE BENEFIT PLANS

Total contributions to the multi-employer pension plans covering personnel in shoreside and seagoing bargaining units were $5,903,000 in 1995, $8,216,000 in 1994 and $8,626,000 in 1993. Union collective bargaining agreements provide that total employer contributions during the terms of the agreements be sufficient to meet the normal costs and amortization payments required to be funded during those periods. Contributions are generally based on union labor used or cargo handled or carried. A portion of such contributions is for unfunded accrued actuarial liabilities of the plans being funded over periods of 25 to 40 years, which began between 1967 and 1976.

The multi-employer plans are subject to the plan termination insurance provisions of the Employee Retirement Income Security Act of 1974, as amended, and are paying premiums to the Pension Benefit Guarantee Corporation (PBGC). The statutes provide that an employer which withdraws from or significantly reduces its contribution obligation to a multi-employer plan generally will be required to continue funding its proportional share of the plan's unfunded vested benefits.

Under special rules approved by the PBGC and adopted by the longshore plan in 1984, the Company could cease Pacific Coast cargo-handling operations permanently and stop contributing to the plan without any withdrawal liability, provided that the plan meets certain funding obligations as defined in the plan. The estimated withdrawal liabilities under the Hawaii longshore plan and the seagoing plans aggregated approximately $6,437,000 for various plan years ended December 1995 and 1994, and July 1995, based on estimates by plan actuaries. Management has no present intention of withdrawing from and does not anticipate termination of any of the aforementioned plans.

The net pension cost (benefit) and components for 1995, 1994 and 1993, of single-employer defined benefit pension plans, which cover substantially all other employees, were as follows:

	1995	1994	1993
	(In thousands)		
Service cost--benefits earned during the year	$ 6,210	$ 7,317	$ 5,907
Interest cost on projected benefit obligation	21,785	20,542	17,584
Actual return on plan assets	(26,361)	(24,122)	(18,776)
Net amortization and deferral	(2,054)	(1,221)	(2,514)
Curtailments and terminations	(1,761)	1,300	2,117
Net pension cost (benefit)	$ (2,181)	$ 3,816	$ 4,318

The funded status of the single-employer plans at December 31, 1995 and 1994 was as follows:

1995	1994

	Assets Exceed Accumulated Benefits	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
	(In thousands)		
Actuarial present value of benefit obligation:			
Vested benefits	$ 241,422	$ 122,153	$ 112,925
Non-vested benefits	9,881	3,830	4,297
Accumulated benefit obligation....	251,303	125,983	117,222
Additional amounts related to projected compensation levels.....	34,276	22,927	11,277
Projected benefit obligation	285,579	148,910	128,499
Plan assets at fair value...........	348,208	178,118	104,867
Deficiency (excess) of plan assets over projected benefit obligation.	(62,629)	(29,208)	23,632
Prior service costs to be recognized in future years	(3,739)	(2,121)	(1,656)
Unrecognized actuarial net gain (loss)............................	75,759	27,468	(1,227)
Unrecognized net asset at January 1, 1987 (being amortized over periods of 4 to 15 years) ...	3,954	4,660	385
Accrued pension liability...........	$ 13,345	$ 799	$ 21,134

For 1995 and 1994, the projected benefit obligation was determined using a discount rate of 8% and assumed increases in future compensation levels of 5%. The expected long-term rate of return on assets was 9% for 1995 and 8 1/4% for 1994. The assets of the plans consist principally of listed stocks and bonds.

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

The Company has non-qualified supplemental pension plans covering certain employees and retirees, which provide for incremental pension payments from the Company's general funds, so that total pension benefits would be substantially equal to amounts that would have been payable from the Company's qualified pension plans if it were not for limitations imposed by income tax regulations. The projected benefit obligation, included with other non-current liabilities, relating to these unfunded plans, totaled $8,680,000 and $7,661,000 at December 31, 1995 and 1994, respectively.

3. LEASES

THE COMPANY AS LESSEE: Various subsidiaries of the Company lease a vessel and certain land, buildings and equipment under both capital and operating leases. Capital leases include one vessel leased for a term of 25 years ending in 1998; containers, machinery and equipment for terms of 5 to 12 years expiring through 1997; and a wastewater treatment facility in California, the title to which will revert to a subsidiary in 2002. Principal operating leases cover office and terminal facilities for periods which expire between 1996 and 2026. Management expects that in the normal course of business, most operating leases will be renewed or replaced by other similar leases.

Rental expense under operating leases totaled $46,680,000, $48,169,000, and $43,270,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Contingent rents and income from sublease rents were not significant.

Assets recorded under capital lease obligations and included in property at December 31, 1995 and 1994 were as follows:

	1995	1994
	(In thousands)	
Vessel	$ 55,253	$55,253
Machinery and equipment............................	42,688	42,870
Total..	97,941	98,123
Less accumulated amortization.......................	84,813	74,674
Property under capital leases--net	$ 13,128	$23,449

Future minimum payments under all leases and the present value of minimum capital lease payments as of December 31, 1995 were as follows:

	Capital Leases	Operating Leases
	(In thousands)	
1996	$ 14,759	$15,960
1997	15,026	14,590
1998	10,703	14,837
1999	609	14,834
2000	576	12,868
Thereafter	1,063	114,072
Total minimum lease payments	42,736	$187,161
Less amount representing interest	7,489	
Present value of future minimum payments	35,247	
Less current portion	11,061	
Long-term obligations at December 31, 1995	$ 24,186	

A subsidiary is obligated to pay terminal facility rent equal to the principal and interest on Special Facility Revenue Bonds issued by the Department of Transportation of the State of Hawaii. Interest on the bonds is payable semi-annually and principal, in the amount of $16,500,000 is due in 2013. An accrued liability of $7,170,000 and $6,626,000 at December 31, 1995 and 1994, respectively, included in other long-term liabilities, provides for a pro-rata portion of the principal due on these bonds.

THE COMPANY AS LESSOR: Various Company subsidiaries lease land, buildings and land improvements under operating leases. The historical cost of and accumulated depreciation on leased property at December 31, 1995 and 1994 were as follows:

	1995	1994
	(In thousands)	
Leased property	$246,609	$210,217
Less accumulated amortization	37,555	32,567
Property under operating leases--net	$209,054	$177,650

Total rental income under these operating leases for the three years ended December 31, 1995 was as follows:

	1995	1994	1993
	(In thousands)		
Minimum rentals	$28,164	$ 31,792	$30,968
Contingent rentals (based on sales volume)	880	1,515	1,111
Total	$29,044	$ 33,307	$32,079

Future minimum rental income on non-cancelable leases at December 31, 1995 was as follows:

	Operating Leases
	(In thousands)
1996	$ 31,551
1997	26,689
1998	18,930
1999	15,169
2000	12,324
Thereafter	159,912
Total	$ 264,575

4. DISCONTINUED OPERATIONS

In June 1995, the Company sold the net assets of its container leasing subsidiary, Matson Leasing Company, Inc., for $361.7 million in cash, and realized an after-tax gain of $18 million. Specifically excluded from the sale were long-term debt and U. S. tax obligations of the business.

Summary operating results of discontinued operations, excluding the above gain, were as follows:

1995	1994	1993
(In thousands)		

Net sales	$ 35,251	$63,060	$ 55,544
Gross profit	$ 14,762	$24,499	$ 20,500
Earnings before income taxes	$ 8,564	$16,604	$ 13,047
Income taxes	3,228	5,975	4,794
Net earnings from discontinued operations	$ 5,336	$10,629	$ 8,253

The components of net assets of discontinued operations included in the Consolidated Balance Sheet at December 31, 1994 were as follows (in thousands):

Current assets	$ 14,829
Containers and equipment, net	305,874
Current liabilities	(1,505)
Other long-term liabilities	(5,508)
Net assets	$313,690

5. INCOME TAXES

The income tax expense for the three years ended December 31, 1995 consisted of the following:

	1995	1994	1993
	(In thousands)		
Current:			
Federal	$(23,833)	$ 29,796	$23,894
State	403	1,444	2,830
Total	(23,430)	31,240	26,724
Deferred	42,965	1,412	14,662
Income tax expense	$19,535	$ 32,652	$41,386

Total income tax expense for the three years ended December 31, 1995 differs from amounts computed by applying the statutory Federal rate to pre-tax income, for the following reasons:

	1995	1994	1993
	(In thousands)		
Computed income tax expense	$18,184	$ 33,821	$35,043
Increase (decrease) resulting from:			
Tax rate increases	-	-	6,963
State tax on income, less applicable Federal tax	326	1,332	1,999
Fair market value over cost of donations	-	(2,138)	-
Low-income housing credits	(1,224)	(1,219)	(1,214)
Other-net	2,249	856	(1,405)
Income tax expense	$19,535	$ 32,652	$41,386

The tax effects of temporary differences that give rise to significant portions of the net deferred tax liability at December 31, 1995 and 1994 were as follows:

	1995	1994
	(In thousands)	
Deposits to the CCF	$252,348	$201,963
Tax-deferred gains on real estate transactions	69,317	68,488
Accelerated depreciation	44,136	111,253
Unrealized holding gains on securities	23,664	17,273
Post-retirement benefits	(47,813)	(45,209)
Alternative minimum tax benefits	(14,264)	(6,531)
Insurance reserves	(6,766)	(1,759)
Capitalized leases	(957)	2,409
Other-net	(725)	(13,292)
Total	$318,940	$334,595

The Internal Revenue Service (IRS) has completed its audits of the Company's tax returns through 1988 and, with one exception, has settled all issues raised during such audits. No settlement had a material effect on the Company's financial position or results of operations. The Company is contesting the remaining issue, which relates to the timing of a deduction for tax purposes. The IRS has commenced an audit of the tax returns for 1989 through 1991.

Management believes that the ultimate resolution of any adjustment resulting from the 1987, 1988 and the current audits will not have a material effect on the Company's financial position or results of operations.

6. POST-RETIREMENT BENEFIT PLANS

The Company has plans that provide certain retiree health care and life insurance benefits to substantially all salaried and to certain hourly employees. Employees are generally eligible for such benefits upon retirement and completion of a specified number of years of credited service. The Company does not pre-fund these benefits and has the right to modify or terminate certain of these plans in the future. Certain groups of retirees pay a portion of the benefit costs.

The net periodic cost for post-retirement health care and life insurance benefits during 1995, 1994 and 1993 included the following:

	1995	1994	1993
	(In thousands)		
Service cost	$ 1,512	$ 2,149	$ 1,524
Interest cost	7,031	7,825	4,742
Net amortization	(1,524)	(216)	
Curtailment gain	(2,045)	-	-
Post-retirement benefit cost	$ 4,974	$ 9,758	$ 6,266

The unfunded accumulated post-retirement benefit obligation at December 31, 1995 and 1994 is summarized below:

	1995	1994
	(In thousands)	
Accumulated post-retirement benefit obligation:		
Retirees	$56,606	$ 64,619
Fully-eligible active plan participants	9,073	10,577
Other active plan participants	25,373	30,359
Unrecognized prior service cost	5,676	3,215
Unrecognized net gain	26,862	14,422
Total	123,590	123,192
Current obligation	5,118	6,582
Non-current obligation	$118,472	$116,610

For 1995 and 1994, the weighted average discount rate used in determining the accumulated post-retirement benefit obligation was 8%, and the assumed health care cost trend rate used in measuring the accumulated post-retirement benefit obligation was 10% through 2001, decreasing to 5% thereafter. If the assumed health care cost trend rate were increased by one percentage point, the accumulated post-retirement benefit obligation as of December 31, 1995 and 1994 would have increased by approximately $10,405,000 and $12,235,000, respectively, and the net periodic post-retirement benefit cost for 1995 and 1994 would have increased by approximately $1,190,000 and $2,153,000, respectively.

7. INVESTMENTS

At December 31, 1995 and 1994, investments principally consisted of marketable equity securities, limited partnership interests and purchase-money mortgages.

Effective January 1, 1994, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The marketable equity securities are classified as "available for sale" and are stated at quoted market values. The unrealized holding gain on these securities, net of deferred income taxes, has been recorded as a separate component of shareholders' equity.

The components of the net unrealized holding gains at December 31, 1995 and 1994 were as follows:

	1995	1994
	(In thousands)	
Market value	$73,460	$ 56,312
Less historical cost	9,966	9,966
Unrealized holding gain	63,494	46,346
Less deferred income taxes	23,664	17,273
Net unrealized holding gain	$39,830	$ 29,073

The investments in limited partnership interests and purchase money mortgages are recorded at cost, which approximated market values, of $8,786,000 and $8,601,000 at December 31, 1995 and 1994, respectively. The purchase money mortgages are intended to be held to maturity. The value of the underlying investments of the limited partnership interests are assessed annually and are approximately equal to the original cost.

See Note 11 for a discussion of market values of investments in the Capital Construction Fund.

8. LONG-TERM DEBT, CREDIT AGREEMENTS

At December 31, 1995 and 1994, long-term debt consisted of the following:

	1995	1994
	(In thousands)	
Commercial paper, 5.83% - 6.19% due 1996..	$ 246,437	$ 304,301
Bank revolving credit loans (1995 high 6.88%, low 5.99%) due after 1995........	40,000	52,500
Term loans:		
7.19%, payable through 2007	75,000	75,000
8%, payable through 2000	47,500	50,000
9.05%, payable through 1999	27,201	32,611
9%, payable through 1999	21,176	50,000
9.8%, payable through 2004	18,750	20,833
7.65%, payable through 2001	10,000	10,000
11.78%, payable through 1997	1,269	1,848
Mortgage loans, collateralized by land and buildings:		
11%, repaid in 1995	-	3,046
12.5%, repaid in 1995	-	2,724
Other, repaid in 1995	-	281
Limited partnership subscription notes, no interest, payable through 1996	850	1,700
Total	488,183	604,844
Less current portion	24,794	27,239
Commercial paper classified as current .	83,000	58,000
Long-term debt	$ 380,389	$ 519,605

REVOLVING CREDIT FACILITIES: The Company and a subsidiary have a revolving credit and term loan agreement with five commercial banks, whereby they may borrow up to $155,000,000, under revolving loans to November 30, 1997, at varying rates of interest. Any revolving loan outstanding on that date may be converted into a term loan, which would be payable in 16 equal quarterly installments. The agreement contains certain restrictive covenants, the most significant of which requires the maintenance of an interest coverage ratio of 2:1. At December 31, 1995 and 1994, $10,000,000 and $20,000,000, respectively, were outstanding under this agreement.

The Company and a subsidiary have an uncommitted $45,000,000 short-term revolving credit agreement with a commercial bank. The agreement extends to November 30, 1996, but may be canceled by the bank at any time. At December 31, 1995 and 1994, $17,000,000 and $12,500,000, respectively, were outstanding under this agreement.

In 1994, the Company and a subsidiary entered into an uncommitted $25,000,000 revolving credit agreement with a commercial bank. The agreement extends to July 18, 1997. At December 31, 1995 and 1994, $13,000,000 and $20,000,000, respectively, were outstanding under this agreement.

During 1995, a subsidiary entered into a $50,000,000 one-year Revolving Credit Agreement to replace two previous credit facilities. Up to $25,000,000 of this agreement serves as a commercial paper liquidity back-up line, with the balance available for general corporate funds. At December 31, 1995, there were no amounts outstanding under this agreement.

COMMERCIAL PAPER: At December 31, 1995 there were two commercial paper programs. The first program was used by a subsidiary to finance the construction of a vessel, which was delivered in 1992. At December 31, 1995, $149,437,000 of commercial paper notes was outstanding under this program. Maturities ranged from 4 to 39 days. The borrowings outstanding under this program are classified as long-term, because the subsidiary intends to continue the program indefinitely and eventually to repay the program with qualified withdrawals from the Capital Construction Fund.

The second commercial paper program is used by a subsidiary to fund the purchases of sugar inventory from Hawaii sugar growers and to provide working capital for sugar refining and marketing operations. At December 31, 1995, $97,000,000 of commercial paper notes was outstanding under this program. Maturities ranged from 11 to 23 days. The interest cost and certain fees on the borrowings relating to sugar inventory advances to growers are reimbursed by the growers. At December 31, 1995, $31,378,000 was outstanding as advances to growers under this program. Of the total commercial paper borrowing outstanding at December 31, 1995, $83,000,000 was classified as current. The commercial paper is supported by a $100,000,000 backup revolving credit facility with six commercial banks. Both the commercial paper program and the backup facility are guaranteed by the subsidiary's parent and by the Company.

In 1995, the Company repaid the outstanding commercial paper notes of a third program which had been used to finance container purchases of the discontinued container leasing business.

LONG-TERM DEBT MATURITIES: At December 31, 1995, maturities and planned prepayments of all long-term debt during the next five years totaled $24,794,000 for 1996, $31,967,000 for 1997, $24,453,000 for 1998, $32,616,000 for 1999 and $19,584,000 for 2000.

9. CAPITAL STOCK AND STOCK OPTIONS

A&B has a stock option plan ("1989 Plan") under which key employees may be granted stock purchase options and stock appreciation rights. A second stock option plan for key employees terminated in 1993, but shares previously granted under the plan are still exercisable. Under the 1989 Plan, option prices may not be less than the fair market value of a share of the Company's common stock on the dates of grant, and each option generally becomes exercisable in-full one year after the date granted. Payment for options exercised, to the extent not reduced by the application or surrender of stock appreciation rights, may be made in cash or in shares of the Company's stock. If payment is made in shares of the Company's stock, the option holder may receive, under a reload feature of the 1989 Plan, a new stock option for the number of shares equal to that surrendered, with an option price not less than at the fair market value of the Company's stock on the date of exercise. During 1995, 527,800 new options were granted under the 1989 Plan.

The 1989 Plan also permits issuance of shares of the Company's common stock as a reward for past service rendered to the Company or one of its subsidiaries or as an incentive for future service with such entities. The recipients' interest in such shares may be fully vested upon issuance or may vest in one or more installments, upon such terms and conditions as are determined by the committee which administers the plan.

The Company also has a Directors' stock option plan, under which each non-employee Director of the Company, elected at an Annual Meeting of Shareholders, is automatically granted, on the date of each such Annual Meeting, an option to purchase 3,000 shares of the Company's common stock at the average fair market value of the shares for the five consecutive trading days prior to the grant date. Each option becomes exercisable six months after the date granted. At December 31, 1995, a total of 171,000 options have been granted under the plan, 3,000 options have been canceled and no options have been exercised.

Changes in shares under all option plans, for the three years ended December 31, 1995, were as follows:

		Shares	Price Range Per Share
1993:	Granted	423,200	$24.250-24.500
	Exercised	(23,576)	17.375-24.750
	Canceled	(73,400)	24.250-36.250
	Outstanding, December 31	2,037,128	17.375-37.875
1994:	Granted	475,200	24.700-27.000
	Exercised	(12,300)	17.375-24.750
	Canceled	(55,996)	24.250-36.250
	Outstanding, December 31	2,444,032	17.375-37.875
1995:	Granted	551,800	21.750-22.500
	Exercised	(23,550)	17.375-24.750
	Canceled	(385,531)	24.250-36.250
	Outstanding, December 31 (2,045,051 exercisable)	2,586,751	$17.375-37.875

Options outstanding at December 31, 1995 include 60,166 shares that carry stock appreciation rights which expire in 1997. The outstanding options do not have a material dilutive effect in the calculation of earnings per share of common stock.

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

10. RELATED PARTY TRANSACTIONS, COMMITMENTS AND CONTINGENCIES

At December 31, 1995, the Company and its subsidiaries had an unspent balance of total appropriations for capital expenditures of approximately $216,971,000. However, there is no contractual obligation to spend this entire amount. Of this amount, $155,500,000 is for the purchase of vessels described in Note 12.

A subsidiary has arranged for standby letters of credit of approximately $13,800,000, necessary to qualify as a self-insurer for state and federal workers' compensation liabilities.

A subsidiary has received a favorable court judgment resulting from a contested insurance claim. The claim was for reimbursement of certain expenses incurred by the subsidiary in connection with repairing port facilities damaged by a 1989 earthquake. Although the award has been appealed, management and its outside counsel believe that the ultimate outcome of this litigation will be an award at least equal to the claim recorded in the financial statements.

A subsidiary is a party, acting as the steam host, to a Steam Purchase Agreement with a developer which has received regulatory authority approval to construct and operate a cogeneration facility contiguous to the subsidiary's California refinery. The agreement provides that, during the 30-year period of the agreement, the subsidiary will receive steam necessary for refinery operations at a reduced price, compared to the market price of fuel which presently must be purchased to generate its steam requirements.

A subsidiary is party to a long-term sugar supply contract with Hawaiian Sugar & Transportation Cooperative (HSTC), a raw sugar marketing and transportation cooperative owned by two other subsidiaries and by the other Hawaii sugar growers. Under the terms of this contract, the subsidiary is obligated to purchase, and HSTC is obligated to sell, all of the raw sugar delivered to HSTC by the Hawaii sugar growers, at prices determined by the quoted domestic sugar market. The subsidiary made purchases of raw sugar totaling $158,284,000 and $271,212,000 under the contract during 1995 and 1994, respectively. The contract also requires that the subsidiary provide cash advances to HSTC prior to the physical receipt of the sugar at its refineries (see Note 8). Such advances are determined by the estimated raw sugar market prices. Amounts due to HSTC are credited against outstanding advances to HSTC upon delivery of raw sugar to the subsidiary's refineries.

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

11. CAPITAL CONSTRUCTION FUND

A subsidiary is party to an agreement with the United States Government which established a Capital Construction Fund (CCF) under provisions of the Merchant Marine Act, 1936, as amended. The agreement has program objectives for the acquisition, construction or reconstruction of vessels and for repayment of existing vessel indebtedness. Deposits to the CCF are limited by certain applicable earnings. Such deposits are not subject to Federal income taxes in the year earned, but are taxable, with interest payable from the year of deposit, if withdrawn for general corporate purposes or other non-qualified purposes, or upon termination of the agreement. Qualified withdrawals for investment in vessels having adequate tax bases do not give rise to a current tax liability, but reduce the depreciable bases of the vessels or other assets for income tax purposes. Amounts deposited into the CCF are preference items for inclusion in Federal alternative minimum taxable income. Deposits not committed for qualified purposes within 25 years from December 31, 1986, or later date of deposit, will be treated as non-qualified withdrawals. As of December 31, 1995, the oldest CCF deposits date from 1987. Management believes that all amounts deposited in the CCF at the end of 1995 will be used or committed for qualified purposes prior to the expiration of the 25-year period.

Under the terms of the CCF agreement, the subsidiary may designate certain qualified earnings as `accrued deposits'' or may designate, as obligations of the CCF, qualified withdrawals to reimburse qualified expenditures initially made with operating funds. Such accrued deposits to and withdrawals from the CCF are reflected on the balance sheet either as an obligation of the Company's current assets or as a receivable from the CCF.

As discussed in Note 7, in 1994 the Company adopted the provisions of SFAS No. 115. The Company has classified its investments in the CCF as "held-to-maturity" and, accordingly, has not reflected temporary unrealized market gains and losses in the Balance Sheets or Statements of Income. The long-term nature of the CCF program supports the Company's intention to hold these investments to maturity.

At December 31, 1995 and 1994, the balances on deposit in the CCF are summarized in Table 1.

TABLE 1 (In thousands)

	1995			1994		
	AMORTIZED COST	FAIR VALUE	UNREALIZED GAIN (LOSS)	Amortized Cost	Fair Value	Unrealized Loss
Mortgage-backed securities.........	$ 95,156	$ 91,132	$ (4,024)	$ 108,247	$ 96,678	$(11,569)
Cash and cash equivalents..........	215,823	215,856	33	64,263	64,263	-
Treasury notes.....................	-	-	-	2,984	2,984	-
Accrued deposits...................	6,233	6,233	-	550	550	-
Total..............................	$317,212	$313,221	$ (3,991)	$ 176,044	$164,475	$(11,569)

Fair value of the mortgage-backed securities ("MBS") was determined by an outside investment management company, based on the experience of trading identical or substantially similar securities. No central exchange exists for these securities; they are traded over-the-counter.

At the end of 1995, the fair value of the Company's investments in MBS is less than amortized cost, due to interest rate sensitivity inherent in the fair value determination of such securities. While an unrealized market loss exists, the Company intends to hold these investments to maturity, which ranges from 1996 through 2024. The MBS have a weighted average life of approximately six years, based on information currently available to the Company. The Company earned $7,655,000 in 1995, $8,292,000 in 1994, and $7,218,000 in 1993 on its investments in MBS.

Fair values of the remaining CCF investments were based on quoted market prices, if available. If a quoted market price was not available, fair value was estimated, using quoted market prices of similar securities and investments. These remaining investments mature in 1996.

During 1995 and 1994, there were no sales of securities classified as "held-to-maturity" included in the CCF.

12. SUBSEQUENT EVENT - VESSEL ACQUISITION

In January 1996, the Company purchased five container ships from American President Lines, Ltd. (APL) for $155,500,000, of which $145,500,000 was financed by qualified withdrawals from the CCF.

The Company intends to use four of these container ships and one existing fleet unit in a joint service with APL, between the United States West Coast and Hawaii, Korea, Japan and Guam. The Company will have the full reach of the vessels on each westbound voyage from the United States West Coast to Hawaii, Guam, Japan and Korea. APL will take each vessel on time charter in Korea and redeliver the vessel at the end of its eastbound voyage on the United States West Coast. APL will reimburse the Company for vessel operating costs incurred while under time charter to APL. The Company expects to commence the joint service with APL in February 1996.

13. INDUSTRY SEGMENTS

Industry segment information for 1995, 1994 and 1993, on page 24, is incorporated herein by reference. Segments are:

Ocean transportation -- carrying freight between various U.S. and Canadian West Coast, Hawaii and Western Pacific ports, and providing terminal services.

Property development and management -- developing, managing and selling residential, commercial and industrial properties.

Food products -- growing, processing and marketing sugar, molasses and coffee, and generating and selling electricity.

As discussed in Note 4, the net assets of the container leasing segment were sold in 1995.

Alexander & Baldwin, Inc.

Directors

MICHAEL J. CHUN (52)*
President, The Kamehameha Schools
(educational institution)
JOHN C. COUCH (56)
Chairman of the Board, President and
Chief Executive Officer,
Alexander & Baldwin, Inc.
Chairman of the Board and
Chief Executive Officer,
A&B-Hawaii, Inc.
Chairman of the Board,
Matson Navigation Company, Inc.
LEO E. DENLEA JR. (64)*
Chairman of the Board, President
and Chief Executive Officer,
Farmers Group, Inc. (insurance)
WALTER A. DODS JR. (54)*
Chairman of the Board and
Chief Executive Officer,
First Hawaiian, Inc.
Chairman of the Board and
Chief Executive Officer,
First Hawaiian Bank (banking)
CHARLES G. KING (50)**
President, King Auto Center
(automobile dealership)
CARSON R. McKISSICK (63)*
Managing Director,
The Corporate Development Company
(financial advisory services)
C. BRADLEY MULHOLLAND (54)
President and Chief Executive Officer,
Matson Navigation Company, Inc.
ROBERT G. REED III (68)**
Independent business consultant
MARYANNA G. SHAW (57)*
Private investor
CHARLES M. STOCKHOLM (63)**
Managing Director,
Trust Company of the West
(investment management services)
R. J. PFEIFFER (76)
Chairman Emeritus of the Board,
Alexander & Baldwin, Inc.
Chairman Emeritus of the Board,
A&B-Hawaii, Inc.
Chairman Emeritus of the Board,
Matson Navigation Company, Inc.

Advisory Director
ALEXANDER C. WATERHOUSE (84)
Vice Chairman, Waterhouse Properties, Inc.
(private investments)

Alexander & Baldwin, Inc.
Officers

JOHN C. COUCH (56)
Chairman of the Board, President and
Chief Executive Officer
MEREDITH J. CHING (39)
Vice President
(Government and Community Relations)
G. STEPHEN HOLADAY (51)
Vice President and Controller
JOHN B. KELLEY (50)
Vice President (Investor Relations)
MILES B. KING (48)
Vice President and Chief Administrative Officer
MICHAEL J. MARKS (57)
Vice President, General Counsel and Secretary
GLENN R. ROGERS (52)
Vice President, Chief Financial Officer
and Treasurer
ROBERT K. SASAKI (55)
Vice President (Properties)

A&B-Hawaii, Inc.
Officers

JOHN C. COUCH (56)
Chairman of the Board and
Chief Executive Officer
W. ALLEN DOANE (48)
President and Chief Operating Officer
RICHARD F. CAMERON (63)
Senior Vice President (Agribusiness)
G. STEPHEN HOLADAY (51)
Senior Vice President,
Chief Financial Officer and Treasurer
MILES B. KING (48)

Senior Vice President (Industrial Relations)
DAVID G. KONCELIK (54)
Senior Vice President (President and
Chief Executive Officer, California and
Hawaiian Sugar Company, Inc.)
MICHAEL J. MARKS (57)
Senior Vice President and General Counsel
ROBERT K. SASAKI (55)
Senior Vice President (Properties)
NORBERT M. BUELSING (45)
Vice President (Property Management)
MEREDITH J. CHING (39)
Vice President
(Government and Community Relations)
KEITH A. GOTO (52)
Vice President (Labor Relations)
JOHN B. KELLEY (50)
Vice President
STANLEY M. KURIYAMA (42)
Vice President
(Land Planning & Entitlements)
JUDITH A. WILLIAMS (52)
Vice President
(Corporate Planning & Development)
ALYSON J. NAKAMURA (30)
Secretary
THOMAS A. WELLMAN (37)
Controller

Matson Navigation Company, Inc.
Officers

JOHN C. COUCH (56)
Chairman of the Board
C. BRADLEY MULHOLLAND (54)
President and Chief Executive Officer
RAYMOND J. DONOHUE (59)
Senior Vice President and
Chief Financial Officer
MILES B. KING (48)
Senior Vice President (Human Resources)
GARY J. NORTH (51)
Senior Vice President (Operations)
(President and Chief Operating Officer,
Matson Terminals, Inc.)
KEVIN C. O'ROURKE (49)
Senior Vice President and General Counsel
PAUL E. STEVENS (43)
Senior Vice President (Marketing)
RICHARD S. BLISS (57)
Vice President (Area Manager, Hawaii)
ROBERT L. DAWDY (51)
Vice President (West Coast Operations)
BRANTON B. DREYFUS (42)
Vice President
(Area Manager, Southern California)
JOHN C. GOSLING (59)
Vice President (Engineering)
PHILIP M. GRILL (48)
Vice President (Government Relations)
DALE B. HENDLER (42)
Vice President (Information Services)
MERLE A. K. KELAI (64)
Vice President (Community Relations and
Government Affairs)
RONALD H. ROTHMAN (54)
Vice President (Industrial Relations)
MICHAEL J. MARKS (57)
Secretary
TIMOTHY H. REID (49)
Treasurer
JOSEPH A. PALAZZOLO (47)
Controller

* Audit Committee Members
** Compensation and Stock Option Committee Members

All ages as of March 31, 1996

Principal Subsidiaries
and Affiliates (1)

A&B-Hawaii, Inc.	Honolulu
Division: Hawaiian Commercial & Sugar Company	Puunene, Maui
Subsidiaries:	
A&B Development Company (California)	San Francisco
A&B Properties, Inc.	Honolulu
California and Hawaiian Sugar Company, Inc.	Crockett, CA
East Maui Irrigation Company, Limited	Puunene, Maui
Kahului Trucking & Storage, Inc.	Kahului, Maui
Kauai Commercial Company, Incorporated	Puhi, Kauai
Kukui'ula Development Company, Inc.	Poipu, Kauai
McBryde Sugar Company, Limited	Eleele, Kauai
Subsidiary: Island Coffee Company, Inc.	Eleele, Kauai
South Shore Community Services, Inc.	Poipu, Kauai
South Shore Resources, Inc.	Poipu, Kauai

WDCI, INC.	Honolulu
Hawaiian Sugar & Transportation Cooperative (2)	Crockett, CA
Matson Navigation Company, Inc.	San Francisco
Subsidiaries:	
Matson Intermodal System, Inc.	San Francisco
Matson Services Company, Inc.	San Francisco
Matson Terminals, Inc.	San Francisco

1 Wholly owned unless otherwise indicated
2 A cooperative owned with other Hawaii sugar companies

Investor Information

Annual Meeting

The Annual Meeting of Shareholders will be held in the Plaza Meeting Room on the ground floor of Amfac Center, 745 Fort Street, Honolulu, Hawaii at 10 a.m. on Thursday, April 25, 1996.

Investor Information

Shareholders having questions about A&B are encouraged to write to John C. Couch, Chairman of the Board, President and Chief Executive Officer; or Michael J. Marks, Vice President, General Counsel and Secretary.

Inquiries from professional investors may be directed to John B. Kelley, Vice President, Investor Relations. Phone (808)525-8422.

Form 10-K

Shareholders may obtain a copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, without charge, by writing to Michael J. Marks, Vice President, General Counsel and Secretary, Alexander & Baldwin, Inc., P.O. Box 3440, Honolulu, HI 96801-3440.

Transfer Agent & Registrar

CHEMICAL MELLON
SHAREHOLDER SERVICES, L.L.C.
San Francisco, California

For questions regarding stock certificates or dividends, representatives of the Transfer Agent may be reached at 1-800-356-2017, between 8a.m. and 8p.m. Eastern Time.

Auditors

DELOITTE & TOUCHE LLP
Honolulu, Hawaii

Exhibit 22

ALEXANDER & BALDWIN, INC.
SUBSIDIARIES AS OF FEBRUARY 29, 1996

Name of Subsidiary	State or Other Jurisdiction Under Which Organized
A&B-Hawaii, Inc.	Hawaii
Subsidiaries:	
A & B Development Company (California)	California
A & B Properties, Inc.	Hawaii
California and Hawaiian Sugar Company, Inc.	Hawaii
East Maui Irrigation Company, Limited	Hawaii
Kahului Trucking & Storage, Inc.	Hawaii
Kauai Commercial Company, Incorporated	Hawaii
Kukui'ula Development Company, Inc.	Hawaii
McBryde Sugar Company, Limited	Hawaii
Subsidiary: Island Coffee Company, Inc.	Hawaii
South Shore Community Services, Inc.	Hawaii
South Shore Resources, Inc.	Hawaii
WDCI, INC.	Hawaii
Matson Navigation Company, Inc.	Hawaii
Subsidiaries:	
Matson Intermodal System, Inc.	Hawaii
Matson Services Company, Inc.	Hawaii
Matson Terminals, Inc.	Hawaii

NOTE: Certain A&B subsidiaries, which considered in the aggregate do not constitute a significant subsidiary, have been omitted.

The schedule contains summary financial information extracted from the
balance sheet as of December 31, 1995 and the statement of income for
the year ended December 31, 1995 and is qualified in its entirety by
reference to such financial statements.

1,000

YEAR
DEC-31-1995
DEC-31-1995
32150
0
116176
5479
86106
307192
1753906
780392
1782759
222793
380389
0
0
37133
612545
1782759
998201
1020455
822111
822111
112961
0
33429
51954
19535
32419
23336
0
0
55755
1.23
1.23