

FORM 10-K/A  
AMENDMENT No. 1

Date of Amendment: January 14, 2002  
Date of Report Being Amended: March 26, 2001

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000  
Commission file number 0-565

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

HAWAII 99-0032630  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

822 BISHOP STREET  
POST OFFICE BOX 3440, HONOLULU, HAWAII 96801  
(Address of principal executive offices and zip code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:  
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:  
COMMON STOCK, WITHOUT PAR VALUE  
(Title of Class)

NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AT FEBRUARY 15, 2001:  
40,545,220

AGGREGATE MARKET VALUE OF COMMON STOCK HELD BY NON-AFFILIATES AT FEBRUARY 15,  
2001:  
\$1,068,959,024

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days. Yes  No   
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405  
of Regulation S-K is not contained herein, and will not be contained, to the  
best of registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to  
this Form 10-K.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF REGISTRANT'S PROXY STATEMENT DATED MARCH 12, 2001 (PART III OF FORM  
10-K).

PORTIONS OF REGISTRANT'S ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED  
DECEMBER 31, 2000 (PARTS I, II AND IV OF FORM 10-K).

EXPLANATORY NOTE:

This Form 10-K/A amends the Form 10-K filed by Alexander & Baldwin, Inc.  
("Registrant") with the Securities and Exchange Commission for the year ended  
December 31, 2000, to include the complete text of the first page (cover page)  
of the Form 10-K. The Registrant has made no further changes to its Form 10-K  
filed with the Securities and Exchange Commission on March 26, 2001 or to the  
exhibits included with that Form 10-K.

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ANNUAL REPORT FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 2000

## 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. Real property and food products operations are conducted by A&B and certain other wholly-owned subsidiaries of A&B.

The industry segments of A&B are as follows:

- A. Ocean Transportation - carrying freight, primarily between various ports on the United States Pacific Coast and major Hawaii ports and Guam; chartering vessels to third parties; providing terminal, stevedoring, tugboat and container equipment maintenance services in Hawaii; arranging intermodal transportation in North America; and providing supply and distribution services.
- B. Property Development and Management - purchasing, developing, selling, managing and leasing retail, office, industrial, commercial and residential properties, in Hawaii and on the U.S. Mainland.
- C. Food Products - growing sugar cane and coffee in Hawaii; producing bulk raw sugar, specialty food-grade sugars, molasses and green coffee; marketing and distributing roasted coffee and green coffee; providing sugar and molasses hauling and storage, general freight and petroleum hauling in Hawaii; generating and selling electricity; and producing composite panel board from sugar cane fiber.

For information about the revenue, operating profits and identifiable assets of A&B's industry segments for the three years ended December 31, 2000, see "Industry Segment Information" on page 26 of the Alexander & Baldwin, Inc. 2000 Annual Report to Shareholders ("2000 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 California and the major ports in Hawaii. Container cargo also is received at and delivered to Portland, Oregon, and 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 2000, a fiscal year which for Matson consisted of 52 weeks, Matson carried 151,496 containers (compared with 151,215 in 1999, which consisted of 53 weeks) and 132,186 motor vehicles (compared with 101,095 in 1999) between those destinations. In response to the strengthening Hawaii economy and an increase in demand, Matson added a seventh vessel to its Hawaii Service in May 2000 and an eighth vessel in October 2000, and increased the frequency of service. 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 Hawaii Service revenue is derived from the westbound carriage of containerized freight and motor vehicles.

Matson's Guam Service provides containership freight service between the United States Pacific Coast and Guam and Micronesia. Matson's Guam Service is a component of the Pacific Alliance Service, a strategic alliance established in 1996 by Matson and American President Lines, Ltd. ("APL") to provide freight service between the United States Pacific Coast and Hawaii, Guam, and several Far East ports. In 2000, Matson carried 18,165 containers (compared with 17,614 in 1999) and 2,616 automobiles (compared with 2,215 in 1999) in the Guam Service. The alliance currently utilizes five vessels (three Matson vessels and two APL vessels) in a schedule which provides service from the United States Pacific Coast to Guam and Micronesia, continuing through Far East ports, and returning to California.

Through October 2000, Matson's Pacific Coast Service provided containership freight service between Los Angeles, Oakland, Seattle, and Vancouver, Canada. Beginning in November, that service was succeeded by the Pacific Coast Express, a twice-weekly rail and truck service between Los Angeles and Seattle operated by Matson Intermodal System, Inc. ("Matson Intermodal"), a wholly-owned subsidiary of Matson, and weekly containership service between Seattle and Oakland. In 2000, Matson carried 22,842 containers in the Pacific Coast Service (compared with 33,676 in 1999) and transported 2,678 containers in the Pacific Coast Express.

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.

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

(2) VESSELS  
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Matson's cargo fleet consists of eleven containerships, four combination container/trailerships, one roll-on/roll-off barge, two container barges equipped with cranes which serve the neighbor islands of Hawaii and one container barge equipped with cranes in the Mid-Pacific Service. Currently, three containerships are time-chartered to APL in connection with the Pacific Alliance Service, and two container/trailerships are bareboat-chartered to Sea Star Line, LLC, which operates the vessels in the Florida-Puerto Rico trade. These nineteen vessels represent an investment of approximately \$770,352,000 expended over the past 30 years. The majority of vessels in the Matson cargo fleet have been acquired with the assistance of withdrawals from a Capital Construction Fund established under Section 607 of the Merchant Marine Act, 1936, as amended.

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

As a complement to its fleet, Matson owns approximately 15,900 containers, 9,900 container chassis, 535 auto-frames and miscellaneous other equipment. Capital expenditures by Matson in 2000 for vessels, equipment and systems totaled approximately \$36,800,000.

(3) TERMINALS  
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Matson Terminals, Inc. ("Matson Terminals"), a wholly-owned subsidiary of Matson, provides container stevedoring, container equipment maintenance and other terminal services for Matson and other ocean carriers at its 108-acre marine terminal in Honolulu. Matson Terminals owns and operates seven cranes at the terminal, which handled 402,500 containers in 2000 (compared with 373,048 in 1999), and can accommodate three vessels at one time. Matson Terminals' lease with the State of Hawaii runs through September 2016. In 2000, planning was finalized for a \$32 million terminal improvements project that will include converting the Honolulu marine terminal from a straddle carrier-based container handling system to a chassis-based system. The project is expected to be completed substantially during 2001.

SSA Terminals, LLC ("SSAT"), a joint venture formed by Matson and Stevedoring Services of America ("SSA") in July 1999, provides terminal and stevedoring services at West Coast terminal facilities in Los Angeles, Long Beach, Oakland and Seattle.

Capital expenditures incurred by Matson Terminals for terminals and equipment totaled approximately \$1,500,000 in 2000.

MATSON NAVIGATION COMPANY, INC.  
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FLEET - 3/1/01  
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Vessel Name	Official Number	Year Built	Year Reconstructed	Length	Maximum Speed (Knots)	Maximum Deadweight (Long Tons)	Usable Cargo Capacity							
							Containers					Vehicles		Molasses
							20'	24'	40'	Reefer Slots	TEUs (1)	Autos	Trailers	Short Tons
<b>Diesel-Powered Ships</b>														
R.J. PFEIFFER	979814	1992		713'6"	23.0	27,100	48	171	988	300	2,229	--	--	--
MOKIHANA (2)	655397	1983		860'2"	23.0	30,167	182	0	1,340	408	2,824	--	--	--
MAHIMAHI (2)	653424	1982		860'2"	23.0	30,167	182	0	1,340	408	2,824	--	--	--
MANOA (2)	651627	1982		860'2"	23.0	30,187	182	0	1,340	408	2,824	--	--	--
<b>Steam-Powered Ships</b>														
KAUAI	621042	1980	1994	720'5-1/2"	22.5	26,308	--	458	538	300	1,626	44	--	2,600
MAUI	591709	1978	1993	720'5-1/2"	22.5	26,623	--	458	538	300	1,626	--	--	2,600
EL YUNQUE (3)	573223	1976	1990	790'9"	21.5	14,551	48	--	420	168	960	323	112	--
EL MORRO (3)	557149	1974	1990	790'9"	21.5	14,976	48	--	420	168	960	323	110	--

MATSONIA	553090	1973	1987	760'0"	21.5	22,501	16	128	771	285	1,712	450	56	4,300
LURLINE	549900	1973	1982	826'6"	21.5	22,213	6	162	713	292	1,379	220	81	2,100
EWA (4)	530140	1972	1978	787'8"	21.0	38,747	286	276	681	228	1,979	--	--	--
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	27,109	26	160	659	216	1,536	--	--	5,300
MANUKAI (4)	524219	1970		720'5-1/2"	22.5	27,107	--	537	416	251	1,476	--	--	5,300

Tugs and Barges

WAIALEALE (5)	978516	1991		345'0"	--	5,621	--	--	--	35	--	230	45	--
ISLANDER (6)	933804	1988		372'0"	--	6,837	--	276	24	70	380	--	--	--
MAUNA LOA (6)	676973	1984		350'0"	--	4,658	--	144	72	84	316	--	--	2,100
HALEAKALA (6)	676972	1984		350'0"	--	4,658	--	144	72	84	316	--	--	2,100
MAOI (7)	618705	1980		75'0"	10.0	--								
JOE SEVIER (7)	500799	1965		80'0"	10.0	--								

- (1) "Twenty-foot Equivalent Units" (including trailers). TEU is a standard measure of cargo volume correlated to the volume of a standard 20-foot dry cargo container.
- (2) Time-chartered to APL until February 2006.
- (3) Formerly Kaimoku and Kainalu. Bareboat-chartered to Sea Star Line, LLC until 2005 and 2006, respectively.
- (4) Reserve Status
- (5) Roll-on/Roll-off Barge
- (6) Container Barge
- (7) Tug

(4) OTHER SERVICES

Matson Intermodal is an intermodal marketing company which arranges North American rail and truck transportation for shippers and carriers, frequently in conjunction with ocean transportation. Through volume purchases of rail and motor carrier transportation services, augmented by such services as shipment tracing and single-vendor invoicing, Matson Intermodal is able to reduce transportation costs for customers. Matson Intermodal currently has 28 offices and manages 30 equipment depots across the United States Mainland.

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

Matson Logistics Solutions, Inc. ("Matson Logistics"), a wholly-owned subsidiary of Matson, provides supply and distribution services to Matson customers and others.

(5) COMPETITION

Matson's Hawaii and Guam 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. 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. Competitors in the Pacific Coast Express include other truck, rail and ocean carrier 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 in Hawaii. Under its current schedule, Matson operates 208 Hawaii round-trip voyages per year, 60 percent more than its closest competitor, and arranges additional voyages when cargo volumes require additional capacity. This service is 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.

The carriage of cargo between the United States Pacific Coast and Hawaii on foreign-built or 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 carrying 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, Matson joined other businesses and organizations in 1995 to form the Maritime Cabotage Task Force, which supports the retention of the Jones Act and other cabotage laws. Repeal of the Jones Act would allow all foreign-flag vessel operators, which do 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 which 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 Intermodal competes for freight with a number of large and small companies engaged in intermodal transportation. Matson Services

competes with several larger operators of tugboats in Hawaiian waters. Matson Logistics competes with many larger providers of logistics services and with transportation companies whose services include logistics.

(6) LABOR RELATIONS  
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The absence of strikes and the availability of labor through hiring halls are important to the maintenance of profitable operations by Matson. Matson's operations have not been disrupted significantly by strikes in the past 29 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.

(7) RATE REGULATION  
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Matson is subject to the jurisdiction of the Surface Transportation Board with respect to its domestic rates. A rate in the noncontiguous domestic trade is presumed reasonable and will not be subject to investigation if the aggregate of increases and decreases is not more than 7.5 percent above, or more than 10 percent below, the rate in effect one year before the effective date of the proposed rate. Matson filed a 3.9 percent across-the-board increase in its Hawaii Service shipping rates, which became effective on February 14, 2000. Also in 2000, substantial increases in bunker fuel costs required Matson on three occasions to file increases in the fuel surcharge, which rose from 1.75 percent at the beginning of 2000 to 4.25 percent at the end of 2000. A 3.5 percent across-the-board increase in the Hawaii Service became effective on February 14, 2001.

B. PROPERTY DEVELOPMENT AND MANAGEMENT  
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(1) GENERAL  
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A&B and its subsidiaries own approximately 91,100 acres of land, consisting of approximately 90,800 acres in Hawaii and approximately 300 acres elsewhere, as follows:

LOCATION -----	NO. OF ACRES -----
Oahu .....	38
Maui .....	68,898
Kauai .....	21,898
California .....	121
Texas .....	66
Washington .....	13
Arizona .....	28
Nevada .....	19
Colorado .....	10
	-----
TOTAL .....	91,091 =====

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 3,403 acres on Maui and Kauai are leased from third parties.

CURRENT USE -----	NO. OF ACRES -----
HAWAII	
Fully-entitled urban (defined below) .....	1,292
Agricultural, pasture and miscellaneous .....	60,195
Watershed land/conservation .....	29,347
U.S. MAINLAND	
Fully-entitled urban .....	247
Agriculture, pasture and miscellaneous .....	10
	-----
TOTAL .....	91,091 =====

A&B and its subsidiaries are 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  
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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 Special Management Area, the granting of a Special Management Area permit by the County.

The entitlement process is complicated by the conditions, restrictions and exactions that are placed on these approvals, including, among others, 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.

A&B 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. A&B designates a parcel as "fully-entitled" or "fully-zoned" when all necessary government land use approvals have been obtained.

As described in more detail below, in 2000, work to obtain entitlements for urban use focused on (i) obtaining Community Plan designations for various A&B lands on Maui, and (ii) obtaining County entitlements for a proposed single-family subdivision on Maui. The Community Plans serve to guide planning and development activity on Maui. A&B has obtained and continues to seek various urban designations for its undeveloped lands within the four Community Plans where most of its Maui lands are located.

(3) RESIDENTIAL PROJECTS  
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A&B is pursuing a number of residential projects in Hawaii, including:

(a) KUKUI'ULA. Kukui'Ula is a 1,045-acre master planned  
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resort residential community located in Poipu, Kauai. Approximately 837 acres are fully entitled for up to 900 hotel and vacation ownership (timeshare) units, 3,000 residential units, a golf course, and commercial uses. The balance of the project is partially entitled and planned for up to 750 residential units. During 2000, A&B, through its subsidiary, Kukui'ula Development Company, Inc. ("KDC"), engaged in a number of development activities intended to position the project for resort development and for securing bulk buyers and joint venture partners.

In December 2000, KDC received tentative approval from the County of Kauai for the large lot subdivision of the project. Final subdivision approval, which will enable KDC to convey fee simple title to these land areas to a joint venture or bulk buyer, is anticipated in the second quarter of 2001. Also in December, State permits were obtained to implement the initial phase of beach improvements. The result is a larger and more attractive beach that will be a crucial amenity to the Kukui'Ula resort community.

Discussions with potential joint venture partners, as well as hotel, timeshare and golf course developers, have been held and are ongoing. Other activities include updating the project's overall water master plan and identifying short-term and long-term water sources, preparing preliminary phasing plans and construction cost estimates, analyzing infrastructure requirements, and addressing various zoning requirements.

Sales of lots at Koloa Estates, Kukui'Ula's initial residential project, continued in 2000. Koloa Estates features 32 large lots of at least one-half acre in size, underground utilities and common area landscaping. Over half the lots have been purchased by U.S. Mainland buyers, including second home buyers and retirees. As of March 1, 2001, 24 lots have been sold and 7 lots are in escrow. Plans are under way to obtain necessary governmental permits for the next residential phase at Kukui'Ula.

(b) THE VINTAGE AT KAA NAPALI. In October 1999, the Company  
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acquired 17 acres in the Kaanapali Golf Estates project in Kaanapali, Maui. This land, which is surrounded by the Kaanapali South Golf Course, is being developed as 73 detached single-family homes under a condominium regime. Home construction began in February 2000, and all homes are either completed or currently under construction. As of March 1, 13 of the 73 units had been sold and 59 units were in escrow. The average sales price of the homes sold or in escrow is \$590,000. The project is expected to be completed and sold out in the fourth quarter of 2001.

(c) THE SUMMIT AT KAA NAPALI. In January 2000, the Company  
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acquired an additional 17 acres in the Kaanapali Golf Estates project. This land is intended to be developed into 55 single-family homes or house lots. Construction of site improvements commenced in October 2000, with the first unit closings anticipated in the fourth quarter of 2001. Forty-one non-binding reservations have been received to date for the 17 homes in Increment I. Prices for homes in this project are expected to average about \$850,000.

(d) KAHULUI IKENA. In 2000, the final seven apartments in  
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the 102 unit Kahului Ikena condominium project on Maui were sold. The development of this central Kahului project began in 1994.

(e) OTHER MAUI SUBDIVISIONS. Progress was made in 2000 on  
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the development of the 37-lot Maunaolu agricultural subdivision (minimum two-acre-sized lots), located in Haliimaile. The County of Maui has approved the construction and subdivision plans for the project, but development continues to be delayed, due to lack of available water sources for the region in which the subdivision is located.

In addition, A&B continues to seek entitlements for two single-family subdivisions on Maui: (i) an approximately 200-unit subdivision



on 67 acres in Haliimaile, and (ii) an approximately 400-unit subdivision on 210 acres in Spreckelsville, which includes the possible expansion of the nearby nine-hole Maui Country Club golf course into an 18-hole course. In July 2000, the Maui County Council's Zoning Committee held a public hearing on the zoning application for the Haliimaile project, which the Maui County Planning Commission had recommended for approval in 1999. Although general approval was expressed for the project, issues relating to water availability and traffic need to be addressed. A final decision by the Maui County Council is anticipated in 2001. Also in 2000, "residential" designation for the Spreckelsville project was sought from the Maui County Council as part of its ten-year update of the Wailuku-Kahului Community Plan. However, community opposition has arisen over traffic and other project impact concerns. Final action by the Maui County Council on this project also is anticipated in 2001.

(4) COMMERCIAL AND INDUSTRIAL PROPERTIES  
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An important source of property revenue is the lease rental income A&B and its subsidiaries receive from nearly 5.2 million leasable square feet of industrial and commercial building space, ground leases on 271 acres for commercial/industrial use, and leases on 11,776 acres for agricultural/pasture use.

(a) HAWAII COMMERCIAL/INDUSTRIAL PROPERTIES  
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In Hawaii, most of the approximately 1.3 million square feet of income-producing commercial and industrial properties owned by A&B and its subsidiaries are located in the central Kahului/Wailuku area of Maui and in central Oahu. They consist primarily of two shopping centers and eight office buildings, as well as several improved commercial and industrial properties. The average occupancy for A&B's Hawaii improved commercial properties increased to 86% in 2000, from 81% in 1999. The improvement was due primarily to increased tenancies in the Company's Maui properties.

In June 2000, the Judd Building, a five-story office building located in downtown Honolulu, was acquired through a tax-deferred exchange under Section 1031 of the Internal Revenue Code, as amended ("IRC"). The Judd Building contains 20,200 square feet of space and is currently 78% occupied.

The Pacific Guardian Tower, an eighteen-story office building, containing 124,000 square feet of leasable area, was acquired in February 2001, as part of an IRC Section 1031 exchange. Acquired with the Pacific Guardian Tower was an adjacent 13,000-square-foot commercial building. These properties, situated immediately across the Ala Moana Shopping Center in Honolulu, were 98% occupied at the time of acquisition.

The primary Hawaii commercial/industrial properties are as follows:

PROPERTY -----	LOCATION -----	TYPE ----	LEASABLE AREA (square ft.) -----
Maui Mall	Kahului, Maui	Retail	190,200
Pacific Guardian Tower	Honolulu, Oahu	Office	124,000
P&L Warehouse	Kahului, Maui	Warehouse	104,100
Kahului Shopping Center	Kahului, Maui	Retail	99,700
Ocean View Center	Honolulu, Oahu	Office	99,200
One Main Plaza	Wailuku, Maui	Office	85,300
Hawaii Business Park	Pearl City, Oahu	Warehouse	85,200
Haseko Center	Honolulu, Oahu	Office	84,100
Wakea Business Center	Kahului, Maui	Warehouse/Retail	61,500
Kahului Office Building	Kahului, Maui	Office	53,900
Kahului Office Center	Kahului, Maui	Office	29,800
Stangenwald Building	Honolulu, Oahu	Office	28,200
Apex Building	Kahului, Maui	Retail	28,000
Judd Building	Honolulu, Oahu	Office	20,200

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

(i) TRIANGLE SQUARE. Development and marketing  
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efforts are continuing for this 10.6-acre, light industrial zoned, commercial subdivision in Kahului, Maui. The 28,000-square-foot Apex Building is 100% occupied by retail users. Construction commenced in October 2000 on a 15,000-square-foot, multi-tenant commercial center and a 6,200-square-foot automobile

dealership. Both buildings are projected to be completed in the third quarter of 2001. A lease was secured in August 2000 with a national restaurant chain for 4,500 square feet in the commercial center, with negotiations under way with prospective tenants for the remaining space. Four lots remain available for ground leases and commercial development.

(ii) PORT ALLEN. A long-term master plan for the

development of 80 acres in Port Allen, Kauai was completed in August 1999. Permitting and marketing efforts began in May 2000 for the first three projects to be developed under this plan. County zoning and special management area permits were secured in the second half of 2000 to build a proposed 32,000-square-foot multi-tenant commercial center on 1.7 acres, a 29,700-square-foot warehouse complex on 2.5 acres, and a 10,500-square-foot restaurant/retail facility on 1.9 acres. Construction of the first of these projects is expected to begin in mid-2001.

(iii) MAUI BUSINESS PARK. The Maui Business Park

development consists of a planned total of approximately 250 acres, and is expected to be developed in four phases over a 20-year horizon. The initial phase (Phase I) of Maui Business Park was developed in two subphases: Phase IA, completed in 1995, consists of 37.4 saleable acres, and Phase IB, substantially completed in November 2000, consists of 32.0 saleable acres.

The Maui Marketplace retail center, owned by a third party, occupies 20.3 acres of Phase IA and includes such anchor tenants as Lowe's Home Improvement Warehouse, Office Max, Sports Authority, Old Navy and Border's Books and Music. The remaining area consists of 30 lots with an average size of 22,900 square feet, of which 15 lots (8.3 saleable acres) remain available for sale or lease.

In August 2000, Home Depot purchased 12.8 acres in Phase IB and began construction of a 135,000-square-foot store, which is scheduled to open in May 2001. In February 2001, Wal-Mart purchased 14.0 acres and began construction of a 149,000-square-foot store, which is scheduled to open by the end of 2001. The remaining 5.2 saleable acres were subdivided in June 2000 into ten lots with an average size of 22,800 square feet, and are being marketed for sale or lease.

(iv) MILL TOWN CENTER. The Mill Town Center, located

in Waipahu, Oahu, near Honolulu, is a light-industrial subdivision consisting of 27.5 saleable acres. The project is being developed in two phases: Phase IA (10.2 saleable acres) consists of 23 lots with an average size of 19,200 square feet, and Phase IB (17.3 saleable acres) is planned to consist of 40 lots with an average size of 18,800 square feet.

Construction of infrastructure improvements for Phase IA was completed in June 1999. In 2000, 4 lots were sold to commercial and industrial businesses. Twelve lots (4.4 saleable acres) remain available for sale or lease. Construction of infrastructure improvements for Phase IB is scheduled to commence in the first quarter of 2001 and is expected to be completed by the end of 2001. The Phase IB lots may be consolidated to accommodate larger users. Sales activity is expected to start in mid-2001.

(v) KAHULUI AIRPORT HOTEL. Entitlement applications

were filed in January 2001 for a proposed 140-room hotel near the Kahului Airport on Maui. The hotel is expected to service primarily business travelers and local residents, and a management agreement has been signed with Marriott International for the operation of the hotel under the Courtyard by Marriott brand. The project requires Community Plan, zoning and special management area approvals from the County of Maui before development can proceed.

(vi) FAIRWAY SHOPS AT KAAPALI. Construction began

in December 2000 on a 35,000-square-foot retail center in Kaanapali, Maui, along Kaanapali's main corridor, Honoapiilani Highway. The center is located on a 3.2-acre leasehold parcel acquired by A&B in August 2000, and is expected to be completed in the fourth quarter of 2001.

(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, acquired primarily by way of tax-deferred exchanges under Section 1031 of the IRC, comprising a total of approximately 3.9 million square feet of leasable area, as follows:

PROPERTY	LOCATION	TYPE	LEASABLE AREA (square ft.)
Ontario Distribution Center	Ontario, CA	Warehouse/ Industrial	895,500
Great Southwest Industrial	Dallas, TX	Industrial	842,900
Ontario-Pacific Business Centre	Ontario, CA	Warehouse/ Industrial	246,700
Valley Freeway Corporate Park	Kent, WA	Industrial	229,100

Airport Square	Reno, NV	Retail	170,800
2868 Prospect Park	Sacramento, CA	Office	162,200
San Pedro Plaza	San Antonio, TX	Office	161,400
Day Creek Industrial	Ontario, CA	Warehouse/ Industrial	147,300
Arbor Park	San Antonio, TX	Retail	139,600
Moulton Plaza	Laguna Hills, CA	Retail	134,000
Mesa South Center	Phoenix, AZ	Retail	133,600
San Jose Avenue Warehouse	City of Industry, CA	Industrial	126,000
Southbank II	Phoenix, AZ	Office	120,800
Village at Indian Wells	Indian Wells, CA	Retail	104,600
2450 Venture Oaks	Sacramento, CA	Office	98,100
Northwest Business Center	San Antonio, TX	Service Center/ Warehouse	87,000
Wilshire Center	Greeley, CO	Retail	46,700
Market Square	Greeley, CO	Retail	43,300
		TOTAL:	3,889,600

In August 2000, A&B acquired the Ontario Distribution Center warehouse facility located in Ontario, CA, as part of an IRC Section 1031 exchange. This three-building warehouse complex is fully leased to five tenants. In January 2001, A&B sold its Bainbridge Property portfolio located on Bainbridge Island, WA, comprised of two retail properties and one office property, having a total leasable area of 114,600 square feet.

Major leases signed in 2000 included a lease for 480,000 square feet in the Ontario Distribution Center, four leases having a total area of 73,900 square feet at the 2868 Prospect Park office building, three leases having a total area of 86,300 square feet in the Great Southwest Industrial portfolio, and a lease for a 45,000-square-foot space at Mesa South Center shopping center.

A&B's Mainland commercial properties continued their strong performance in 2000, achieving an average occupancy rate of 96%, as compared to the 1999 average of 94%. The increase resulted from the leasing of several large warehouse spaces in Dallas, TX, strong office leasing in the Sacramento, CA properties, and the addition of new properties with high occupancy rates.

C. FOOD PRODUCTS  
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(1) PRODUCTION  
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A&B has been engaged in activities relating to the production of cane sugar and molasses in Hawaii since 1870, and production of coffee in Hawaii since 1987. A&B's current food products operations consist of a sugar plantation on the island of Maui, operated by its Hawaiian Commercial & Sugar Company ("HC&S") division, and a coffee farm on the island of Kauai, operated by its Kauai Coffee Company, Inc. ("Kauai Coffee") subsidiary.

HC&S is Hawaii's largest producer of raw sugar, producing 210,269 tons of raw sugar in 2000, or 70% of the raw sugar produced in Hawaii, compared with 227,832 tons of raw sugar in 1999. Total Hawaii sugar production, in turn, amounted to approximately four percent of total United States sugar production. HC&S harvested 17,266 acres of sugar cane in 2000, compared with 17,278 acres in 1999. Yields averaged 12.2 tons of sugar per acre in 2000, compared with 13.2 tons per acre in 1999. The decrease reflects the negative impact of a two-year drought on Maui. The average cost per ton of sugar produced at HC&S was \$331 in 2000, compared with \$360 in 1999. The decrease in cost per ton is primarily attributable to lower operating costs. As a by-product of sugar production, HC&S also produced 70,551 tons of molasses in 2000, compared with 92,246 tons in 1999. The decrease in molasses production is attributable to improved sugar recovery. In response to the drought-reduced yields and historically-low raw sugar prices, in September 2000, HC&S closed one of its two sugar mills and consolidated all processing at the remaining mill. Neither the number of acres in sugar cane nor the total sugar production is expected to be affected by such action.

In 2000, 5,626 tons of HC&S's raw sugar were produced as specialty food-grade raw sugars and sold under HC&S's "Maui Brand" trademark. A \$2.4 million expansion of the production facilities for these sugars was completed in February 2001.

During 2000, Kauai Coffee had approximately 3,400 acres of coffee trees under cultivation. The harvest of the 2000 coffee crop yielded approximately 2.8 million pounds of green coffee, compared with 4.6 million pounds in 1999. Although the size of the 2000 harvest was unusually low, due to, among other reasons, lack of rainfall and the cyclical nature of coffee yields, the quality of the mix was the best since Kauai Coffee's inception, with two-thirds of the coffee beans in specialty grades.

In October 2000, work was completed on a \$10 million facility, located near HC&S's sugar mill, that is expected to produce approximately 15 million square feet a year of a premium composite panel board. The panel board will be produced from bagasse (sugar cane fiber), and will be a strong, light, moisture-resistant and environmentally-friendly substitute for conventional particle board and medium density fiberboard in a variety of applications. The plant, which is operated by Hawaiian DuraGreen, Inc., a subsidiary of A&B, started test production in December 2000, and shipment of test product commenced in February 2001.

HC&S and McBryde Sugar Company, Limited ("McBryde"), the parent company of Kauai Coffee, produce electricity for internal use and for sale to the local electric utility companies. HC&S's power is produced by burning bagasse, by hydroelectric power generation and, when necessary, by burning fossil fuels, whereas McBryde produces power solely by hydroelectric generation. The price for the power sold by HC&S and McBryde is equal to the utility companies' "avoided cost" of not producing such power themselves. In addition, HC&S receives a capacity payment to provide a guaranteed power generation capacity to the local utility. (See "Energy" below.)

Kahului Trucking & Storage, Inc., a subsidiary of A&B, 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 A&B, provides similar services on Kauai, as well as general trucking services.

## (2) MARKETING OF SUGAR AND COFFEE

Substantially all of the raw sugar produced in Hawaii is purchased, refined and marketed by C&H Sugar Company, Inc. ("C&H"), of which A&B owns a 36 percent common stock interest. The results of A&B's equity investment in C&H are reported in A&B's financial statements as an investment in an affiliate. C&H processes the raw cane sugar at its refinery at Crockett, California, and markets the refined products primarily in the western and central United States. HC&S markets its specialty food-grade raw sugars to food and beverage producers and to retail stores under its "Maui Brand" label, and to distributors which repackage the sugars under their own labels. HC&S's largest food-grade raw sugar customers are Cumberland Packing Corp. and Sugar Foods Corporation, which repackage HC&S's turbinado sugar for their "Sugar in the Raw" products.

Hawaiian Sugar & Transportation Cooperative ("HS&TC"), a cooperative consisting of the two remaining sugar cane growers in Hawaii (including HC&S), has a ten-year supply contract with C&H, ending in June 2003, pursuant to which the growers sell their raw sugar to C&H at a price equal to the New York #14 Contract settlement price, less a discount and less costs of sugar vessel discharge and stevedoring. This price, 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. Notwithstanding the ten-year supply contract, HC&S has arranged directly with C&H for the forward pricing of a substantial portion of its 2001 harvest, as described in Item 7A ("Quantitative and Qualitative Disclosures About Market Risk"), on pages 25-26 below.

At Kauai Coffee, coffee marketing efforts continue to be directed toward developing a market for premium-priced, estate-grown Kauai green coffee. Most of the 2000 coffee crop is being marketed on the U.S. Mainland and in Asia as green (unroasted) coffee. In addition to the sale of green coffee, Kauai Coffee produces and sells a roasted, packaged coffee product in Hawaii under the "Kauai Coffee" trademark.

## (3) COMPETITION AND SUGAR LEGISLATION

Hawaii 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 in the refined sugar market for the Hawaiian sugar industry.

The overall U.S. caloric sweetener market continues to grow. The use of non-caloric (artificial) sweeteners accounts for a relatively small percentage of the domestic sweetener market. The anticipated increased use of high fructose corn syrup and artificial sweeteners is not expected to affect sugar markets significantly in the near future.

The U.S. Congress historically 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, the Federal Agriculture Improvement and Reform Act (the "1996 Act"), provides a sugar loan program for the 1996 through 2002 crops, with a loan rate (support price) of 18 cents per pound for raw sugar. 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 discourages producers from defaulting on loans. The ten-year supply contract between HS&TC and C&H limits HC&S's ability to place sugar under loan pursuant to the sugar loan program. The 1996 Act also eliminated marketing allotments, thereby removing the means of limiting domestic production. The 1.25-million-ton minimum import quota set under the General Agreement on Tariff and Trade ("GATT") is retained in the 1996 Act.

Beginning in mid-1999, U.S. domestic raw sugar prices fell to 20-year lows, dropping below 17 cents per pound in 2000, due to excess

supplies of raw cane sugar as well as excess refined products made from cane and beet sugar. In contrast, U.S. domestic raw sugar prices (measured by the closing price of the quoted spot contract) averaged 22.31 cents per pound during the period from January 1994 through July 1999. Although prices improved in late 2000, to over 20 cents per pound, primarily due to loan forfeitures and government action to lower sugar supplies, at present, it remains unclear how more favorable long-term price levels can be restored. The situation continues to be harmful, even to efficient producers like HC&S. A chronological chart of the average U.S. domestic raw sugar prices, based on the average daily New York Contract #14 settlement price for domestic raw sugar, is shown below:

[The printed document includes a graph of the prices; the data points for this graph are shown below.]

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

	1998	1999	2000
	----	----	----
January	22.11	22.41	17.70
February	21.79	22.34	17.05
March	21.74	22.55	18.46
April	22.20	22.58	19.41
May	22.28	22.65	19.12
June	22.30	22.63	19.26
July	22.32	22.61	17.64
August	22.30	21.31	18.13
September	22.25	20.10	18.97
October	22.15	20.51	21.20
November	22.03	17.45	21.39
December	21.97	17.67	20.53

Liberalized international trade agreements, such as the GATT, include provisions relating to agriculture which can affect the U.S. sugar or sweetener industries materially. A "side" agreement that modified the North American Free Trade Agreement ("NAFTA") alleviated some of the sugar producers' concerns by limiting Mexico's exports of sugar to the U.S. under NAFTA. However, the export ceiling provided for in the side agreement increased to 250,000 tons of sugar in the year 2000, and will be eliminated in the year 2007. The increased sugar supply could affect domestic sugar prices adversely.

Kauai Coffee competes with coffee growers located worldwide, including Hawaii. Due to an oversupply of coffee in the marketplace, coffee commodity prices dropped significantly in 1999 and continued to drop in 2000.

(4) PROPERTIES AND WATER

The HC&S sugar plantation, the largest in Hawaii, consists of approximately 43,300 acres of land, including 2,000 acres leased from the State of Hawaii and 1,300 acres under lease from private parties. Approximately 37,000 acres are under cultivation, and the balance either is used for contributory purposes, such as roads and plant sites, or is not suitable for cultivation.

McBryde owns approximately 9,500 acres of land on Kauai, of which approximately 2,400 acres are used for watershed and other conservation uses, approximately 3,900 acres are used by Kauai Coffee, and the remaining acreage is leased to various agricultural enterprises for cultivation of a variety of crops and for pasturage.

Large quantities of water are needed by HC&S and Kauai Coffee for their sugar cane and coffee growing operations. Because of the importance of water, access to water, reliable sources of supply and efficient irrigation systems are crucial for the successful growing of sugar cane and coffee. A&B's plantations use a "drip" irrigation system that distributes water to the roots through small holes in plastic tubes. All of the cultivated cane land owned by HC&S is drip irrigated. All of Kauai Coffee's fields also are drip irrigated.

A&B owns 16,000 acres of watershed lands on Maui which supply a portion of the irrigation water used by HC&S. A&B also held four water licenses to 38,000 acres owned by the State of Hawaii, which over the years supplied approximately one-third of the irrigation water used by HC&S. The last of these water license agreements expired in 1986, and all four agreements have been extended as revocable permits that are renewable annually. The State Board of Land and Natural Resources has indicated its intention to replace these four permits with one or more long-term licenses. The issuance of such license(s) currently is pending a hearing before the Board.

D. EMPLOYEES AND LABOR RELATIONS

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As of December 31, 2000, A&B and its subsidiaries had approximately 2,029 regular full-time employees. About 923 regular full-time employees were engaged in the growing of sugar cane and coffee and the production of raw sugar and green coffee, 870 were engaged in ocean transportation, 38 were engaged in property development and management, and the balance was in administration and miscellaneous operations. Approximately 55% were covered by collective bargaining agreements with unions.

As of December 31, 2000, Matson and its subsidiaries also had approximately 315 seagoing employees. Approximately 27% of Matson's regular full-time employees and all of the seagoing employees were covered by collective bargaining agreements.

Matson's seagoing employees are represented by six unions. Matson and Matson Terminals shoreside bargaining unit employees are represented by four locals of the International Longshore and Warehouse Union ("ILWU") and by three unions which also represent the seagoing employees. Matson Terminals is a member of the Hawaii Stevedoring Industry Committee and the Hawaii Employers Council, organizations through which two Hawaii collective bargaining agreements are negotiated.

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 ILWU, other unions, and their non-union employees generally to be satisfactory.

During 2000, collective bargaining agreements were renewed with two unions representing licensed crew members for five-year terms, and with one union representing licensed crew members for a three-year term.

Matson contributed during 2000 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 8 to A&B's financial statements on pages 45 and 46 of the 2000 Annual Report, which Note is incorporated herein by reference.

Bargaining unit employees of HC&S are covered by two collective bargaining agreements with the ILWU. The agreements with the HC&S production unit employees and clerical bargaining unit employees were renegotiated in 2000 and will expire January 31, 2002. A collective bargaining agreement with the ILWU for production employees of Hawaiian DuraGreen, Inc. was negotiated in 2000 and expires September 15, 2003. The collective bargaining agreements covering two of the three ILWU bargaining units at Kahului Trucking & Storage, Inc. will expire June 30, 2002; the third will expire March 31, 2001 and is currently being renegotiated. The two collective bargaining agreements with Kauai Commercial Company, Incorporated employees represented by the ILWU will expire April 30, 2001, and negotiations to renew the contracts are expected to begin soon. The collective bargaining agreement with the ILWU for the production unit employees of Kauai Coffee was renegotiated in 2001 and will expire on January 31, 2004.

E. ENERGY  
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Matson and Matson Terminals purchase residual fuel oil, lubricants, gasoline and diesel fuel for their operations. Residual fuel oil is by far Matson's largest energy-related expense. In 2000, Matson vessels consumed approximately 1.8 million barrels of residual fuel oil, the same as in 1999.

Residual fuel oil prices paid by Matson started 2000 at \$147.75 per metric ton and ended the year at \$123.78 per metric ton. A high of \$199.50 per metric ton occurred in March, and a low of \$123.78 per metric ton occurred in December. Sufficient fuel for Matson's requirements is expected to be available in 2001.

As has been the practice with sugar plantations throughout Hawaii, HC&S uses bagasse, the residual fiber of the sugar cane plant, as a fuel to generate steam for the production of most of the electrical power for sugar milling and irrigation pumping operations. In addition to bagasse, HC&S uses No. 6 (heavy) oil and coal to produce power, principally for pumping irrigation water during the factory shutdown period when bagasse is not being produced. Since 1992, when suppliers of No. 6 oil to HC&S discontinued regular shipments as a result of unlimited liability concerns arising from federal and state environmental laws, heavy oil has been provided to HC&S on a space-available basis. In 2000, HC&S produced 217,279 MWH of electric power and sold 67,105 MWH, compared with 222,115 MWH produced and 70,210 MWH sold in 1999. The reduction in power sold was caused by HC&S's increased need to pump irrigation water, due to drought conditions during most of 2000. HC&S's oil use decreased to 100,313 barrels in 2000, from the 185,250 barrels used in 1999. Coal use for power generation increased, from 24,216 short tons in 1999 to 61,222 short tons in 2000. The increase in the usage of coal over fuel oil was primarily the result of higher fuel oil prices, as well as lower bagasse production, attributed to the negative impact of the prolonged drought.

In 2000, McBryde produced 31,971 MWH of hydroelectric power, compared with 35,861 MWH of hydroelectric power produced in 1999. Power sales in 2000 amounted to 23,375 MWH, compared with 24,555 MWH sold in 1999. The reduction in power production and sales was due to less rainfall in 2000.

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

On September 14, 1998, Matson was served with a complaint filed by the Government of Guam with the Surface Transportation Board, alleging that Sea-Land Services, Inc. ("Sea-Land"), American President Lines, Ltd. ("APL") and Matson charged unreasonable rates in the Guam trade since January 1991. Matson did not enter the trade until February 1996. On November 12, 1998, Matson filed an answer, denying that its rates have been unreasonable. Matson, Sea-Land and APL filed a joint motion to dismiss the complaint on February 16, 1999. The Government of Guam filed an answer to the motion on April 1, 1999. On April 15, 1999, Matson, Sea-Land and APL filed a reply brief. The Government of Guam filed a surreply on April 22, 1999. To date, the Surface Transportation Board has not ruled on the motion.

On January 11, 2001, Matson concluded a settlement with U.S. Attorneys for the Central District of California, the Northern District of California, and the Western District of Washington, which arose out of an investigation commenced in 1999 by the U.S. Attorney for the Central District of California. Matson entered into a plea agreement that resolves for Matson findings that between August 1996 and April 1998 certain crew members on a Matson ship falsely stated in an engine room log book that oil-water separating equipment was in operation while bilge water was being discharged overboard and presented the log book containing false entries to the U.S. Coast Guard on six separate occasions during inspections. Pursuant to the plea agreement, Matson paid fines totaling \$3 million. The settlement, which is reflected in A&B's consolidated financial statements for the fiscal year ended December 31, 2000, did not have a material effect on earnings.

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 results of operations or 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 the inside back cover of the 2000 Annual Report, which sections are incorporated herein by reference.

At February 15, 2001, there were 4,393 record holders of A&B common stock. In addition, Cede & Co., which appears as a single record holder, represents the holdings of thousands of beneficial owners of A&B common stock.

#### ITEM 6. SELECTED FINANCIAL DATA

Information for the years 1996 through 2000 is contained in the comparative table captioned "Five-Year Summary of Selected Financial Data" on page 27 of the 2000 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. Additional information regarding the fair values of A&B's assets and liabilities is included in Notes 1, 3, 4, and 5 on pages 37 through 43 of the 2000 Annual Report, which Notes are incorporated herein by reference.

Additional information applicable to this Item 7 is contained in the section captioned "Management's Discussion and Analysis" on pages 28 through 31 of the 2000 Annual Report, which section is incorporated herein by reference.

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A&B, in the normal course of doing business, is exposed to the risks associated with fluctuations in the market value of certain financial instruments. A&B maintains a portfolio of marketable equity securities available for sale, preferred stock investments in an affiliated company, and an investment in mortgage-backed securities. Details regarding these financial instruments are described in Notes 4 and 5 on pages 41 through 43 of the 2000 Annual Report, which Notes are incorporated herein by reference. A&B believes that, as of December 31, 2000, its exposure to market risk fluctuations for these financial instruments is not material.

A&B also is exposed to changes in U.S. interest rates, primarily as a result of its borrowing and investing activities used to maintain liquidity and to fund business operations. In order to manage its exposure to changes in interest rates, A&B utilizes a balanced mix of debt maturities, along with both fixed-rate and variable-rate debt. A&B does not hedge its interest rate exposure. The nature and amount of A&B's long-term and short-term debt can be expected to fluctuate as a result of future business requirements, market conditions and other factors. The following tables summarize A&B's debt obligations at December 31, 2000 and 1999, presenting principal cash flows and related interest rates by expected fiscal year of maturity. Variable interest rates represent the weighted-average rates of the portfolio at December 31, 2000 and 1999. A&B estimates that the carrying value of its debt is not materially different from its fair value. The information presented below should be read in conjunction with Note 6 on pages 43 and 44 of the 2000 Annual Report, which Note is incorporated herein by reference.

Expected Fiscal Year of Maturity at December 31, 2000

	2001	2002	2003	2004	2005	Thereafter	Total
	----	----	----	----	----	-----	-----
	(dollars in thousands)						
	-----	-----	-----	-----	-----	-----	-----
Fixed rate	\$15,000	\$7,500	\$9,643	\$12,500	\$17,500	\$ 62,857	\$125,000
Average interest rate	7.35%	7.17%	7.33%	7.38%	7.42%	7.50%	
Variable rate	\$15,500	\$ --	\$ --	\$ --	\$ --	\$220,766	\$236,266
Average interest rate	6.88%	-	-	-	-	6.92%	

Expected Fiscal Year of Maturity at December 31, 1999

	2000	2001	2002	2003	2004	Thereafter	Total
	----	----	----	----	----	-----	-----
	(dollars in thousands)						
	-----	-----	-----	-----	-----	-----	-----
Fixed rate	\$17,500	\$15,000	\$7,500	\$9,643	\$9,643	\$ 63,214	\$122,500
Average interest rate	7.38%	7.35%	7.34%	7.35%	7.37%	7.47%	
Variable rate	\$ 5,000	--	--	--	--	\$172,570	\$177,570
Average interest rate	6.34%	--	--	--	--	6.16%	

A&B's sugar plantation, HC&S, has a contract to sell its raw sugar production to HS&TC until 2003. Under that contract, the price paid will fluctuate with the New York Contract #14 settlement price for domestic raw sugar, less a fixed discount. For 2001, however, the price for a substantial portion of the raw sugar deliveries has been set at approximately \$21 per hundredweight (cwt). A&B is not exposed to foreign currency exchange rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information is contained in the financial statements and accompanying notes on pages 32 through 52 of the 2000 Annual Report, the Independent Auditors' Report on page 25 of the 2000 Annual Report, the Industry Segment Information for the years ended December 31, 2000, 1999 and 1998 appearing on page 26 of the 2000 Annual Report and incorporated into the financial statements by Note 12 thereto, and the section captioned "Quarterly Results (Unaudited)" on page 53 of the 2000 Annual Report, 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 through 4 of A&B's proxy statement dated March 12, 2001 ("A&B's 2001 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, 2001, 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. For a discussion of compliance with Section 16(a) of the Securities Exchange Act of 1934 by A&B's directors and executive officers, see the subsection captioned "Section 16(a) Beneficial Ownership Reporting Compliance" on page 7 of A&B's 2001 Proxy Statement, which subsection is incorporated herein by reference. 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 2001 Proxy Statement, which subsection is incorporated herein by reference.

James S. Andrasick (57)

Senior Vice President, Chief Financial Officer and Treasurer of A&B, 6/00-present; President and Chief Operating Officer, C. Brewer and Company, Limited, 9/92-3/00.

Meredith J. Ching (44)

Vice President (Government & Community Relations) of A&B, 10/92-present; Vice President of A&B-Hawaii, Inc. ("ABHI") (Government & Community Relations), 10/92-12/99; first joined A&B or a subsidiary in 1982.

W. Allen Doane (53)

President and Chief Executive Officer of A&B, and Director of A&B and Matson, 10/98-present; Vice Chairman of Matson, 12/98-present; Executive Vice President of A&B, 8/98-10/98; Director of ABHI, 4/97-12/99; Chief Executive Officer of ABHI, 1/97-12/99; President of ABHI, 4/95-12/99; Chief Operating Officer of ABHI, 4/91-12/96; Executive Vice President of ABHI, 4/91-4/95; first joined A&B or a subsidiary in 1991.

Raymond J. Donohue (64)

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

John F. Gasher (67)

Vice President (Human Resources) of A&B, 12/99-present; Vice President (Human Resources Development) of ABHI, 1/97-12/99; first joined A&B or a subsidiary in 1960.

G. Stephen Holaday (56)

Vice President of A&B, 12/99-present; Senior Vice President of ABHI, 4/89-12/99; Vice President and Controller of A&B, 4/93-1/96; Chief Financial Officer and Treasurer of ABHI, 4/89-1/96; first joined A&B or a subsidiary in 1983.

John B. Kelley (55)

Vice President (Corporate Planning & Investor Relations) of A&B, 10/99-present; Vice President (Investor Relations) of A&B, 1/95-10/99; Vice President of ABHI, 9/89-12/99; first joined A&B or a subsidiary in 1979.

Stanley M. Kuriyama (47)

Vice President (Properties Group) of A&B, 2/99-present; Chief Executive Officer and Vice Chairman of A&B Properties, Inc., 12/99-present; Executive Vice President of ABHI, 2/99-12/99; Vice President of ABHI, 1/92-1/99; first joined A&B or a subsidiary in 1992.

Michael J. Marks (62)

Vice President and General Counsel of A&B, 9/80-present; Secretary of A&B, 8/84-1/99; Senior Vice President and General Counsel of ABHI, 4/89-12/99; first joined A&B or a subsidiary in 1975.

C. Bradley Mulholland (59)

Executive Vice President of A&B, 8/98-present; President of Matson, 5/90-present; Chief Executive Officer of Matson, 4/92-present; Chief Operating Officer of Matson, 7/89-4/92; Director of A&B, 4/91-present; Director of Matson, 7/89-present; Director of ABHI, 4/91-12/99; first joined Matson in 1965.

Alyson J. Nakamura (35)

Secretary of A&B, 2/99-present; Assistant Secretary of A&B, 6/94-1/99;  
Secretary of ABHI, 6/94-12/99; first joined A&B or a subsidiary in 1994.

Thomas A. Wellman (42)

Controller of A&B, 1/96-present; Assistant Treasurer, 1/96-12/99, 6/00-  
present; Treasurer of A&B, 1/00-5/00; Assistant Controller of A&B, 4/93-1/96;  
Vice President of ABHI, 1/96-12/99; Controller of ABHI, 11/91-12/99; first  
joined A&B or a subsidiary in 1989.

ITEM 11. EXECUTIVE COMPENSATION

See the section captioned "Executive Compensation" on pages 7 through 15  
of A&B's 2001 Proxy Statement, which section is incorporated herein by  
reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the section captioned "Security Ownership of Certain Shareholders"  
and the subsection titled "Security Ownership of Directors and Executive  
Officers" on pages 5 through 7 of A&B's 2001 Proxy Statement, which section and  
subsection are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See the subsection captioned "Certain Relationships and Transactions" on  
page 7 of A&B's 2001 Proxy Statement, which subsection is incorporated herein  
by reference.

PART IV

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

A. FINANCIAL STATEMENTS

Financial Statements of Alexander & Baldwin, Inc. and Subsidiaries  
and Independent Auditors' Report (incorporated by reference to the pages of the  
2000 Annual Report shown in parentheses below):

Balance Sheets, December 31, 2000 and 1999  
(pages 34 and 35).  
Statements of Income for the years ended  
December 31, 2000, 1999 and 1998 (page 32).  
Statements of Shareholders' Equity for the  
years ended December 31, 2000, 1999 and  
1998 (page 36).  
Statements of Cash Flows for the years ended  
December 31, 2000, 1999 and 1998 (page 33).  
Notes to Financial Statements (pages 37 through  
52 and page 26 to the extent incorporated by  
Note 12).  
Independent Auditors' Report (page 25).

B. FINANCIAL STATEMENT SCHEDULES

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

I - Condensed Financial Information of  
Registrant - Balance Sheets, December 31,  
2000 and 1999; Statements of Income and of  
  
Cash Flows for the years ended December 31,  
2000, 1999 and 1998; 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 Alyson J. Nakamura,  
Secretary, Alexander & Baldwin, Inc., P. O. Box 3440, Honolulu, Hawaii 96801.

3. Articles of incorporation and bylaws.

3.a. Restated Articles of Association of Alexander & Baldwin, Inc.,  
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. (i) Revised Bylaws of Alexander & Baldwin, Inc. (as Amended Effective February 22, 2001)

(ii) Amendments to Articles III, IV and VII of the Revised Bylaws of Alexander & Baldwin, Inc., effective February 22, 2001.

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

4.a. Equity.

4.a. Rights Agreement, dated as of June 25, 1998 between Alexander & Baldwin, Inc. and ChaseMellon Shareholder Services, L.L.C. and Press Release of Alexander & Baldwin, Inc. (Exhibits 4 and 99 to A&B's Form 8-K dated June 25, 1998).

4.b. Debt.

4.b. (i) Second Amended and Restated Revolving Credit and Term Loan Agreement, effective as of December 31, 1996, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Credit Lyonnais Los Angeles Branch, Bank of Hawaii and The Union Bank of California, N.A. (Exhibit 4.b to A&B's Form 10-K for the year ended December 31, 1996).

(ii) First Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, effective as of December 10, 1997, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Credit Lyonnais Los Angeles Branch, Bank of Hawaii, The Union Bank of California, N.A. and The Bank of New York (Exhibit 4.b.(ii) to A&B's Form 10-K for the year ended December 31, 1997).

(iii) Second Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, effective as of November 30, 1998, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Credit Lyonnais Los Angeles Branch, Bank of Hawaii, The Union Bank of California, N.A. and The Bank of New York (Exhibit 4.b.(iii) to A&B's Form 10-K for the year ended December 31, 1998).

(iv) Third Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, effective as of November 30, 1999, among Alexander & Baldwin, Inc. and A&B-Hawaii, Inc. and First Hawaiian Bank, Bank of America National Trust & Savings Association, Bank of Hawaii and The Bank of New York (Exhibit 4.b.(iv) to A&B's Form 10-K for the year ended December 31, 1999).

10. Material contracts.

10.a. (i) Issuing and Paying Agent Agreement between Matson Navigation Company, Inc. and U.S. Bank National Association, as successor-in-interest to 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).

(ii) Note Agreement among Alexander & Baldwin, Inc., 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).

(iii) Note Agreement among Alexander & Baldwin, Inc., 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).

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

(v) Amendment dated January 23, 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 (Exhibit 10.a.(xvi) to A&B's Form 10-K for the year ended December 31, 1994).

(vi) 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).

(vii) Amendment dated as of November 29, 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.(xvii) to A&B's Form 10-K for the year ended December 31, 1995).

(viii) 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).

(ix) 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).

(x) 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).

(xi) Third Amendment dated November 30, 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.(xvii) to A&B's Form 10-K for the year ended December 31, 1996).

(xii) Fourth Amendment dated November 25, 1996 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xviii) to A&B's Form 10-K for the year ended December 31, 1996).

(xiii) Fifth Amendment dated November 28, 1997 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xix) to A&B's Form 10-K for the year ended December 31, 1997).

(xiv) Sixth Amendment dated November 30, 1998 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xiv) to A&B's Form 10-K for the year ended December 31, 1998).

(xv) Seventh Amendment dated November 23, 1999 to the Revolving Credit Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and First Hawaiian Bank, dated December 30, 1993 (Exhibit 10.a.(xv) to A&B's Form 10-K for the year ended December 31, 1999).

(xvi) Eighth Amendment dated May 3, 2000 to the Revolving Credit Agreement ("Agreement") between Alexander & Baldwin, Inc. and First Hawaiian Bank, dated December 30, 1993 (A&B-Hawaii, Inc., an original party to the Agreement, was merged into Alexander & Baldwin, Inc. effective December 31, 1999) (Exhibit 10.a.(xxvii) to A&B's Form 10-Q for the quarter ended June 30, 2000).

(xvii) Ninth Amendment dated November 16, 2000 to the Revolving Credit Agreement ("Agreement") between Alexander & Baldwin, Inc. and First Hawaiian Bank, dated December 30, 1993.

(xviii) Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996 (Exhibit 10.a.(xxxiii) to A&B's Form 10-Q for the quarter ended September 30, 1996).

(xix) First Amendment, dated as of February 5, 1999, to the Private Shelf Agreement between Alexander & Baldwin, Inc., A&B-Hawaii, Inc., and Prudential Insurance Company of America, dated as of August 2, 1996 (Exhibit 10.a.(xxii) to A&B's Form 10-K for the year ended December 31, 1998).

(xx) Amended and Restated Asset Purchase Agreement, dated as of December 24, 1998, by and among California and Hawaiian Sugar Company, Inc., A&B-Hawaii, Inc., McBryde Sugar Company, Limited and Sugar Acquisition Corporation (without exhibits or schedules) (Exhibit 10.a.1.(xxxvi) to A&B's Form 8-K dated December 24, 1998).

(xxi) Amended and Restated Stock Sale Agreement, dated as of December 24, 1998, by and between California and Hawaiian Sugar Company, Inc. and Citicorp Venture Capital, Ltd. (without exhibits) (Exhibit 10.a.1.(xxxvii) to A&B's Form 8-K dated December 24, 1998).

(xxii) Pro forma financial information relative to the Amended and Restated Asset Purchase Agreement, dated as of December 24, 1998, by and among California and Hawaiian Sugar Company, Inc., A&B-Hawaii, Inc., McBryde Sugar Company, Limited and Sugar Acquisition Corporation, and the Amended and Restated Stock Sale Agreement, dated as of December 24, 1998, by and between California and Hawaiian Sugar Company, Inc. and Citicorp Venture Capital, Ltd. (Exhibit 10.a.1.(xxxviii) to A&B's Form 8-K dated December 24, 1998).

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

(ii) 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).

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

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

(v) Amendment No. 4 to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan.

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

(vi) 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).

(vii) 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).

(viii) 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).

(ix) Amendment No. 3 to the Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan.

(x) Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan (Exhibit 10.b.1.(xxxii) to A&B's Form 10-Q for the quarter ended March 31, 1998).

(xi) Amendment No. 1 to the Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan.

(xii) Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan (Exhibit 10.b.1.(xxxiii) to A&B's Form 10-Q for the quarter ended March 31, 1998).

(xiii) Amendment No. 1 to the Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan.

(xiv) Alexander & Baldwin, Inc. Non-Employee Director Stock Retainer Plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxiv) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xv) Amendment No. 1 to Alexander & Baldwin, Inc. Non-Employee Director Stock Retainer Plan, effective December 9, 1999 (Exhibit 10.b.1.(xi) to A&B's Form 10-K for the year ended December 31, 1999).

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

(xvii) Agreement between Alexander & Baldwin, Inc. and John C. Couch dated August 10, 1999 (Exhibit 10.b.1.(xxxviii) to A&B's Form 10-Q for the quarter ended September 30, 1999).

(xviii) Agreement between Alexander & Baldwin, Inc. and Glenn R. Rogers dated October 7, 1999 (Exhibit 10.b.1.(xvii) to A&B's Form 10-K for the year ended December 31, 1999).

(xix) 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).

(xx) 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).

(xxi) 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).

(xxii) A&B Excess Benefits Plan, Amended and Restated effective February 1, 1995 (Exhibit 10.b.1.(xx) to A&B's Form 10-K for the year ended December 31, 1994).

(xxiii) Amendment No. 1 to the A&B Excess Benefits Plan, dated June 26, 1997 (Exhibit 10.b.1.(xxxii) to A&B's Form 10-Q for the quarter ended June 30, 1997).

(xxiv) Amendment No. 2 to the A&B Excess Benefits Plan, dated December 10, 1997 (Exhibit 10.b.1.(xx) to A&B's Form 10-K for the year ended December 31, 1997).

(xxv) Amendment No. 3 to the A&B Excess Benefits Plan, dated April 23, 1998 (Exhibit 10.b.1.(xxxv) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xxvi) Amendment No. 4 to the A&B Excess Benefits plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxvi) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xxvii) Amendment No. 5 to the A&B Excess Benefits Plan, dated December 9, 1998 (Exhibit 10.b.1.(xxii) to A&B's Form 10-K for the year ended December 31, 1998).

(xxviii) Amendment No. 6 to the A&B Excess Benefits Plan, dated October 25, 2000.

(xxix) 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).

(xxx) Amendment No. 1 to the A&B Executive Survivor/Retirement Benefit Plan, dated October 25, 2000.

(xxxi) Restatement of the A&B 1985 Supplemental 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).

(xxxii) Amendment No. 1 to the A&B 1985 Supplemental Executive Retirement Plan, dated August 27, 1998 (Exhibit 10.b.1.(xliii) to A&B's Form 10-Q for the quarter ended September 30, 1998).

(xxxiii) Amendment No. 2 to the A&B 1985 Supplemental Executive Retirement Plan, dated October 25, 2000.

(xxxiv) 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).

(xxxv) Amendment No. 1 to the A&B Retirement Plan for Outside Directors, dated August 27, 1998 (Exhibit 10.b.1.(xlii) to A&B's Form 10-Q for the quarter ended September 30, 1998).

(xxxvi) Amendment No. 2 to the A&B Retirement Plan for Outside Directors, dated October 25, 2000.

(xxxvii) Form of Severance Agreement entered into with certain executive officers, as amended and restated effective August 24, 2000 (Exhibit 10.b.1.(xli) to A&B's Form 10-Q for the quarter ended September 30, 2000).

(xxxviii) 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).

(xxxix) 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).

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

(xli) Amendment No. 1 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, effective July 1, 1997 (Exhibit 10.b.1.(xxxii) to A&B's Form 10-Q for the quarter ended June 30, 1997).

(xlii) Amendment No. 2 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxvii) to A&B's Form 10-Q for the quarter ended June 30, 1998).

(xliii) Amendment No. 3 to the Alexander & Baldwin, Inc. Deferred Compensation Plan, dated October 25, 2000.

(xliv) 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).

(xlv) Amendment No. 1 to the Alexander & Baldwin, Inc. Restricted Stock Bonus Plan, effective December 11, 1997 (Exhibit 10.b.1.(ii) to A&B's Form 10-K for the year ended December 31, 1997).

(xlvi) Amendment No. 2 to the Alexander & Baldwin, Inc. Restricted Stock Bonus Plan, dated June 25, 1998 (Exhibit 10.b.1.(xxxviii) to A&B's Form 10-Q for the quarter ended June 30, 1998).

11. Statement re computation of per share earnings.

13. Annual report to security holders.

13. Alexander & Baldwin, Inc. 2000 Annual Report.

21. Subsidiaries.

21. Alexander & Baldwin, Inc. Subsidiaries as of February 28, 2001.

23. Consent of Deloitte & Touche LLP dated March 26, 2001 (included as the last page of A&B's Form 10-K for the year ended December 31, 2000).

D. REPORTS ON FORM 8-K

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No reports on Form 8-K were filed during the quarter ended December 31, 2000.

SIGNATURES

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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 26, 2001

By /s/ W. Allen Doane

-----  
W. Allen Doane, President

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/ W. Allen Doane ----- W. Allen Doane	President and Chief Executive Officer and Director	March 26, 2001
/s/ James S. Andrasick ----- James S. Andrasick	Senior Vice President, Chief Financial Officer and Treasurer	March 26, 2001
/s/ Thomas A. Wellman ----- Thomas A. Wellman -----	Controller and Assistant Treasurer	March 26, 2001
/s/ Charles M. Stockholm ----- Charles M. Stockholm	Chairman of the Board and Director	March 26, 2001
/s/ Michael J. Chun ----- Michael J. Chun	Director	March 26, 2001
/s/ Leo E. Denlea, Jr. ----- Leo E. Denlea, Jr.	Director	March 26, 2001
/s/ Walter A. Dods, Jr. ----- Walter A. Dods, Jr.	Director	March 26, 2001
/s/ Charles G. King ----- Charles G. King	Director	March 26, 2001
/s/ Carson R. McKissick ----- Carson R. McKissick	Director	March 26, 2001
/s/ C. Bradley Mulholland ----- C. Bradley Mulholland	Director	March 26, 2001
/s/ Lynn M. Sedway ----- Lynn M. Sedway	Director	March 26, 2001
/s/ Maryanna G. Shaw ----- Maryanna G. Shaw	Director	March 26, 2001

INDEPENDENT AUDITORS' REPORT

Alexander & Baldwin, Inc.:

We have audited the consolidated financial statements of Alexander & Baldwin, Inc. and its subsidiaries as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, and have issued our report thereon dated January 25, 2001; such financial statements and report are included in your 2000 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedules of Alexander & Baldwin, Inc. and its subsidiary, 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 set forth therein.

/s/ Deloitte & Touche LLP  
Deloitte & Touche LLP  
Honolulu, Hawaii  
January 25, 2001



ALEXANDER & BALDWIN, INC.  
CONDENSED FINANCIAL INFORMATION OF REGISTRANT  
Schedule I

ALEXANDER & BALDWIN, INC. (Parent Company)  
CONDENSED BALANCE SHEETS  
DECEMBER 31, 2000 AND 1999  
(In thousands)

	2000	1999
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 126	\$ 253
Income tax receivable	--	1,918
Accounts and notes receivable, net	10,065	64
Prepaid expenses and other	13,432	1,330
	-----	-----
Total current assets	23,623	3,565
	-----	-----
<b>Investments:</b>		
Subsidiaries consolidated, at equity	678,636	612,958
Other	110,714	91,828
	-----	-----
Total investments	789,350	704,786
	-----	-----
<b>Property, at Cost</b>		
Less accumulated depreciation and amortization	348,774	95,005
	161,246	13,682
	-----	-----
Property -- net	187,528	81,323
	-----	-----
<b>Due from Subsidiaries</b>		
	46,706	--
	-----	-----
<b>Other Assets</b>		
	27,973	4,495
	-----	-----
Total	\$1,075,180	\$ 794,169
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current portion of long-term debt	\$ 7,500	\$ --
Accounts payable	2,784	514
Income taxes payable	1,000	--
Other	22,693	4,616
	-----	-----
Total current liabilities	33,977	5,130
	-----	-----
<b>Long-term Debt</b>		
	231,000	--
	-----	-----
<b>Other Long-term Liabilities</b>		
	14,762	5,149
	-----	-----
<b>Due to Subsidiaries</b>		
	--	56,243
	-----	-----
<b>Deferred Income Taxes</b>		
	101,790	56,684
	-----	-----
<b>Commitments and Contingencies</b>		
<b>Shareholders' Equity:</b>		
Capital stock	33,248	34,933
Additional capital	58,007	53,124
Unrealized holding gains on securities	61,937	49,461
Retained earnings	552,637	545,849
Cost of treasury stock	(12,178)	(12,404)
	-----	-----
Total shareholders' equity	693,651	670,963
	-----	-----
Total	\$1,075,180	\$ 794,169
	=====	=====

See accompanying notes.

ALEXANDER & BALDWIN, INC. (Parent Company)  
CONDENSED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998  
(In thousands)

	2000	1999	1998		
			----	----	----
Revenue:					
Food products	\$ 77,190	\$ --	\$ -		
Property leasing	14,397	10,999	10,245		
Property sales	19,732	803	10,463		
Interest, dividends and other	5,055	3,180	3,958		
Total revenue	----- 116,374	----- 14,982	----- 24,666		
Costs and Expenses:					
Cost of goods and agricultural services	77,302	--	--		
Cost of property sales and leasing service	8,194	4,808	11,390		
Selling, general and administrative	11,609	9,686	9,303		
Interest and other	20,220	1,770	774		
Income taxes	(1,273)	(3,271)	462		
Total costs and expenses	----- 116,052	----- 12,993	----- 21,929		
Income Before Equity in Net Income of Subsidiaries Consolidated	322	1,989	2,737		
Equity in Net Income of Subsidiaries Consolidated	----- 90,252	----- 60,590	----- 22,405		
Net Income	90,574	62,579	25,142		
Unrealized holding gains (losses) on securities (net of income taxes)	----- 12,476	----- (13,868)	----- 8,185		
Comprehensive Income	----- \$ 103,050	----- \$ 48,711	----- \$ 33,327		

See accompanying notes.

ALEXANDER & BALDWIN, INC. (Parent Company)  
 CONDENSED STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998  
 (In thousands)

	2000	1999	1998
			-----
Cash Flows from Operations	\$ (5,634)	\$ 3,579	\$ 9,664
	-----	-----	-----
Cash Flows from Investing Activities:			
Capital expenditures	(18,107)	(1,346)	(1,437)
Proceeds from disposal of property	2,645	--	--
Proceeds from sale of investments	1,060	--	--
Dividends received from subsidiaries	50,000	50,000	40,000
	-----	-----	-----
Net cash provided by investing activities	35,598	48,654	38,563
	-----	-----	-----
Cash Flows from Financing Activities:			
Increase (decrease) in intercompany payable	(8,507)	20,757	13,180
Proceeds from issuance of long-term debt, net	60,500	--	--
Proceeds from issuances of capital stock	2,961	101	1,575
Repurchase of capital stock	(48,260)	(34,824)	(20,838)
Dividends paid	(36,785)	(38,899)	(40,323)
	-----	-----	-----
Net cash used in financing activities	(30,091)	(52,865)	(46,406)
	-----	-----	-----
Cash and Cash Equivalents:			
Net increase (decrease) for the year	(127)	(632)	1,821
Balance, beginning of year	253	885	(936)
	-----	-----	-----
Balance, end of year	\$ 126	\$ 253	\$ 885
	=====	=====	=====
Other Cash Flow Information:			
Interest paid, net of amounts capitalized	\$ 16,485	\$ 303	\$ 263
Income taxes paid	31,807	34,213	34,672
Other Non-cash Information:			
Depreciation	11,037	2,550	2,396
Tax-deferred property sales	18,692	--	11,049
Tax-deferred property purchases	18,459	--	8,390

See accompanying notes.

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

(a) ORGANIZATION AND OPERATIONS

Alexander & Baldwin, Inc. ("Company"), headquartered in Honolulu, is engaged in ocean transportation, through its subsidiary Matson Navigation Company, Inc., in property development and management, through A&B Properties, Inc., and in food products.

Due to a merger, one of the Company's subsidiaries, A&B-Hawaii, Inc. is included in the Company's financial statements for 2000.

(b) INVESTMENTS

Subsidiaries consolidated at equity consisted of all wholly owned subsidiaries at December 31, 2000 and 1999.

Investments - "Other" consisted principally of marketable equity securities at December 31, 2000 and 1999.

(c) OTHER LONG-TERM LIABILITIES

At December 31, 2000 and 1999, other long-term liabilities of \$14,762,000 and \$5,149,000, respectively, consisted principally of deferred compensation, executive benefit plans and self-insurance liabilities.

(d) LONG-TERM DEBT

At December 31, 2000 long-term debt consisted of the following (in thousands):

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Bank variable rate loans, due after 2000, 2000 high 7.53%, low 6.06%	\$ 121,000
Term loans:	
7.29%, payable through 2007	52,500
7.42%, payable through 2009	20,000
7.43%, payable through 2007	15,000
7.57%, payable through 2009	15,000
7.55%, payable through 2009	15,000
-----	
Total	238,500
Less current portion	7,500
-----	
Long-term debt	\$ 231,000
=====	

Variable Rate Loans: The Company has a revolving credit and term loan agreement with four commercial banks, whereby it may borrow up to \$140,000,000 under revolving loans to November 30, 2001, at varying rates of interest. Any revolving loan outstanding on that date may be converted into a term loan, which would be payable in 12 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, 2000 \$113,500,000 was outstanding under this agreement.

The Company has an uncommitted \$70,000,000 short-term revolving credit agreement with a commercial bank. This facility was increased from \$45,000,000 during 2000. The agreement extends to November 30, 2001, but may be canceled by the bank or the Company at any time. The amount which the Company may draw under the facility is reduced by the amount drawn against the bank under the previously referenced \$140,000,000 multi-bank facility, in which it is a participant, and by letters of credit issued under the \$70,000,000 uncommitted facility. At December 31, 2000, \$7,500,000 was outstanding under this agreement. Under the borrowing formula for this facility, the Company could have borrowed an additional \$22,700,000 at December 31, 2000.

The Company has an uncommitted \$25,000,000 revolving credit agreement with a commercial bank. AT December 31, 2000, no amounts were outstanding under the agreement.

Other Debt Agreements: The Company has a private shelf agreement for a total of \$65,000,000. At December 31, 2000 this full amount had been drawn. The amounts drawn on the agreement are included in term loans.

Long-term Debt Maturities: At December 31, 2000, maturities and planned prepayments of all long-term debt during the next five years is \$7,500,000 for 2001, \$7,500,000 for 2002, \$9,643,000 for 2003, \$12,500,000 for 2004 and \$17,500,000 for 2005.

(e) 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 or results of operations. At December 31, 2000, the Company did not have any significant firm commitments.

(f) INCOME TAXES

In 1999, the Company reached an agreement with the Internal Revenue Service settling certain valuation issues relating to the Company's tax returns for 1992 through 1995. This agreement resulted in a one-time reduction of income tax expense of \$2,815,000, due to the reversal of previously accrued income tax liabilities.



ARTICLE I

PRINCIPAL OFFICE, SEAL

SECTION 1. PRINCIPAL OFFICE. The principal office of the Corporation shall be

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in Honolulu, Hawaii; there may be such subordinate or branch offices in such place or places within Hawaii or elsewhere as may be considered necessary or requisite by the Board of Directors to transact the business of the Corporation.

SECTION 2. SEAL. The Corporation shall have a corporate seal (and one or more

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duplicates thereof) of such form and device as the Board of Directors shall determine.

ARTICLE II

STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. The annual meeting of the stockholders of the

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Corporation shall be held on such date and at such time and place as shall be designated from time to time by the Board of Directors or the President. The annual meeting shall be a general meeting and at such meeting any business within the powers of the Corporation may be transacted without special notice of such business, except as may be required by law, by the Articles of Association, or by these Bylaws.

SECTION 2. SPECIAL MEETINGS. Special meetings of the stockholders may be held

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at any time. Such meetings shall be held upon the call of the Chairman of the Board, if appointed, the President or a majority of the directors then in office and shall not be held upon the call of any other person or persons except as provided by Section 416-73, Hawaii Revised Statutes.

SECTION 3. NOTICES OF MEETINGS. Notices of every meeting of stockholders,

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whether annual or special, shall state the place, day, and hour of the meeting, whether it is annual or special, and in the case of any special meeting, shall state briefly the business proposed to be transacted thereat. Such notice shall be given by mailing a written or printed copy thereof, postage prepaid, not less than ten nor more than seventy days before the date assigned for the meeting, to each stockholder entitled to vote at such meeting at his address as it appears on the transfer books of the Corporation. Upon notice being given in accordance with the provisions hereof, the failure of any stockholder to receive actual notice of any meeting shall not, in any way, invalidate the meeting or the proceedings thereat.

SECTION 4. QUORUM. At all meetings of stockholders the presence in person or

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by proxy of stockholders owning a majority of all of the shares of stock issued and outstanding and entitled to vote at said meeting shall constitute a quorum, and the action of the holders of a majority of the shares of stock present or represented at any meeting at which a quorum is present, shall be valid and binding upon the Corporation and its stockholders, except as otherwise provided by law, by the Articles of Association, or by these Bylaws.

SECTION 5. VOTING, PROXIES. At any meeting of the stockholders, each

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stockholder, except where otherwise provided by the clauses and terms applicable to the stock held by such stockholder, shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such stockholder or his duly authorized attorney and filed with the Secretary, and shall have one vote for each share of voting stock registered in his name at the close of business on such record date as may be fixed by the Board of Directors. In the case of an adjourned meeting, unless otherwise provided by the Board of Directors, the record date for the purpose of voting at such adjourned meeting shall be the same as the original record date fixed for the original meeting. When voting stock is transferred into the name of a pledgee under a pledge agreement, the pledgor shall have the right to vote such stock unless prior to the meeting the pledgee or his authorized representative shall file with the Secretary written authorization from the pledgor authorizing such pledgee to vote such stock. An executor, administrator, guardian, or trustee may vote stock of the Corporation held by him in such capacity at all meetings, in person or by proxy, whether or not such stock shall have been transferred into his name on the books of the Corporation, but if such stock shall have not been so transferred, he shall, if requested as a prerequisite to so voting, file with the Secretary a certified copy of his letters as such executor, administrator or guardian or evidence of his appointment or authority as such trustee. If there be two or more executors, administrators, guardians, or trustees, any one of them may vote the stock in person or by proxy. The instrument appointing a proxy shall be signed by the appointer, or if such appointer is a corporation, by the proper officers thereof, provided that minor variations between such signature and the name of the appointer as it

appears upon the stock books of the Corporation, or in the case of a corporation, failure to affix the corporate seal, shall not invalidate the proxy and, provided further, that if a proxy is appointed by telecopy, telex, datagram, cable or radiogram, the typewritten signature of the appointer shall be sufficient. Unless expressly limited by its terms, every instrument appointing a proxy shall continue in full force and effect until a written revocation thereof shall be filed with the Secretary. It is expressly provided that the provisions of Section 416-77 of the Corporation Law of Hawaii, Title 23 of Hawaii Revised Statutes, shall not be applicable to any annual or special meeting of stockholders of the Corporation.

SECTION 6. ELECTION OF DIRECTORS. Unless otherwise specifically required by  
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law (upon the demand of one or more shareholders or otherwise) or by the Corporation's Articles of Association, there shall be no cumulative voting in the election of directors.

SECTION 7. ACTION AT MEETINGS OF STOCKHOLDERS. No business may be transacted  
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at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors or (c) otherwise properly brought before the annual meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 7 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 7.

In addition to any other applicable requirements, for business properly to be brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Chairman of the Board, if any, the President, or the Secretary of the Corporation.

To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a

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date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 7, provided, however, that, once business has been

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brought properly before the annual meeting in accordance with such procedures, nothing in this Section 7 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not brought properly before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not brought properly before the meeting and such business shall not be transacted.

The business transacted at any special meeting of stockholders called in the manner set forth in Article II, Section 2 hereof shall be confined to the business stated in the notice of meeting, as determined by the person or persons calling such meeting.

SECTION 8. ADJOURNMENT. Any meeting of stockholders, whether annual or  
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special, and whether a quorum be present or not, may be adjourned from time to time by the Chairman thereof, with the consent of the holders of a majority of all of the shares of stock present or represented at such meeting, and entitled to vote thereat, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting as originally called and noticed.



ARTICLE III

BOARD OF DIRECTORS

SECTION 1. NUMBER AND TERM OF OFFICE. The Board of Directors shall consist of

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not less than five directors, the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors then in office. The Directors, except as otherwise in these Bylaws provided, shall hold office until the annual meeting held next after their election and until their respective successors, if any, shall have been elected. The number of directors constituting the Board may be increased by the Board of Directors from time to time during the period between annual meetings.

No person shall be elected as a director at any annual meeting or special meeting who has achieved the age of seventy-two years prior to such annual or special meeting; provided, however, that this provision shall not be applicable to any person who, prior to such annual or special meeting, has served as Chief Executive Officer of the Corporation for a period of not less than five years.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called in the manner set forth in Article II, Section 2 hereof for the purpose of electing directors, (a) by or on behalf of the Board of Directors or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 1 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 1.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Chairman of the Board, if any, the President, or the Secretary of the Corporation.

To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting

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is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called in the manner set forth in Article II, Section 2 hereof for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 1. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

The directors may, at any time upon the affirmative vote of a majority of the directors then in office, be divided into two or three classes, designated Class I, Class II and, if any, Class III. The aggregate number of directors to be divided into classes shall be fixed by the affirmative vote of a majority of the directors then in office, but shall not be less than five directors, or such higher or lower number as may be permitted by the Articles of Association. Each class shall consist, as nearly as may be possible, of one-half or

one-third, as the case may be, of the total number of directors constituting the entire Board. Each initial director in Class I shall hold office until the first annual meeting of stockholders following the director's election; each initial director in Class II shall hold office until the second annual meeting of stockholders following the director's election; and each initial director in Class III, if any, shall hold office until the third annual meeting of stockholders following the director's election. At each succeeding annual meeting of stockholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a two- or three-year term, as the case may be. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which the director's term expires and until the director's successor shall be elected, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Any vacancy on the Board of Directors shall be filled by resolution adopted by a majority of the directors then in office. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of the director's predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorship shall be governed by the terms of the Articles of Association applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Section unless expressly provided by such terms.

SECTION 2. REMOVAL OF DIRECTORS. -----

of stockholders duly called in accordance with these Bylaws for the purpose, any director may be removed from office only for cause by the affirmative vote of the holders of a majority of all of the shares of capital stock of the Corporation outstanding and entitled to vote, and another person may be elected in his place to serve for the remainder of his term. In case any vacancy so created shall not be filled by the stockholders at such meeting, such vacancy may be filled by the Board of Directors.

In addition, any director may be removed for cause at any time by the affirmative vote of a majority of the other directors then in office. Any vacancy in the Board of Directors created pursuant to the preceding sentence may be filled by the remaining directors as provided in Section 6 of this Article III.

SECTION 3. REGISTRATION, MEETINGS, NOTICE. -----

- (a) Each director shall, upon election to such office, register with the Corporation his mailing address.
- (b) The Board of Directors shall, without any notice being given, hold a meeting for the purpose of organization as soon as may be after each annual meeting of stockholders.
- (c) The Board of Directors may, in its discretion, schedule regular meetings of the Board to be held at a stated time and place and no notice, written or otherwise, of such meetings shall be required. The Board of Directors may, in its discretion, alter the time and place for such regular meetings from time to time.
- (d) Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, or in the absence of the Chairman, or if no Chairman shall have been appointed, at the call of the President, and in any case, at the call of any two Directors.
- (e) The Secretary shall give notice of every special meeting of the Board of Directors orally or by mailing or delivering a copy of the same to each Director at his registered mailing address, not less than twenty-four hours prior to any such meeting. Such notice shall constitute full legal notice of any special meeting, whether actually received or not. No special meeting and no business transacted at any such meeting shall be invalidated or in any way affected by the failure of the Secretary to give notice of such meeting to any director, or of any director to receive such notice, if a quorum of the directors shall be present at such meeting.

SECTION 4. QUORUM, VOTING, ADJOURNMENT. -----

in office from time to time shall constitute a quorum for the transaction of any business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws. In the absence of a quorum, the Chairman or a majority of the Directors present may adjourn the meeting from time to time without further notice until a quorum shall be had.

SECTION 5. ACTION WITHOUT A MEETING. -----

taken by the Board of Directors or any committee thereof may be taken without a meeting if all of the members of the Board of Directors or all of the members of the committee, as the case may be, shall consent in writing to the action taken or to be taken at any time before or after the intended effective date of such action. Such consent shall be filed with the minutes of the meetings of the Board of Directors or committee, as the case may be, and shall have the same effect as a unanimous vote.

SECTION 6. PERMANENT VACANCIES. If any permanent vacancy shall occur in the

Board of Directors through death, resignation, removal or other cause, the remaining directors, by the affirmative vote of a majority of directors then in office, may elect a successor director to hold office for the unexpired portion of the term of the director whose place shall be vacant.

SECTION 7. TEMPORARY VACANCIES, SUBSTITUTE DIRECTORS. If any temporary

vacancy shall occur in the Board of Directors through the absence, sickness or disability of any director, the remaining directors, whether constituting a majority or a minority of the whole Board, may by the affirmative vote of a majority of such remaining directors appoint some person as a substitute director, who shall be a director during such absence, sickness or disability and until such director shall return to duty or the office of such director shall become permanently vacant. The determination of the Board of Directors, as shown on the minutes, of the fact of such absence, sickness or disability shall be conclusive as to all persons and to the Corporation.

SECTION 8. EXPENSES AND FEES. By resolution of the Board of Directors, such

compensation, fees and expenses as the Board may from time to time determine shall be allowed and paid to directors for services on the Board of any Committee created by the Board, provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 9. COMMITTEES. The Board of Directors may create such committees

(including an executive committee or committees) consisting of such members of the Board of Directors as the Board of Directors may designate from time to time. The authorities and powers of each committee shall be as prescribed from time to time by the Board of Directors. Each committee may make its own rules of procedure unless otherwise prescribed by the Board of Directors.

SECTION 10. ELECTION OF PERSONS TO FILL DIRECTORSHIPS ESTABLISHED DURING THE

PERIOD BETWEEN ANNUAL MEETINGS. The election of persons to fill directorships

established by the Board of Directors by an increase in the size of the Board shall be either by (a) the affirmative vote of a majority of the directors then in office or (b) a vote of stockholders at a special meeting of stockholders called for such purpose. Persons elected to newly-established directorships shall hold office until the annual meeting of stockholders held next after their election and until their respective successors, if any, shall have been elected.

SECTION 11. LIMITATIONS ON NUMBER OF DIRECTORS. The only limitation on the

power and authority of the Board of Directors to determine the number of directors is that there shall be not less than five directors. There shall be no other limitations, whether numerical, based on percentage increase or decrease in the number of directors, or otherwise, on the power and authority of the Board of Directors to determine the number of directors.

ARTICLE IV

OFFICERS, MANAGEMENT AND AUDITOR

SECTION 1. APPOINTMENT, TERM, REMOVAL. The officers of the Corporation shall

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be the President, one or more vice presidents, the Secretary, the Treasurer, the Controller and in addition thereto, in the discretion of the Board of Directors, a Chairman of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers, with such duties, as the Board of Directors shall from time to time determine. All officers shall be appointed annually by the Board of Directors and, subject to removal as hereinafter provided, shall serve until their respective successors shall have been appointed. Any officer shall be subject to removal at any time, with or without cause, by the affirmative vote of the majority of the whole Board. One person may hold more than one office. The Board of Directors may, in its discretion, appoint acting or temporary officers, and may appoint officers to fill vacancies occurring for any reason whatsoever, and may, in its discretion, from time to time limit or enlarge the duties and powers of any officer appointed by it.

SECTION 2. CHAIRMAN OF THE BOARD. The Chairman of the Board, if appointed,

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shall preside at all meetings of the stockholders and the Board of Directors unless otherwise prescribed by the Board. He shall also exercise such powers and perform such other duties as may be assigned to him by the Articles of Association or these Bylaws or by resolution of the Board of Directors.

SECTION 3. THE PRESIDENT. The President (in the absence of the Chairman of

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the Board, if appointed) shall preside at all of the meetings of the stockholders and Board of Directors. He shall be responsible for the general management and supervision of the operations and affairs of the corporation unless otherwise prescribed by the Board of Directors. He shall also exercise such powers and perform such other duties as may be assigned to him by the Articles of Association or these Bylaws or by resolution by the Board of Directors.

SECTION 4. THE VICE PRESIDENT OR VICE PRESIDENTS. The Vice President or Vice

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Presidents shall, in such order as the Board of Directors shall determine, perform all the duties and exercise all of the powers of the President provided by these Bylaws or otherwise, during the absence or disability of the President or whenever the office of President shall be vacant, and shall perform all other duties assigned to him or them by the Board of Directors.

SECTION 5. THE SECRETARY. The Secretary shall attend all meetings of the

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stockholders, the Board of Directors, and, if created, the Executive Committee, and shall have responsibility for preparation and custody of the minutes of such meetings and for authenticating records of the Corporation. He shall give notice, in conformity with these Bylaws, of meetings of stockholders and, where required, of the Board of Directors. In the absence of the Chairman of the Board of Directors and of the President and the Vice President or vice presidents, if more than one, he shall have power to call such meetings and shall preside thereat until a president pro tempore shall be chosen.

The Secretary shall keep, or cause to be kept, at the principal office of the Corporation or at the office of the Corporation's stock transfer agent, a share register, or a duplicate share register, showing the names of the stockholders and their addresses, the number and classes of shares held by each, the number and date of cancellation of every certificate surrendered for cancellation. The Secretary shall perform all other duties incident to his office, or which may be assigned to him by the Board of Directors or the President or the Bylaws.

SECTION 6. THE TREASURER. The Treasurer shall have custody of all the funds,

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notes, bonds and other investments of the Corporation. He shall deposit or cause to be deposited in the name of the Corporation all monies and other valuable effects in such banks, trust companies, or other depositories as shall from time to time be designated by the Board of Directors. He shall make such disbursements as the regular course of the business of the Corporation may require or the Board of Directors may order. He shall render to the President and Directors, whenever they request it, an account of all of the transactions as Treasurer, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the President or the Bylaws.

SECTION 7. ASSISTANT SECRETARY AND ASSISTANT TREASURER. The Assistant

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Secretary or assistant secretaries and the Assistant Treasurer or assistant treasurers, if appointed, shall, in such order as the Board of Directors may determine, perform all of the duties and exercise all of the powers of the Secretary and Treasurer, respectively, during the absence or disability of, and in the event of a vacancy in the office of, the Secretary or Treasurer, respectively, and shall perform all of the duties assigned to him or them by the President, the Secretary in the case of assistant secretaries, the Treasurer in the case of the assistant treasurers, or the Board of Directors.

SECTION 8. ABSENCE OF OFFICERS. In the absence or disability of the President

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and the Chairman of the Board, if appointed, and the Vice President or vice presidents, if more than one, the duties of the President (other than the calling of meetings of the stockholders and the Board of Directors) shall be performed by such persons as may be designated for such purpose by the Board of

Directors. In the absence or disability of the Secretary and of the Assistant Secretary or assistant secretaries, if more than one, or of the Treasurer and the Assistant Treasurer or assistant treasurers, if more than one, the duties of the Secretary or of the Treasurer, as the case may be, shall be performed by such person or persons as may be designated for such purpose by the Board of Directors.

SECTION 9. AUDITOR. The Auditor shall audit the books and accounts of the  
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Corporation at such time or times as may be required by the Board of Directors, but in any event not less often than annually, and shall certify his findings and report thereon in writing to the stockholders. The Auditor shall make such other audits, examinations and reports as the Board of Directors shall determine from time to time.

SECTION 10. CONTROLLER. The Controller shall have custody of and supervise  
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and control the keeping of the accounts and books of this Corporation, and shall develop records and procedures for control of costs; maintain proper tax records and supervise the preparation of tax returns, develop procedures for internal auditing and maintain proper relationships with the external auditors designated by the stockholders; administer programs relating to capital expenditure and operating budgets, prepare the financial statements of the Company, and perform such other duties as the President may from time to time determine.

ARTICLE V

EXECUTION OF INSTRUMENTS

SECTION 1. PROPER OFFICERS. Except as hereinafter provided, or as required by  
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law, all checks, drafts, notes, bonds, acceptances, deeds, leases, contracts,  
bills of exchange, orders for the payment of money, licenses, endorsements,  
stock powers, powers of attorney, proxies, waivers, consents, returns, reports,  
applications, notices, mortgages, and other instruments or writings of any  
nature which require execution on behalf of the Corporation, shall be signed or  
endorsed by such person or persons and in such manner as the Board of Directors  
may determine from time to time by resolution.

SECTION 2. FACSIMILE SIGNATURES. The Board of Directors may, from time to  
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time, by resolution provide for the execution of any corporate instrument or  
document, including, but not limited to, checks, warrants, drafts, and other  
orders for the payment of money, by a mechanical device or machine or by the  
use of facsimile signatures under such terms and conditions as shall be set  
forth in such resolution.

ARTICLE VI

VOTING OF STOCK BY THE CORPORATION

In all cases where the Corporation owns, holds, or represents under power of attorney or by proxy or in any other representative capacity shares of capital stock of any corporation or shares or interests in business trusts, co-partnerships, or other associations, such shares or interest shall be represented or voted in person or by proxy by the Chairman of the Board (if also Chief Executive Officer) or in the absence of the Chairman of the Board (or if such person is not also Chief Executive Officer) by the President, or in his absence by the Vice President, or if there be more than one vice president present, then by such vice president as the Board of Directors shall have designated as Executive Vice President, or failing any such designation, by any vice president, or in the absence of any vice president, by the Treasurer, or in his absence, by the Secretary; provided, however, that any person specifically appointed by the Board of Directors for the purpose shall have the right and authority to represent and vote such shares or interests with precedence over all of the above-named.

ARTICLE VII  
CAPITAL STOCK

SECTION 1. CERTIFICATES OF STOCK. The certificates of stock of each class

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shall be in such form and of such device as the Board of Directors may, from time to time, determine. They shall be signed by the Chairman of the Board, if appointed, or the President or a vice president and by the Treasurer or the Secretary or an assistant treasurer or assistant secretary and shall bear the corporate seal, provided, however, that the Board of Directors in its discretion may provide that any certificate which shall be signed by a transfer agent or by a registrar may be sealed with only the facsimile seal of the Corporation and may be signed with only the facsimile signatures of the officers above designated. In case any officer who has signed or whose facsimile signature has been placed upon any certificate shall have ceased to be such officer before such certificate is issued, such certificate may, nevertheless, be issued with the same effect as if such officer had not ceased to be such at the date of its issue. Certificates shall not be issued for nor shall there be registered any transfer of any fraction of a share. In the event that fractional parts of or interests in any share shall result in any manner from any action by the stockholders or directors of the Corporation, the Treasurer may sell the aggregate of such fractional interests under such reasonable terms and conditions as the Treasurer shall determine subject, however, to the control of the Board of Directors, and distribute the proceeds thereof to the person or persons entitled thereto.

SECTION 2. HOLDER OF RECORD. The Corporation shall be entitled to treat the

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person whose name appears on the stock books of the Corporation as the owner of any share, as the absolute owner thereof for all purposes, and shall not be under any obligation to recognize any trust or equity or equitable claim to or interest in such share, whether or not the Corporation shall have actual or other notice thereof.

SECTION 3. TRANSFER OF STOCK. Transfer of stock may be made in any manner

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permitted by law, but no transfer shall be valid (except between the parties thereto) until the transfer shall have been duly recorded in the stock books of the Corporation and a new certificate issued. No transfer shall be entered in the stock books of the Corporation, nor shall any new certificate be issued until the old certificate, properly endorsed, shall be surrendered and canceled.

SECTION 4. CLOSING OF TRANSFER BOOKS. The Board of Directors shall have power

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for any corporate purpose from time to time to close the stock transfer books of the Corporation for a period not exceeding thirty consecutive business days, provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix a record date for the payment of any dividend or for the allotment of rights or for the effective date of any change, conversion or exchange of capital stock or in connection with obtaining the consent of stockholders in any matter requiring their consent or for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, and in any such case, only such stockholders as shall be stockholders of record on the record date so fixed shall be entitled to the rights, benefits and privileges incident to ownership of the shares of stock for which such record date has been fixed, notwithstanding any transfer of stock on the books of the corporation after such record date.

SECTION 5. LOST CERTIFICATES. The Board of Directors may, subject to such

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rules and regulations as it may adopt from time to time, order a new certificate or certificates of stock to be issued in the place of any certificate or certificates of stock of the Corporation alleged to have been lost or destroyed, but in every such case, the owner of the lost or destroyed certificate or certificates shall be required to file with the Board of Directors or the stock transfer agent of the Corporation sworn evidence showing the facts connected with such loss or destruction. The Board of Directors may, in its discretion, further require that a notice or notices shall be published not less than once each week for three consecutive weeks or for such other length of time as the Board of Directors may provide in any special case in one or more newspapers of general circulation, which notice shall describe the lost or destroyed certificate, seek its recovery and warn all persons against negotiating, transferring or accepting the same. Unless the Board of Directors shall otherwise direct, the owner of the lost or destroyed certificate shall be required to give to the Corporation a bond or undertaking in such sum, in such form, and with such surety or sureties as the Board of Directors may approve, to indemnify the Corporation against any loss, damage, or liability that the Corporation may incur by reason of the issuance of a new certificate or certificates. Nothing in this section contained shall impair the right of the Board of Directors, in its discretion, to refuse to replace any allegedly lost or destroyed certificate, save upon the order of the court having jurisdiction in the matter.

SECTION 6. STOCK RIGHTS AND OPTIONS. The Corporation may create and issue,

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whether or not in connection with the issuance and sale of any of its shares or other securities, rights or options entitling the holders thereof to purchase from the Corporation shares of any class or classes. Such rights or options shall be evidenced in such manner as the Board shall approve and, subject to the provisions of the Articles of Association, shall set forth the terms upon which, the time or times within which, and the price or prices at which, such shares may be purchased from the Corporation upon the exercise of any right or option. The documents evidencing such rights or options may include conditions



on the exercise of such rights or options, including conditions that preclude the holder or holders, including any subsequent transferees, of at least a specified percentage of the common stock of the Corporation from exercising such rights or options. No approval by the stockholders of the Corporation shall be required for the issuance of such rights or options to directors, officers or employees of the Corporation or any subsidiary, or to the stockholders.

SECTION 7. CONSIDERATION FOR SHARES. The Corporation may issue any share of  
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stock, with or without par value, in consideration of any one or any combination of more than one of the following: money paid; labor done; services actually rendered; debts or securities canceled; tangible or intangible property actually received; amounts transferred to capital from any surplus of the Corporation upon the issue of shares as a stock dividend; and such other consideration as may be permitted by Chapter 416, Hawaii Revised Statutes. Except as may be prohibited by Chapter 416, nothing herein is intended to prohibit the issuance of shares of stock held as treasury shares by the Corporation to any officer, director or employee of the Corporation pursuant to any stock bonus plan or plans, in consideration of future services to be performed by such officer, director or employee for the Corporation.

SECTION 8. VOTING RECORD. The officer or agent having charge of the  
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Corporation's stock transfer books shall make a complete record of the stockholders entitled to vote at any meeting of stockholders or adjournment thereof, in accordance with the provisions of Section 415-31, Hawaii Revised Statutes. Such record shall be produced and kept open at the time and place of the stockholders' meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting for the purposes thereof, and such record shall not be produced and kept open for such inspection at any other time and place, or for copying at any time and place, except in either case as may be required pursuant to Section 415-52, Hawaii Revised Statutes.

ARTICLE VIII

AMENDMENT

These Bylaws may be altered, amended or repealed from time to time by the Board of Directors, subject to repeal or change by the affirmative vote of the holders of a majority of all of the shares of capital stock of the Corporation outstanding and entitled to vote.

Resolutions of the  
Board of Directors  
February 22, 2001  
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Amendments to A&B Bylaws  
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RESOLVED, that the Revised Bylaws of the Corporation, as amended effective June 25, 1998 (the "Bylaws") be, and they hereby are, amended effective as of this date as follows:

1. Article III of the Bylaws is amended by adding the following new Section 11:

"SECTION 11. Limitations on Number of Directors. The only limitation  
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on the power and authority of the Board of Directors to determine the number of directors is that there shall be not less than five directors. There shall be no other limitations, whether numerical, based on percentage increase or decrease in the number of directors, or otherwise, on the power and authority of the Board of Directors to determine the number of directors."

2. Section 5 of Article IV of the Bylaws (captioned "The Secretary") is amended by replacing the first sentence thereof with the following sentence:

"The Secretary shall attend all meetings of the stockholders, the Board of Directors, and, if created, the Executive Committee, and shall have responsibility for preparation and custody of the minutes of such meetings and for authenticating records of the Corporation."

3. Section 6 of Article VII of the Bylaws (captioned "Stock Rights and Options") is amended by adding the following sentence between the second and third sentences thereof:

"The documents evidencing such rights or options may include conditions on the exercise of such rights or options, including conditions that preclude the holder or holders, including any subsequent transferees, of at least a specified percentage of the common stock of the Corporation from exercising such rights or options."

4. Article VII of the Bylaws is amended by adding the following new Section 8:

"SECTION 8. Voting Record. The officer or agent having charge of the  
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Corporation's stock transfer books shall make a complete record of the stockholders entitled to vote at any meeting of stockholders or adjournment thereof, in accordance with the provisions of Section 415-31, Hawaii Revised Statutes. Such record shall be produced and kept open at the time and place of the stockholders' meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting for the purposes thereof, and such record shall not be produced and kept open for such inspection at any other time and place, or for copying at any time and place, except in either case as may be required pursuant to Section 415-52, Hawaii Revised Statutes."

FURTHER RESOLVED, that the Chairman of the Board, the President, any Vice President, and the Secretary or any Assistant Secretary of this Corporation be, and they hereby are, authorized and empowered for and on behalf of this Corporation to execute, seal with the corporate seal and deliver such restatements, certifications and other documents and to take any and all other actions as may, in the discretion of the officers so acting, be deemed necessary, appropriate or desirable to effectuate the Bylaw amendments authorized by the foregoing resolution.

THIS NINTH AMENDMENT TO GRID NOTE is made on November 16, 2000, and effective as of November 30, 2000, by and between ALEXANDER & BALDWIN, INC., a Hawaii corporation, hereinafter called the "Maker", and FIRST HAWAIIAN BANK, a Hawaii corporation, hereinafter called the "Bank";

WITNESSETH THAT;

WHEREAS, the Bank extended to the Maker that certain uncommitted line of credit facility in the principal amount not to exceed FORTY MILLION AND NO/100 DOLLARS (\$40,000,000.00) which line of credit is evidenced by that certain Grid Note (the "Note") dated December 30, 1993, with a final maturity of said Note being November 30, 1994; and

WHEREAS, the Maker and the Bank subsequently entered into that certain Amendment to Grid Note dated August 31, 1994, whereby the Note was increased to SIXTY-FIVE MILLION AND NO/100 DOLLARS (\$65,000,000.00), Section 4 of the Note, "Limitation" was deleted in its entirety and replaced, and the Note was extended to November 30, 1995; and

WHEREAS, the Maker and the Bank subsequently entered into that Second Amendment to Grid Note dated March 29, 1995, whereby the Note was decreased to FORTY-FIVE MILLION AND NO/100 DOLLARS (\$45,000,000.00), and Section 4 of the Note, entitled "Limitation" was deleted in its entirety and replaced, and

WHEREAS, the Maker and the Bank subsequently entered into that Third Amendment to Grid Note dated November 17, 1995, whereby the Note was extended to November 30, 1996; and

WHEREAS, the Maker and the Bank subsequently entered into that Fourth Amendment to Grid Note dated November 25, 1996, whereby the Note was extended to November 30, 1997; and

WHEREAS, the Maker and the Bank subsequently entered into that Fifth Amendment to Grid Note dated November 28, 1997, whereby the Note was extended to November 30, 1998; and

WHEREAS, the Maker and the Bank subsequently entered into that Sixth Amendment to Grid Note dated November 30, 1998, whereby the Note was extended to November 30, 1999; and

WHEREAS, the Maker and the Bank subsequently entered into that Seventh Amendment to Grid Note dated November 23, 1999, whereby the Note as extended to November 30, 2000, and with the merger of A&B-Hawaii, Inc. into Alexander & Baldwin, Inc., with Alexander & Baldwin, Inc. being the surviving corporation, the obligations of A&B-Hawaii, Inc. under the Note were terminated, with all references in the Note to the Maker deemed to be references to Alexander & Baldwin, Inc.; and

WHEREAS, the Maker and the Bank subsequently entered into that certain Eighth Amendment to Grid Note dated May 3, 2000, whereby the Note was increased to SEVENTY MILLION AND NO/100 DOLLARS (\$70,000,000.00), and Section 4 of the Note, "Limitation" was deleted in its entirety and replaced; and

WHEREAS, the Maker and the Bank desire to further amend the Note as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Maker and the Bank agree as follows:

1. The Maturity Date of the Note, as previously amended, shall be and hereby is further amended to provide that all unpaid principal and accrued but unpaid interest shall be due and payable on NOVEMBER 30, 2001, unless sooner due as otherwise provided in the Note.

2. In all other respects, the Note, as herein amended, shall remain unmodified and in full force and effect, and the Maker hereby reaffirms all of its obligations under the Note, as previously amended, and as amended hereby. Without limiting the generality of the foregoing, the Maker hereby expressly acknowledges and agrees that, as of the date of this NINTH AMENDMENT TO GRID NOTE, the Maker has no offsets, claims or defenses whatsoever against the Bank or against any of the Maker's obligations under the Note, as previously amended, and as amended hereby, and that if any such claims, defenses or offsets exist, they are hereby irrevocably waived and released.

IN WITNESS WHEREOF, this Ninth Amendment to Grid Note is executed by the undersigned parties on the date first above written.

ALEXANDER & BALDWIN, INC.,  
a Hawaii corporation

FIRST HAWAIIAN BANK,  
a Hawaii corporation

By: /s/ Thomas A. Wellman  
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Its: Controller & Asst. Treasurer

By: /s/ Danford H. Oshima  
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Its: Vice President

By: /s/ J. S. Andrasick  
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Its: Senior VP, CFO & Treasurer



AMENDMENT NO. 4  
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The Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (the "Plan") is hereby amended, effective as of October 25, 2000, as follows:

1. Subparagraphs D of the "CORPORATE TRANSACTION/CHANGE IN CONTROL"  
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sections under Articles II and III of the Plan are hereby amended by replacing clauses (i) and (ii) thereof with the following:

"(i) any "person" (defined as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 35% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition;"

2. Subparagraphs D of the "CORPORATE TRANSACTION/CHANGE IN CONTROL"  
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sections under Articles II and III of the Plan are hereby further amended by adding the following sentence to the end thereof:

"Notwithstanding the foregoing, a Change in Control of the Company shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions."

3. Subparagraph A.3.c. of the "Corporate Transaction/  
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Change in Control" section under Article IV of the Plan is hereby amended by replacing clauses (i) and (ii) thereof with the following:

"(i) any "person" (defined as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 35% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of the Company shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions."

4. Except as modified by this Amendment, all the terms and provisions of the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment to be executed on its behalf by its duly-authorized officers on this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

AMENDMENT NO. 3  
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The Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan (hereinafter the "Plan") is hereby amended, effective as of October 25, 2000, as follows:

1. Subparagraph A of the "CANCELLATION OF OPTIONS" section under Article II of the Plan is hereby amended by replacing clauses (i) and (ii) thereof with the following:

"(i) any "person" (defined as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 35% or more of the combined voting power of the Corporation's then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Corporation, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such person any securities acquired directly from the Corporation or its affiliates) representing 35% or more of the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition;"

2. Subparagraph A of the "CANCELLATION OF OPTIONS" section under Article II of the Plan is hereby further amended by adding the following sentence to the end thereof:

"Notwithstanding the foregoing, a Change in Control of the Corporation shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of the Corporation immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions."

3. Except as modified by this Amendment, all the terms and provisions of the Alexander & Baldwin, Inc. 1989 Non-Employee Director Stock Option Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment to be executed on its behalf by its duly-authorized officers on this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary



AMENDMENT NO. 1  
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The Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan (the "Plan") is hereby amended, effective as of October 25, 2000, as follows:

1. The definition of "Change in Control" set forth in the Appendix is hereby amended in its entirety to read as follows:

"B. CHANGE IN CONTROL shall mean a change in control of a nature  
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that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the 1934 Act, whether or not the Corporation in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Corporation representing 35% or more of the combined voting power of the Corporation's then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Corporation, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such person any securities acquired directly from the Corporation or its affiliates) representing 35% or more of the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of the Corporation shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of the Corporation immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions."

2. Except as modified by this Amendment, all the terms and provisions of the Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment No. 1 to be executed on its behalf by its duly-authorized officers on this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

AMENDMENT NO. 1  
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The Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan (hereinafter the "Plan") is hereby amended, effective as of October 25, 2000, as follows:

1. Paragraph A of Section III ("CHANGE IN CONTROL") under Article Two of the Plan is hereby amended in its entirety to read as follows:

"A. Each option outstanding at the time of a Change in Control, as defined below, but not otherwise fully exercisable shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control, become exercisable for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. A Change in Control shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), whether or not the Corporation in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined, for purposes of this Section III, as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (defined, for purposes of this Section III, as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Corporation representing 35% or more of the combined voting power of the Corporation's then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Corporation, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such person any securities acquired directly from the Corporation or its affiliates) representing 35% or more of the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of the Corporation shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of the Corporation immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions."

2. Except as modified by this Amendment, all the terms and provisions of the Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment to be executed on its behalf by its duly-authorized officers on this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

## AMENDMENT NO. 6

The A&B Excess Benefits Plan (the "Plan"), as amended and restated effective February 1, 1995, is hereby amended, effective as of October 25, 2000, as follows:

1. Section 6.02(b) is hereby amended in its entirety to read as follows:

"(b) DEFINITION OF CHANGE IN CONTROL. For purposes of this

Section 6.02, a "Change in Control" of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined, for purposes of this Section 6.02, as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 6.02, as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities;

(ii) at least a majority of the Board of Directors ceases to consist of (a) individuals who have served continuously on the Board of Directors since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Alexander & Baldwin, Inc.) whose election, or nomination for election by Alexander & Baldwin, Inc.'s shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board of Directors since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of Alexander & Baldwin, Inc. or any direct or indirect subsidiary of Alexander & Baldwin, Inc. with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of Alexander & Baldwin, Inc., the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of Alexander & Baldwin, Inc. (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of Alexander & Baldwin, Inc. (not including in the securities beneficially owned by such person any securities acquired directly from Alexander & Baldwin, Inc. or its affiliates) representing 35% or more of the combined voting power of Alexander & Baldwin, Inc.'s then outstanding securities; or

(iv) the stockholders of Alexander & Baldwin, Inc. approve a plan of complete liquidation or dissolution of Alexander & Baldwin, Inc. or there is consummated an agreement for the sale or disposition by Alexander & Baldwin, Inc. of all or substantially all of Alexander & Baldwin, Inc.'s assets, other than a sale or disposition by Alexander & Baldwin, Inc. of all or substantially all of Alexander & Baldwin, Inc.'s assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board of Directors immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of Alexander & Baldwin, Inc. shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of Alexander & Baldwin, Inc. immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Alexander & Baldwin, Inc. immediately following such transaction or series of transactions.

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

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

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment to be executed on its behalf by its duly authorized officers on this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

## AMENDMENT NO. 1

The A&B Executive Survivor/Retirement Benefit Plan, as amended and restated effective February 1, 1995, is hereby amended, effective October 25, 2000, as follows:

1. Section 2.08 is hereby revised in its entirety to read as follows:

"2.08 "CHANGE IN CONTROL" of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined, for purposes of this Section 2.08, as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 2.08, as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Alexander & Baldwin, Inc.) whose election, or nomination for election by Alexander & Baldwin, Inc.'s shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of Alexander & Baldwin, Inc. or any direct or indirect subsidiary of Alexander & Baldwin, Inc. with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of Alexander & Baldwin, Inc., the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of Alexander & Baldwin, Inc. (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of Alexander & Baldwin, Inc. (not including in the securities beneficially owned by such person any securities acquired directly from Alexander & Baldwin, Inc. or its affiliates) representing 35% or more of the combined voting power of Alexander & Baldwin, Inc.'s then outstanding securities; or

(iv) the stockholders of Alexander & Baldwin, Inc. approve a plan of complete liquidation or dissolution of Alexander & Baldwin, Inc. or there is consummated an agreement for the sale or disposition by Alexander & Baldwin, Inc. of all or substantially all of Alexander & Baldwin, Inc.'s assets, other than a sale or disposition by Alexander & Baldwin, Inc. of all or substantially all of Alexander & Baldwin, Inc.'s assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of Alexander & Baldwin, Inc. shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of Alexander & Baldwin, Inc. immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Alexander & Baldwin, Inc. immediately following such transaction or series of transactions.

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

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

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

## AMENDMENT NO. 2

The A&B 1985 Supplemental Executive Retirement Plan, as amended and restated effective February 1, 1995, is hereby amended, effective as of October 25, 2000, as follows:

1. Section 2.09 is hereby amended in its entirety to read as follows:

"2.09. "Change in Control" of Alexander & Baldwin, Inc. shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), whether or not Alexander & Baldwin, Inc. in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined, for purposes of this Section 2.09, as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 2.09, as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of Alexander & Baldwin, Inc. representing 35% or more of the combined voting power of its then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Alexander & Baldwin, Inc.) whose election, or nomination for election by Alexander & Baldwin, Inc.'s shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of Alexander & Baldwin, Inc. or any direct or indirect subsidiary of Alexander & Baldwin, Inc. with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of Alexander & Baldwin, Inc., the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of Alexander & Baldwin, Inc. (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of Alexander & Baldwin, Inc. (not including in the securities beneficially owned by such person any securities acquired directly from Alexander & Baldwin, Inc. or its affiliates) representing 35% or more of the combined voting power of Alexander & Baldwin, Inc.'s then outstanding securities; or

(iv) the stockholders of Alexander & Baldwin, Inc. approve a plan of complete liquidation or dissolution of Alexander & Baldwin, Inc. or there is consummated an agreement for the sale or disposition by Alexander & Baldwin, Inc. of all or substantially all of Alexander & Baldwin, Inc.'s assets, other than a sale or disposition by Alexander & Baldwin, Inc. of all or substantially all of Alexander & Baldwin, Inc.'s assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of Alexander & Baldwin, Inc. shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of Alexander & Baldwin, Inc. immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Alexander & Baldwin, Inc. immediately following such transaction or series of transactions.

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

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



IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused this Amendment No. 1 to be executed on its behalf by its duly authorized officers on this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

## AMENDMENT NO. 2

The A&B Retirement Plan for Outside Directors, as amended and restated effective February 1, 1995, is hereby amended, effective October 25, 2000, as follows:

1. Section 3.02 is hereby amended by replacing the first paragraph thereof with the following:

"3.02. CHANGE IN CONTROL. Upon the occurrence of a "Change in Control," as defined hereafter, the Plan shall immediately and automatically terminate. Upon such a termination, the interest of each Participant shall become due and payable as described in Sections 3.02(a) and 3.02(b) below; provided, however, that, if the terms of the Change in Control provide, as a prerequisite to the consummation of the Change in Control, that A&B's responsibilities under this Plan are to be assumed by the successor organization, then the Plan shall not terminate and no lump-sum payment shall be made to any Participant. For purposes of this provision, a "Change in Control" shall mean a change in control of A&B of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), whether or not A&B in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined, for purposes of this Section 3.02, as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (defined, for purposes of this Section 3.02, as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of A&B representing 35% or more of the combined voting power of A&B's then outstanding securities;

(ii) at least a majority of the Board of Directors of A&B ceases to consist of (a) individuals who have served continuously on the Board of Directors of A&B since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of A&B) whose election, or nomination for election by A&B's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board of Directors of A&B since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of A&B or any direct or indirect subsidiary of A&B with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board of Directors of A&B immediately prior thereto constitute at least a majority of the board of directors of A&B, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of A&B (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of A&B (not including in the securities beneficially owned by such person any securities acquired directly from A&B or its affiliates) representing 35% or more of the combined voting power of A&B's then outstanding securities; or

(iv) the stockholders of A&B approve a plan of complete liquidation or dissolution of A&B or there is consummated an agreement for the sale or disposition by A&B of all or substantially all of A&B's assets, other than a sale or disposition by A&B of all or substantially all of A&B's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board of Directors of A&B immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of A&B shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of A&B immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of A&B immediately following such transaction or series of transactions."

2. Except as modified by this Amendment No. 2, all terms and provisions of the A&B Retirement Plan for Outside Directors shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary

## AMENDMENT NO. 3

The Alexander & Baldwin, Inc. Deferred Compensation Plan, effective August 25, 1994, is hereby amended, effective as of October 25, 2000, as follows:

1. Section II is hereby amended by replacing the definition of "Change in Control" in its entirety with the following:

"Change in Control shall mean a change in control of the Company of a  
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nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), whether or not the Company in fact is required to comply with Regulation 14A thereunder; provided that, without limitation, such a change in control shall be deemed to have occurred if:

(i) any "person" (defined, for purposes of Section IX hereinbelow, as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes the "beneficial owner" (defined, for purposes of Section IX hereinbelow, as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities;

(ii) at least a majority of the Board ceases to consist of (a) individuals who have served continuously on the Board since January 1, 2000 and (b) new directors (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who shall at that time have served continuously on the Board since January 1, 2000 or whose election or nomination was previously so approved;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other entity, other than (a) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or any parent thereof or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its affiliates) representing 35% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least a majority of the board of directors of which or of any parent thereof is comprised of individuals who comprised the Board immediately prior to such sale or disposition.

Notwithstanding the foregoing, a Change in Control of the Company shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions."

2. Except as modified by this Amendment No. 3, all terms and provisions of the Alexander & Baldwin, Inc. Deferred Compensation Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Alexander & Baldwin, Inc. has caused its authorized officers to affix the corporate name and seal hereto this 25th day of October, 2000.

ALEXANDER & BALDWIN, INC.

By /s/ John F. Gasher  
Its Vice President

By /s/ Alyson J. Nakamura  
Its Secretary



ALEXANDER & BALDWIN, INC.  
 COMPUTATION OF EARNINGS PER SHARE  
 FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998  
 (In thousands, except per share amounts)

	2000 ----	1999 ----	1998 ----
<b>Basic Earnings Per Share</b> -----			
Net income	\$ 90,574 =====	\$ 62,579 =====	\$ 25,142 =====
Average number of shares outstanding	40,898 =====	43,206 =====	44,760 =====
Basic earnings per share	\$ 2.21 =====	\$ 1.45 =====	\$ 0.56 =====
<b>Diluted Earnings Per Share</b> -----			
Net income	\$ 90,574 =====	\$ 62,579 =====	\$ 25,142 =====
Average number of shares outstanding	40,898	43,206	44,760
Effect of assumed exercise of outstanding stock options	109 -----	30 -----	75 -----
Average number of shares outstanding after assumed exercise of outstanding stock options	41,007 =====	43,236 =====	44,835 =====
Diluted earnings per share	\$ 2.21 =====	\$ 1.45 =====	\$ 0.56 =====

[Inside Front Cover]

## CORPORATE PROFILE

Alexander & Baldwin, Inc. is a diversified corporation with most of its operations centered in Hawaii. Its principal businesses are:

## PROPERTY DEVELOPMENT &amp; MANAGEMENT

Developing real property, primarily in Hawaii  
Selling residential and commercial property  
Managing a portfolio of commercial/industrial properties

## OCEAN TRANSPORTATION

Carrying freight, primarily between Pacific Coast ports, Hawaii ports and Guam  
Conducting related shoreside operations  
Arranging domestic intermodal transportation

## FOOD PRODUCTS

Growing sugar cane and producing raw sugar  
Growing, marketing and distributing coffee

A&B was founded in 1870 and incorporated in 1900. Alexander & Baldwin's corporate headquarters are located in Honolulu, Hawaii. Its common stock is traded on The Nasdaq Stock Market<sup>SM</sup> under the symbol ALEX.

## FINANCIAL HIGHLIGHTS

	2000	1999	Change
Revenue <sup>1</sup>	\$ 1,068,646,000	\$ 999,998,000	7%
Operating Profit	\$ 158,576,000	\$ 142,931,000	11%
Net Income	\$ 90,574,000	\$ 62,579,000	45%
Per Share	\$ 2.21	\$ 1.45	52%
Cash Dividends	\$ 36,785,000	\$ 38,899,000	-5%
Per Share	\$ 0.90	\$ 0.90	—
Average Shares Outstanding	40,898,000	43,206,000	-5%
Total Assets	\$1,666,012,000	\$1,561,460,000	7%
Shareholders' Equity	\$ 693,651,000	\$ 670,963,000	3%
Per Share	\$ 17.19	\$ 15.78	9%
Return on Beginning Shareholders' Equity	13.5%	9.0%	—
Debt/Debt + Equity	34%	31%	—

<sup>1</sup> In response to accounting guidance from the SEC, revenue for 1999 has been restated. The change is explained in Footnote 2 of the financial statements.

## Uniquely Strong

Growing in key markets  
Matson's 110-acre Sand Island terminal in Honolulu

The Vintage at Kaanapali under construction  
Committed to our Community

Resourceful On Land and Sea  
Kukui'ula, A&B's Residential resort Development on Kauai

## OUR UNIQUE STRENGTH

There is no other company exactly like Alexander & Baldwin, and we believe that our uniqueness holds the key to our strength. Our strength is in our numbers, with a consistently strong balance sheet and cash flow, and strong 2000 performance. Our growth is in our diverse business assets in transportation and real estate. Our commitment is in our diversity, culturally and geographically. Our assets lie in our rich heritage and long history of providing value for our customers.

## FELLOW SHAREHOLDERS

Alexander & Baldwin had a very good year. Before one-time items, earnings per share increased 15 percent in 2000. This represents a second year of significant growth for the Company, as earnings per share (again before one-time items) have now increased 44 percent over a two-year span.

The Hawaii economy did strengthen in 2000, as anticipated. According to most forecasts, the economy grew at about a three percent rate, with accompanying growth in tourism, consumer spending, construction activity and job count. Although psychology can be fragile, there is general optimism in Hawaii that better days are ahead.

We noted in last year's annual report that fuel and sugar prices were a concern entering into 2000. Both commodities did move in directions detrimental to the Company's profitability during 2000, with fuel prices increasing 60 percent in the year and sugar prices dropping to a 20-year low. Despite these challenges, the Company was able to react quickly and recover to achieve positive results.

## HIGHLIGHTS OF 2000

Matson had another strong year, carrying more cargo and successfully addressing the dramatically higher fuel costs. Its operating profit was up 12 percent, to \$94 million.

A&B Properties had an exceptionally good year, with its sales generating the highest profit in a decade. The real estate business's operating profit rose 21

percent to \$54 million.

Although sharply lower sugar prices and drought conditions hurt our results in food products, the sugar price problem eased during the second half of 2000. This segment's operating profit of \$8 million was off by a third.

Matson's Sand Island Terminal in Honolulu was the focus of attention during the year. A \$32 million investment program has been launched to substantially improve the operating efficiency and capacity of this key terminal hub. This follows the formation of a joint venture with Stevedoring Services of America in 1999 to improve the efficiency and capacity of Matson's three major West Coast terminals in Los Angeles, Oakland and Seattle. In two years, decisive action has been taken to improve performance at each of Matson's key terminal operations.

A&B Properties has also concluded a second year of significantly increased acquisition activity in Hawaii. In just over two years, the Company has acquired nine properties in the state of Hawaii -- six on Oahu and three on Maui. Total capital investment in these properties will approximate \$155 million. We are confident these acquisitions will add considerable value to the Company.

#### FINANCIAL POSITION

A&B's financial position remains strong, with a year-end debt-to-capital ratio of 34 percent and consistently positive free cash flow. Capital spending in the year was up and there was a large increase in share repurchases, but the Company continues to have the capacity to grow its businesses and provide returns to its shareholders.

#### SHAREHOLDER RETURNS

During 2000, A&B paid \$37 million to its shareholders in dividends and spent \$48 million to repurchase nearly 2.4 million shares. In all, A&B purchased 5.6 percent of the shares that had been outstanding at the start of the year. The A&B share price also rose more than 15 percent in 2000 -- a year of difficulty in most equity markets.

#### BUSINESS DIRECTION

#### OCEAN TRANSPORTATION

Matson has regained its operating momentum and its performance in 2000 placed it in the top tier of shipping companies worldwide. As a result of modest increases in container freight and substantial gains in automobile shipments, Matson added a seventh ship to the Hawaii service in May and an eighth ship in October. These increases in cargo capacity were a result of both competitive success and a more robust Hawaii economy. However, they also represent a "double-edged sword," as Matson and its principal competitor both added shipping capacity at nearly the same time.

Matson maintains its strong market position in Hawaii because of its excellent service. But, the market is mature and, as a result, there is unrelenting pressure to control costs and improve efficiency. The main focus of this in 2001 will be the implementation of the previously mentioned Sand Island initiative. Fuel price increases are always an issue, but Matson has been able to recover most of the recent surge in energy costs.

Matson also is expanding its application of Internet technology and has just introduced its new Virtual Customer Support Center at [www.matson.com](http://www.matson.com), providing improved customer service. Matson's Western Pacific business to Guam remains strong, and its large and growing intermodal transportation subsidiary expects a year of increased profitability in 2001.

#### REAL ESTATE

The Company is highly active in the Hawaii real estate market. In addition to over a dozen entitlement and development projects on the Company's 91,000 acres of land, aggressive efforts continue to acquire other attractive Hawaii properties. In the early part of 2001, the Pacific Guardian Life Building, a well-located office building in Honolulu, was the first announced acquisition of the year. There are still excellent opportunities for value-adding acquisitions in Hawaii and we will continue to pursue them. At the same time, we are particularly enthusiastic about the development of Kukui'Ula, A&B's 1,045-acre master planned residential-resort community in Poipu, Kauai.

Although there are a large number of competitors in the business, A&B Properties' objective is to be the premier Hawaii real estate company. We are well on our way to meeting this objective.

#### FOOD PRODUCTS

The historical "roots" of A&B have been in agriculture, but today this facet of A&B represents just 12 percent of our capital. As noted, HC&S had a difficult 2000 because of depressed sugar prices and persistent drought. Because of improved sugar prices and forward sales made by the Company, we are confident that sugar prices will not drag down results in 2001. It is heartening to note that Kauai Coffee, our small coffee growing and marketing company on Kauai, achieved its first year of profitability after many years of losses. It is also noteworthy that a difficult, but necessary, decision was made in 2000 to close the Paia Mill at HC&S and process all sugar on Maui through the one mill remaining at Puunene. This step will be a major one, as HC&S is positioning itself to be among the most competitive producers of sugar in the United States.

#### 2001 OUTLOOK

As this letter is written, Hawaii continues to exhibit the healthy, but moderate, growth experienced during 2000. There are no direct indications that



the Hawaii economy is being influenced by the recent but clear slow-down of growth on the U.S. mainland. If Hawaii's economy remains at its current level of strength, we do expect to achieve improved results in 2001.

2000 was a historical milestone for Alexander & Baldwin, Inc. as we commemorated the 130th year of the founding of the organization and our 100th year as a corporation. To use a somewhat worn but ever-so-true phrase, "you only become old when you refuse to change." A&B has had a long and distinguished history of changing with the times. Much has been accomplished, ut even more remains. With the continued enthusiastic and energetic support of our employees and the valued direction of our Board of Directors, we look forward to a future of promise and much accomplishment.

We thank you, our shareholders, for your support.

/s/ Charles M. Stockholm	/s/ W. Allen Doane
Charles M. Stockholm	W. Allen Doane
Chairman of the Board	President & Chief Executive Officer

February 16, 2001

Alexander & Baldwin -- A Unique Company That Defies Traditional Wall Street Categories.

#### OCEAN TRANSPORTATION

Identifiable Assets  
\$911 million

#### Operations / Hawaii

- > Hawaii service:
  - > 208 annual voyages
  - > 8 ships
  - > 4 major container terminals
- > Neighbor Islands service:
  - > 3 specialized barges
  - > hub & spoke system

#### Operations / Outside Hawaii

- > Guam service: weekly via APL ships
- > Mid-Pacific service: monthly barge
- > Matson Intermodal:
  - all-modes service provider
  - SSAT: West Coast terminals
  - Pacific Coast Express
- > Matson Logistics:
  - special transport services
- > Sea Star: Puerto Rico liner service, two vessels chartered

#### Operating Profit / 2000

\$94 Million

#### Operating Profit / vs 1999

+12%

#### 2000 Accomplishments

- > Neutralized fuel cost increases
- > Attracted greater cargo volume
- > Increased Hawaii fleet from 6 to 8 ships
- > Regained profitability for Matson Intermodal
- > Web-enabled customer interface

#### PROPERTY DEVELOPMENT & MANAGEMENT

Identifiable Assets  
\$440 million

#### Operations / Hawaii

- > 91,100 acres of land
- > Property development:
  - > residential
  - > commercial
  - > light industrial
- > 1.2 M sq. ft. of income properties
- > Entitlements process

#### Operations /Outside Hawaii

- > 4 M sq. ft. of income properties in 6 Western states

#### Operating Profit / 2000

\$54 Million

#### Operating Profit / vs 1999

+21%

#### 2000 Accomplishments

- > Earned decade-high operating profit
- > Sold COSTCO fee parcel
- > Sold Maui Business Park parcel to Home Depot
- > Began development of The Vintage at Kaanapali

#### FOOD PRODUCTS

Identifiable Assets  
\$197 million

#### Operations / Hawaii

- > Basic crops:
  - > 37,000 acres in sugar cane
  - > 3,800 acres in coffee
- > Cogeneration of power
- > Trucking

Operations /Outside Hawaii  
 > Sales of raw sugar to C&H for refining and marketing  
 > Major coffee sales to Japan

Operating Profit / 2000  
 \$8 Million

Operating Profit / vs 1999  
 -33%

2000 Accomplishments

> Consolidated sugar processing into one mill  
 > Adapted operations to drought  
 > Coffee profitable for first time

INVESTMENTS, OTHER

Identifiable Assets  
 \$117 million

Operations / Hawaii

> BancWest  
 > Pacific Century Financial

Operating Profit / 2000  
 \$3 Million

Operating Profit / vs 1999  
 +1%

CONSOLIDATED

Identifiable Assets  
 \$1,666 million

Operating Profit / 2000  
 \$159 Million

Operating Profit / vs 1999  
 +11%

2000 Accomplishments

> Grew recurring eps 15%  
 > Raised ROE  
 > Repurchased 2.4 m shares  
 > Lowered corporate expenses 18%  
 > \$107 M in consolidated capex

REVIEW OF OPERATIONS

REAL ESTATE

At year-end 2000, the Company owned a total of about 91,100 acres. Of these, 1,549 acres were fully zoned for urban use. At least one step in the entitlement process has been completed for an additional 1,710 acres, and 8,714 acres have long-term urban-use potential. Most of the remaining acreage will be in agricultural or conservation use for the foreseeable future.

The Company creates value through an integrated program of entitlement, development and asset management. It realizes value through sales and invests for growth, with a priority on investments in Hawaii real estate.

DEVELOPMENTS & SALES In June 2000, the Company sold a 13-acre ground lease under a Costco Wholesale Corporation store in Kahului, Maui.

Nearby, at the Company's Maui Business Park, onsite improvements for the 34-acre phase IB were substantially completed in November 2000. In August 2000, A&B sold 12.7 acres in phase IB to Home Depot for a planned 135,000-square-foot store, anticipated to open in spring 2001. In early February 2001, the Company announced that Wal-Mart Stores, Inc. purchased a 14-acre parcel in phase IB for a 142,000-square-foot store planned to open in fall 2001. Ten half-acre lots in phase IB remain available for sale. In addition, three lots in Maui Business Park phase IA were sold in 2000 and 15 remain available for sale.

In October 1999, the Company purchased 17 acres at Kaanapali, Maui, to develop single-family residential resort condominiums. At year-end 2000, 69 of the 73 homes planned at The Vintage were under construction and 70 already were sold or in escrow, at an average price of \$580,000. A&B purchased a second 17-acre parcel nearby in January 2000. Site work for this project, called The Summit, is under way for the construction of 55 residential units. A&B also acquired 3.2 acres in the same community for development of a 35,500-square-foot retail center.

A&B'S LANDHOLDINGS, BY CATEGORY

(acres)	Hawaii				Mainland	Total
	Maui	Kauai	Oahu	Total		
Fully Entitled Urban	332	922	38	1,292	257	1,549
Agric./Pasture/Misc	52,554	7,641	-	60,195	10	60,205
Conservation	16,012	13,335	-	29,347	-	29,347
<b>Total</b>	<b>68,898</b>	<b>21,898</b>	<b>38</b>	<b>90,834</b>	<b>267</b>	<b>91,101</b>
Designated Urban	1,472	238	-	1,710	-	1,710
Urban Potential	5,264	3,450	-	8,714	-	8,714

At Kahului, Maui, A&B is constructing two buildings at its Triangle Square development. One will be a 15,000-square-foot commercial building and the other a 6,200-square-foot automobile dealership.

On the island of Kauai, A&B is pursuing planning and engineering for development of its 1,045-acre Kukui'Ula project. The development has full entitlements for more than 200 hotel rooms, 700 vacation-ownership units, commercial uses and up to 3,000 residential units. Initial development contemplates a small four-star hotel, a championship golf course, vacation ownership projects, resort residential home sites and condominiums. Discussions are being held with potential joint venture partners, as well as hotel, time-share and golf course developers. Sales of lots at Koloa Estates, the initial residential development at Kukui'Ula, continued in 2000, with 17 of the remaining 27 lots being sold.

On Oahu, only four lots were sold during 2000 in the 14-acre first phase of the Mill Town business center, but interest in the project is high. A&B will construct infrastructure for the 23-acre second phase early in 2001.

ENTITLEMENTS A&B strives to put its land to the highest and best use that is consistent with community needs.

On Maui, final approval of plans for development of a 196-unit, single-family subdivision on 67 acres at Haliimaile awaits resolution of water source and road access issues. In spite of several votes in 2000, the Wailuku-Kahului Community Plan still is not final. The update process began in 1993. A number of A&B residential and industrial projects are being proposed for inclusion in the Plan.

In response to significant growth of boating tour activity at Port Allen, Kauai, the Company is pursuing a conceptual plan for phased long-term development of 80 acres for a variety of commercial and residential uses.

#### ASSET AND PROPERTY MANAGEMENT

MAINLAND PORTFOLIO At year-end 2000, A&B's portfolio of 19 income properties in six Western states consisted of 4 million square feet of leasable space. Occupancies averaged 96 percent throughout 2000. Twelve mainland properties had 100 percent occupancy rates at year-end 2000. In August 2000, an 895,500-square-foot warehouse distribution facility was acquired in Ontario, Calif.

#### STATUS OF A&B'S RESIDENTIAL PROJECTS IN HAWAII

Project	Total Units	Available In 1999	Sold In 1999	Available In 2000	Sold In 2000	Available In 2001
Kahului Ikena	102	20	13	7	7	Sold Out
Koloa Estates	32	32	5	27	17	10
The Vintage At Kaanapali	73	-	-	-	3	70
The Summit At Kaanapali	55	-	-	-	-	55

HAWAII PORTFOLIO At the end of 2000, A&B's Hawaii property portfolio consisted of 1.2 million square feet of leasable commercial space, plus ground leases totaling 271 acres for commercial uses and 11,776 acres for agricultural uses. Occupancy of the commercial properties averaged 86 percent throughout 2000.

INVESTMENTS During 2000, a total of \$34 million was invested in the acquisition of improved properties and development projects. Of the \$34 million, \$23 million was funded through Internal Revenue Code Section 1031 reinvestments of proceeds from property sales in 2000. The purchases included three income-producing properties, comprising 924,200 square feet of leasable space and the leasehold interest in a three-acre site for commercial development.

PROPERTY DEVELOPMENT & MANAGEMENT OUTLOOK Assuming there is no major U.S. economic downturn, 2001 segment operating profit is likely to be moderately lower than the unusually strong results of 2000. Property leasing activity is forecast to step up moderately, primarily on the contributions of recently acquired properties and higher lease rates. Revenue from projected property sales likely will be higher, but the anticipated mix of sales has lower profit margins than did the properties sold during 2000. Efforts to conclude long-pending entitlements on Maui will continue, and investment opportunities, especially in Hawaii, will remain a primary focus.

#### STATUS OF A&B'S COMMERCIAL/INDUSTRIAL PROJECTS IN HAWAII

Project	Total Units	Available In 1999	Sold In 1999	Available In 2000	Sold In 2000	Available In 2001
Maui Business Park IA	32	19	1	18	3	15
Maui Business Park IB	10	-	-	-	-	10
Mill Town Center IA	23	23	7	16	4	12
Mill Town Center IB	40	-	-	-	-	40

#### OCEAN TRANSPORTATION

HAWAII SERVICE The historical core business of Matson Navigation Company, Inc. (Matson) is its Hawaii service. In 2000, economic growth in Hawaii led to strengthened cargo demand. Container volume rose slightly, but automobile volume was 31 percent higher. Within the total, construction materials stood

out as a growing portion of westbound cargo. Matson currently measures and reports its freight demand in terms of the absolute number of containers carried, no matter what size. If the size of the containers had been considered, however, westbound container volume in 2000 was nearly two percent above the previous high in 1994. Additional auto carriage resulted principally from increased market share, strong tourist demand for rental cars and higher sales by Hawaii dealers.

In response to growing cargo levels, Matson added a seventh ship to its Hawaii service fleet in May 2000, and an eighth ship in October. With the eight-ship fleet, Matson now offers four arrivals in Hawaii weekly from the West Coast, with two direct arrivals each from Los Angeles and Oakland. One of the Oakland ships each week makes a prior call at Seattle.

Operating costs again were affected adversely by rapid, steady increases in bunker fuel costs during 2000. The fleet consumed about 1.8 million barrels of fuel in 2000 and the cost per barrel was 60 percent above that of 1999. In response, Matson was forced three times during 2000 to add to the 1.75 percent bunker surcharge in place at the start of the year. At the start of 2001, the surcharge was 4.25 percent.

Separately, Matson also increased shipping rates by 3.5 percent, effective February 14, 2001, in order to offset ongoing cost increases and to support necessary capital investments, especially in container equipment and information technology.

During 2000, Matson prepared to introduce a new Virtual Customer Service Center at [www.matson.com](http://www.matson.com). First offered for use of shippers in February 2001, this substantial addition to the Matson Web site offers customers the option of booking, tracking and handling all of their shipment information needs via the Internet. Other online features include secure account balance information, tariffs, vessel schedules, submission of billing instructions and retrieval of billing documents. Customers may utilize customized booking templates to reduce the necessary number of "clicks" for routine transactions. The site also gives online customers the option of contacting a "live" service representative to assist with a transaction. With the new features developed largely from customers' input, the new Virtual Customer Support Center will continue to evolve to reflect their interests and needs.

GUAM SERVICE Matson and American President Lines, Ltd. serve Guam through a trans-Pacific operating alliance. Guam's economy remained relatively weak in 2000, and that factor was reflected in modestly lower import cargo volume. Westbound auto volume was higher, however, due to competitive gains. Eastbound container cargo also rose, due to increased shipments of garments and competitive gains.

PACIFIC COAST SERVICE Matson replaced its single-vessel coastwise service in October 2000 with a twice weekly, fixed-day, rail-based service in conjunction with the Burlington Northern Santa Fe Corporation. The added frequency allows customers more flexibility in scheduling their shipments. Matson Intermodal System is managing the new service.

MATSON TERMINALS, INC. (MTI) During 2000, MTI carried out planning and design work in preparation for the conversion of its Sand Island container terminal in Honolulu from a straddle carrier-based container-handling system to a chassis-based system. The \$32 million project, to be substantially completed during 2001, will increase the terminal's capacity to handle future growth, improve customer service and reduce cargo-handling costs.

MATSON INTERMODAL SYSTEM, INC. (MIS) MIS links Matson's and other companies' seagoing services with inland shippers. During 2000, MIS focused on both improved operating performance and growth. Its revenue grew 11 percent, to \$132 million. MIS acquired Paragon Transportation Group, a diversified transportation services marketing company.

JOINT VENTURES, INVESTMENTS Matson's West Coast terminal operating joint venture, SSA Terminals, LLC, operated efficiently and profitably in 2000. Plans are proceeding for moving to new, larger terminals in Seattle, Oakland and Long Beach in 2002 and 2003. Matson also has a minority ownership in Sea Star Line, LLC, serving the Puerto Rico trade. That trade presently suffers from overcapacity but, fortunately, Sea Star enjoys certain operating cost advantages.

OCEAN TRANSPORTATION OUTLOOK The performance of this segment is expected to improve again in 2001, with a modest increase in operating profit. The steady economic growth projected for Hawaii is, however, highly dependent on the performance of the U.S. mainland economy.

#### HAWAII SERVICE CARGO STATISTICS

(Units)	2000	1999	1998
Freight	151,500	151,200	143,400
Automobiles	132,200	101,100	73,700

#### FOOD PRODUCTS

SEGMENT COMPOSITION In December 1998, the Company sold approximately 60 percent of its equity interest in California and Hawaiian Sugar Company, Inc. (C&H) to an investor group. Food products results in 1999 and 2000 reflect primarily A&B's sugar- and coffee-growing activities.

RAW SUGAR PRODUCTION Hawaiian Commercial & Sugar Company (HC&S), located on Maui, is Hawaii's largest producer of raw cane sugar, growing 70 percent of the state's 2000 crop. HC&S' total production in 2000 -- 210,000 tons of raw sugar -- was about eight percent below that of 1999, primarily due to prolonged drought conditions. Low raw sugar prices prevailed for much of the year, until forfeitures of sugar under federal loans reduced excess domestic supplies.

HC&S permanently closed one of its two sugar mills in September 2000. Consolidating sugar processing in one factory will save about \$5 million annually, beginning in 2001. During 2000, investments were made to produce environment-friendly panelboard made from sugarcane bagasse, a residual commodity, and to produce and package more food-grade specialty sugar products.

**COFFEE PRODUCTION AND MARKETING** Kauai Coffee Company, Inc. achieved profitable operations during 2000, the result of successful marketing and sales efforts, and aggressive cost controls. The 2000 harvest was unusually small, at 2.8 million pounds, but its quality mix was favorable.

**POWER, TRUCKING** The Company's hydroelectric plants on Maui and Kauai, as well as cogeneration units on Maui, generate surplus electricity, which is sold to the local public utilities. During 2000, drought conditions reduced hydropower output and increased internal power demands for irrigation pumping. The Company also has trucking operations on both Maui and Kauai that support its agricultural operations and serve independent customers in each community.

**SUGAR REFINING AND MARKETING** Raw sugar produced by HC&S continues to be sold to C&H under a long-term contract.

**FOOD PRODUCTS OUTLOOK** Despite the likelihood of continued drought-induced lower production, the present improved level of raw sugar prices and the forward sale of a substantial portion of the 2001 harvest, coupled with aggressive cost reductions, should provide better segment results in 2001 than in 2000.

[DIRECTORS' PHOTOGRAPHS]

FINANCIAL REPORT

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Alexander & Baldwin, Inc. has the responsibility for preparing the accompanying consolidated financial statements and related notes accurately and objectively. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America, consistently applied, and necessarily include amounts based on judgments and estimates made by management. Management also prepared the other information in this annual report and is responsible for its accuracy and consistency with the financial statements.

The Company maintains internal 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 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 controls, policies and procedures.

The Company's financial statements have been audited by Deloitte & Touche LLP, its 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 accounting principles generally accepted in the United States of America. Management has made available to Deloitte & Touche LLP all of the Company's financial records and related data. Furthermore, management believes that all representations made to Deloitte & Touche LLP during its audit were valid and appropriate.

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 their work in discharging their respective responsibilities and to assure their independent and free access to the Committee.

/s/ W. Allen Doane  
W. Allen Doane  
President and Chief Executive Officer

/s/ James S. Andrasick  
James S. Andrasick  
Senior Vice President and Chief Financial Officer

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, 2000 and 1999, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000 (pages 26 and 32 to 52). 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 auditing standards generally accepted in the United States of America. 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, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Company changed its method of accounting for vessel drydocking costs in 2000 and changed its method of accounting for assessments from a second injury workers' compensation fund in 1998.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP  
Honolulu, Hawaii  
January 25, 2001



INDUSTRY SEGMENT INFORMATION  
(In thousands)

For the Year	2000	1999	1998	1997	1996
<b>REVENUE:</b>					
Ocean transportation	\$ 850,692	\$ 778,535	\$ 748,121	\$ 720,962	\$ 686,637
Property development and management:					
Leasing	62,105	53,910	44,433	43,606	41,553
Sales	46,322	48,036	82,382	35,916	31,909
Food products	106,341	116,362	465,661	486,912	506,909
Other	3,186	3,155	2,878	2,815	3,490
<b>Total revenue</b>	<b>\$1,068,646</b>	<b>\$ 999,998</b>	<b>\$1,343,475</b>	<b>\$1,290,211</b>	<b>\$1,270,498</b>
<b>OPERATING PROFIT:</b>					
Ocean transportation	\$ 93,732	\$ 83,778	\$ 66,298	\$ 80,385	\$ 81,618
Property development and management:					
Leasing	30,120	27,497	22,634	24,559	23,875
Sales	24,228	17,402	21,663	13,262	15,307
Food products	7,522	11,310	21,327	27,083	26,863
Other	2,974	2,944	2,696	2,639	3,220
<b>Total operating profit</b>	<b>158,576</b>	<b>142,931</b>	<b>134,618</b>	<b>147,928</b>	<b>150,883</b>
Write-down of long-lived assets	--	(15,410)	(20,216)	--	--
Loss on partial sale of subsidiary	--	--	(19,756)	--	--
Insurance settlement	--	--	--	19,965	--
Interest expense, net	(24,252)	(17,774)	(24,799)	(28,936)	(34,081)
General corporate expenses	(11,609)	(14,207)	(14,552)	(11,745)	(12,769)
<b>Income before income taxes and accounting changes</b>	<b>\$ 122,715</b>	<b>\$ 95,540</b>	<b>\$ 55,295</b>	<b>\$ 127,212</b>	<b>\$ 104,033</b>
<b>IDENTIFIABLE ASSETS:</b>					
Ocean transportation	\$ 911,109	\$ 894,607	\$ 898,277	\$ 930,636	\$1,005,741
Property development and management	440,416	384,515	338,090	317,622	312,829
Food products	197,143	173,069	261,712	382,109	386,986
Other	117,344	109,269	107,561	74,431	90,559
<b>Total assets</b>	<b>\$1,666,012</b>	<b>\$1,561,460</b>	<b>\$1,605,640</b>	<b>\$1,704,798</b>	<b>\$1,796,115</b>
<b>CAPITAL EXPENDITURES:</b>					
Ocean transportation	\$ 40,190	\$ 19,232	\$ 60,403	\$ 20,828	\$ 171,110
Property development and management <sup>1</sup>	44,821	66,752	107,408	30,790	7,275
Food products	21,677	17,271	18,237	18,806	12,058
Other	216	258	441	242	412
<b>Total capital expenditures</b>	<b>\$ 106,904</b>	<b>\$ 103,513</b>	<b>\$ 186,489</b>	<b>\$ 70,666</b>	<b>\$ 190,855</b>
<b>DEPRECIATION AND AMORTIZATION:</b>					
Ocean transportation	\$ 54,586	\$ 56,174	\$ 61,543	\$ 62,192	\$ 62,055
Property development and management	8,972	7,299	6,357	6,281	6,214
Food products	8,285	9,962	20,086	19,538	20,144
Other	461	466	514	547	538
<b>Total depreciation and amortization</b>	<b>\$ 72,304</b>	<b>\$ 73,901</b>	<b>\$ 88,500</b>	<b>\$ 88,558</b>	<b>\$ 88,951</b>

See Note 2 for information regarding changes in presentation for certain revenues and expenses.

See Notes 3 and 4 for discussion of the write-down of long-lived assets in 1999 and 1998 and the partial sale of California and Hawaiian Sugar Company, Inc. in 1998.

<sup>1</sup>Includes tax-deferred property purchases which are considered non-cash transactions in the Statements of Cash Flows; excludes capital expenditures for real estate developments held for sale.

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

	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----
<b>ANNUAL OPERATIONS</b>					
Net sales and other operating revenue*	\$1,068,646	\$ 999,998	\$1,343,475	\$1,310,176	\$1,270,498
Deduct:					
Cost of goods sold and operating expenses*	849,375	812,783	1,174,881	1,065,470	1,043,433
Depreciation and amortization	72,304	73,901	88,500	88,558	88,951
Interest expense	24,252	17,774	24,799	28,936	34,081
Income taxes	44,391	32,961	24,352	45,825	38,748
	-----	-----	-----	-----	-----
Income before accounting changes	78,324	62,579	30,943	81,387	65,285
Cumulative effect of change in accounting methods	12,250	-	(5,801)	-	-
	-----	-----	-----	-----	-----
Net income	\$ 90,574	\$ 62,579	\$ 25,142	\$ 81,387	\$ 65,285
	=====	=====	=====	=====	=====
Comprehensive income	\$ 103,050	\$ 48,711	\$ 33,327	\$ 88,326	\$ 73,660
	=====	=====	=====	=====	=====
<b>Earnings per share before accounting changes:</b>					
Basic	\$ 1.92	\$ 1.45	\$ 0.69	\$ 1.80	\$ 1.44
Diluted	\$ 1.91	\$ 1.45	\$ 0.69	\$ 1.80	\$ 1.44
<b>Return on beginning equity</b>					
	13.5%	9.0%	3.5%	11.9%	10.0%
Cash dividends per share	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.88	\$ 0.88
Average number of shares outstanding	40,898	43,206	44,760	45,182	45,303
Gross profit percentage*	23.0%	22.1%	17.0%	20.1%	19.8%
Effective income tax rate	36.5%	34.5%	45.4%	36.0%	37.3%
<b>MARKET PRICE RANGE PER SHARE</b>					
High	\$ 28.250	\$ 27.125	\$ 31.125	\$ 29.375	\$ 29.250
Low	17.938	18.625	18.813	24.375	22.500
Close	26.250	22.813	23.250	27.313	25.000
<b>AT YEAR END</b>					
Shareholders of record	4,438	4,761	5,125	5,481	5,881
Shares outstanding	40,353	42,526	44,028	44,881	45,339
Shareholders' equity	\$ 693,651	\$ 670,963	\$ 694,642	\$ 719,588	\$ 684,328
Per-share	17.19	15.78	15.78	16.03	15.09
Total assets	1,666,012	1,561,460	1,605,640	1,704,798	1,796,115
Working capital	55,861	59,805	67,113	114,806	95,579
Cash and cash equivalents	3,451	3,333	86,818	21,623	23,824
Real estate developments - noncurrent	62,628	60,810	57,690	68,056	70,144
Investments - noncurrent	183,141	158,726	159,068	102,813	91,602
Capital Construction Fund	150,405	145,391	143,303	148,610	178,616
Long-term debt - noncurrent	330,766	277,570	255,766	292,885	357,657
Current ratio	1.4 to 1	1.4 to 1	1.4 to 1	1.7 to 1	1.4 to 1
Capital stock price/earnings ratio at December 31	11.9 to 1	15.7 to 1	41.5 to 1	15.2 to 1	17.4 to 1

\*Current and prior year values have been restated. See Note 2 for information regarding changes in presentation for certain revenues and expenses.

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

RESULTS OF OPERATIONS

Consolidated Earnings and Revenue: Net income in 2000 was \$90,574,000 or \$2.21 per basic share, versus \$62,579,000, or \$1.45 per basic share, in 1999 and \$25,142,000, or \$0.56 per basic share, in 1998. Revenue in 2000 was \$1,068,646,000, compared with revenue of \$999,998,000 in 1999 and \$1,343,475,000 in 1998.

Accounting Changes and Significant Charges: During 2000, the Company made two changes in accounting methods (See Note 2 to the Financial Statements). The first change was for vessel drydocking costs at Matson Navigation Company, Inc. ("Matson"), the Company's ocean transportation subsidiary. Previously, the estimated costs for future drydocking of vessels were accrued in advance of the drydocking. Subsequent payments were charged against the accrued liability. Under the new method, drydocking expenditures which benefit future periods are capitalized and depreciated. This change increased 2000 net income by \$12,250,000 (net of income tax expense of \$7,668,000) or \$0.29 per basic share.

The second change was for the presentation of certain costs recorded in the ocean transportation and property leasing segments, which previously were recorded as an offset to revenue. This accounting change had no impact on segment operating profit, but did increase both revenue and operating costs by \$49,305,000, \$40,726,000 and \$31,855,000 in 2000, 1999 and 1998, respectively. This change was made in response to guidance provided by the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

In 1999, following continuing operating losses, depressed coffee prices and negative cash flows at Kauai Coffee Company, Inc. ("Kauai Coffee"), the Company's coffee plantation, the Company recorded an after-tax charge of \$9,571,000, or \$0.22 per basic share, to write down the recorded value of orchards and other non-current assets to their estimated fair values.

During 1998, net income was reduced by three one-time items. First, the sale of the Company's majority interest in C&H resulted in an after-tax loss of \$15,955,000, or \$0.36 per basic share. Second, changes in development plans for a real estate project on Kauai that resulted from extended weak real estate market conditions, led to an after-tax charge of \$12,837,000, or \$0.29 per basic share. This reduced the carrying value of certain assets associated with that project to fair value. Third, the cumulative effect of a required accounting change, related to federal workers' compensation assessments, resulted in an after-tax charge of \$5,801,000, or \$0.13 per basic share.

2000 COMPARED WITH 1999

Ocean Transportation revenue of \$850,692,000 was nine percent higher than 1999 revenue of \$778,535,000. Operating profit of \$93,732,000 showed a 12 percent improvement over 1999 operating profit of \$83,778,000. Hawaii service container volume was flat compared with 1999 and automobile volume was 31 percent higher. The primary revenue gains occurred in the lower margin intermodal business. Operating results for 2000 benefited from improved performance by the Company's SSAT terminal operating joint venture and its Intermodal Systems subsidiary. Operating results for 1999 were adversely affected by lower productivity, due to disruptions related to the 1999 renegotiation of longshore labor agreements.

Matson's total Hawaii Service container volume was 151,500 units in 2000, compared with 151,200 units in 1999. Matson's total Hawaii Service automobile volume, at 132,200 units, was 31 percent higher than 1999 automobile volume of 101,100 units.

In November 2000, Matson announced a 3.5 percent increase in Hawaii Service rates, effective in February 2001. A 3.9 percent increase in Hawaii Service rates announced in 1999 took effect in February 2000. To mitigate partially the effect of rising fuel prices, the 1.75 percent fuel surcharge in effect at the end of 1999 was increased, in three steps, to 4.25 percent during 2000. Total fuel costs increased by \$17,900,000 in 2000 versus 1999, partially offset by increased fuel surcharges of \$15,600,000.

Property Leasing revenue of \$62,105,000 was 15 percent higher than 1999 revenue of \$53,910,000 and operating profit of \$30,120,000 improved ten percent compared with 1999 operating profit of \$27,497,000. These improvements were due to higher occupancy levels, increased rents and newly acquired properties. Occupancy rates for the Mainland properties averaged 96 percent in 2000, versus 94 percent in 1999. The Company owned four million square feet of leasable property on the Mainland at year-end 2000, compared with 3.1 million square feet at year-end 1999. Occupancy levels for the Hawaii properties averaged 86 percent in 2000, versus 81 percent in 1999. The Company owned 1.2 million square feet of leasable property in Hawaii at the end of both 2000 and 1999.

Property Sales revenue of \$46,322,000 was down slightly from the \$48,036,000 in sales recorded in 1999, while operating profit of \$24,228,000 was 39 percent higher than the \$17,402,000 achieved in 1999, due to mix. Property sales in 2000 included the ground lease for a Costco store, a 13-acre parcel at Maui Business Park to Home Depot, 16 business parcels and 28 residential properties. Sales in 1999 included an office/research building in Seattle, two developed business parcels, three undeveloped parcels and 41 residential properties.

The mix of property sales in any year can be diverse. Sales can include property sold under threat of condemnation, developed residential real estate, commercial properties, developable subdivision lots and undeveloped land. The sale of undeveloped land and vacant parcels 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. Consequently, property sales revenue trends and the amount of real estate held for sale on the balance sheets do not necessarily indicate future profitability for this segment.

Food Products revenue of \$106,341,000 in 2000 compared with revenue of \$116,362,000 in 1999. Operating profit of \$7,522,000 in 2000 was 33 percent lower than the \$11,310,000 earned in 1999. The primary reasons for the declines were U.S. raw sugar prices which were 20 percent below historical levels, lower raw sugar production that resulted from continuing drought conditions on the island of Maui, and the write down of certain assets associated with the closure of the Company's raw sugar processing factory in Paia, Maui, which consolidated the processing operation into one factory. These factors were offset partially by benefit plan settlement gains, insurance-related gains at Hawaiian Commercial & Sugar Company ("HC&S"), the Company's raw sugar producing unit on Maui, and a profit turn around at Kauai Coffee.

Although HC&S harvested about the same number of acres, sugar production of approximately 210,000 tons in 2000 was eight percent lower than the prior year's production of 228,000 tons. Lower production was due to the drought conditions noted earlier.

As described in the 1999 Annual Report to Shareholders, the outlook for raw sugar prices in 2000 was not favorable and significantly lower earnings were expected. The average No. 14 domestic raw sugar price for 2000 was \$19.10/cwt. This was \$3.08/cwt. below 1999's price of \$22.18/cwt. and was the lowest level in 20 years. For 2001, HC&S has forward-priced 70 percent of its crop, which is expected to stabilize its raw sugar prices at approximately \$21/cwt.

HC&S' labor contract with the ILWU, which expired in January 2000, was renegotiated and extended for two years.

Results from Kauai Coffee showed a small profit for 2000, following a successful business re-engineering in 1999, which included the write-down of its orchards and processing equipment to fair values and the implementation of other business process improvements. In addition, sales and marketing efforts were improved during 2000.

#### 1999 COMPARED WITH 1998

Ocean Transportation revenue of \$778,535,000 increased four percent and operating profit of \$83,778,000 increased 26 percent in 1999, compared with 1998. Both increases were due primarily to higher container and automobile volume in the Hawaii Service. The increased revenue was offset partially by handling costs associated with the higher volume and by the adverse impact, in late 1999, of longshore labor disruptions on the West Coast and in Hawaii.

For the year, Matson's total Hawaii Service container volume, at 151,200 units in 1999, was five percent higher than 1998 container volume of 143,400 units. Matson's total Hawaii Service automobile volume, at 101,100 units, was 37 percent higher than 1998 automobile volume of 73,700 units.

Operating costs were higher in 1999 than in 1998, primarily reflecting higher freight volume, higher fuel and labor costs and lower productivity, due to labor disruptions. The longshore labor agreements on the West Coast and in Hawaii were renegotiated in 1999. The negotiation process involved work slowdowns, and in some instances work stoppages, that resulted in significant increases in operating expenses. New agreements were reached without any strikes; however, the new contracts contain significant wage and pension benefit increases during their three-year term.

Property Leasing revenue of \$53,910,000 for 1999 rose 21 percent compared with 1998 and operating profit of \$27,497,000 for 1999 increased 21 percent compared with 1998. The increase was due primarily to the contributions from properties acquired in 1999 and late in 1998, as well as higher occupancy rates. The full-year results in 1999 also benefited from a one-time buyout of a long-term ground lease. Occupancy rates for the Mainland properties averaged 94 percent in 1999, versus 91 percent in 1998. Occupancy levels for the Hawaii properties averaged 81 percent in 1999, versus 68 percent in 1998.

Property Sales revenue of \$48,036,000 for 1999 was considerably lower than the \$82,382,000 in sales recorded in 1998. Operating profit from property sales in 1999 of \$17,402,000 was 20 percent lower than the \$21,663,000 achieved in 1998. In context, however, 1998 represented the Company's highest level of property sales since 1989. Significant sales in 1999 included an office/research building in Seattle with net proceeds of \$25,130,000, two developed business parcels, three undeveloped parcels and 41 residential properties. Sales in 1998 included a large R&D and office complex in Cupertino, California, a remaining interest in a 14-acre parcel at Maui Business Park, five developed business parcels and 64 residential properties.

Food Products revenue of \$116,362,000 in 1999 compared with revenue of \$465,661,000 in 1998. Operating profit of \$11,310,000 in 1999 was 47 percent lower than the \$21,327,000 earned in 1998. Both reductions were due primarily to the December 1998 sale of the Company's majority interest in C&H and to operating losses at Kauai Coffee, partially offset by better performance at HC&S. Sugar production of about 228,000 tons in 1999, the highest level in a decade, was about 6 percent higher than in 1998.

#### FINANCIAL CONDITION AND LIQUIDITY

Liquid resources of the Company, comprising cash and cash equivalents, receivables, inventories and unused lines of credit, less accrued deposits to the Capital Construction Fund (CCF), totaled \$245,072,000 at December 31, 2000, a decrease of \$8,289,000 from December 31, 1999. This net reduction was primarily due to larger balances drawn on revolving credit facilities and higher accrued deposits to the CCF, partially offset by the renewal of a \$25

million credit facility which had expired in late 1999 and increased trade receivable balances.

Working capital was \$55,861,000 at December 31, 2000, a decrease of \$3,944,000 from a year earlier. The lower working capital was due primarily to higher current portion of debt and accrued liabilities and lower prepaid assets, partially offset by a larger inventory of real estate held for sale and higher trade receivables. The higher debt was the result of increased short-term borrowing on a working capital facility. The increased inventory of real estate held for sale was due to the completion of a residential development project on Maui. Trade receivables were higher than in the previous year, due to increased ocean transportation revenue and to the timing of billing cycles which overlap year-end. The fluctuations in accrued liabilities and prepaid assets were in the ordinary course of business.

Net cash provided by operations was \$104,278,000 and \$109,379,000 for 2000 and 1999, respectively. Net operating cash flows were used principally for capital expenditures, payments of debt, dividends, repurchases of capital stock and deposits into the CCF. Withdrawals from the CCF in 2000 were used principally for vessel modifications and equipment purchases.

Capital additions during 2000 were \$106,904,000, compared with \$103,513,000 in 1999. Ocean transportation capital additions in 2000 of \$40,190,000 were primarily for vessel modifications, technology investments and the acquisition of container and terminal equipment. Property development and management capital additions in 2000 of \$44,821,000, which included the reinvestment of \$22,703,000 of tax-deferred sales proceeds, were for development of commercial and residential real estate property, for the purchase of developed commercial property, and for improvements to leased properties. Food products capital additions in 2000 of \$21,677,000 were primarily for a panelboard processing facility, power generation, field equipment, and factory modifications.

Capital expenditures approved but not yet spent were \$92,679,000 at December 31, 2000. These expenditures are primarily for the conversion of the Company's leased Honolulu terminal facility to a partially wheeled operation, real estate developments held for investment purposes, containers and operating equipment and vessel modifications. For 2001, internal cash flows and short-term borrowing facilities are expected to be sufficient to finance working capital needs, dividends, capital expenditures and debt service.

#### OTHER MATTERS

**Tax-Deferred Real Estate Exchanges:** In 2000, the Company sold, on a tax-deferred basis, nine land parcels for \$35,569,000, the most significant of which were the Costco and Home Depot sites noted earlier. During the year, the Company reinvested \$22,703,000 in three replacement properties. At the end of 2000, approximately \$12,900,000 of tax-deferred sales had not been reinvested. These funds are held by a third party agent and are included in other non-current assets on the Balance Sheets. The proceeds from tax-deferred sales and the subsequent purchases of replacement property are reported in the Statement of Cash Flows under the caption "Non-cash Activities."

**Share Repurchases:** In 2000, the Company repurchased 2,378,195 shares of its common stock for an aggregate price of \$48,260,000 (average of \$20.29 per share). During 1999, it repurchased 1,564,500 shares of its common stock for about \$34,824,000 (average of \$22.26 per share). In January 2001, the Board of Directors authorized the repurchase of up to 1,000,000 additional shares of the Company's stock.

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

**Outlook:** Information about the Company's outlook for 2001 and its plans to address issues affecting primary business units are included in the Letter to Shareholders on pages 9 through 11 and in the business unit discussions included on pages 14 through 21 of the Annual Report to Shareholders, which sections are incorporated herein by reference.

**Year 2000:** Between 1997 and 2000, the Company expended approximately \$6,200,000 for remediation, replacements and other computer-related work in preparation for the year 2000 ("Y2K"). As a result of the Company's advance preparations and its execution of remedial plans, the Company did not experience any Y2K problems.

#### PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Company, from time to time, may make or may have made certain forward-looking statements, whether orally or in writing, such as forecasts and projections of the Company's future performance or statements of management's plans and objectives. Such forward-looking statements may be contained in, among other things, Securities and Exchange Commission (SEC) filings, such as the Forms 10-K, press releases made by the Company, the Company's Internet Web sites (including Web sites of its subsidiaries), and oral statements made by the officers of the Company. Except for historical information contained in these written or oral communications, such communications contain forward-looking statements. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to: (1) economic conditions in Hawaii and elsewhere; (2) market demand; (3) competitive factors and pricing pressures in the Company's primary markets; (4) legislative and regulatory environments at the federal, state and local levels, such as government rate regulations, land-use regulations, government administration of the U.S. sugar program, and modifications to or retention of cabotage laws; (5)

dependence on third-party suppliers; (6) fuel prices; (7) raw sugar prices; (8) labor relations; (9) risks associated with current or future litigation; and (10) other risk factors described elsewhere in these communications and from time to time in the Company's filings with the SEC.

## STATEMENTS OF INCOME

(In thousands, except per-share amounts)

Year Ended December 31,	2000	1999	1998
<b>REVENUE:</b>			
Ocean transportation	\$ 839,535	\$ 768,414	\$ 738,017
Property leasing	61,710	53,416	43,702
Property sales	46,158	47,894	82,167
Food products	102,229	113,680	465,433
Interest and dividends	19,014	16,594	14,156
<b>Total revenue</b>	<b>1,068,646</b>	<b>999,998</b>	<b>1,343,475</b>
<b>COSTS AND EXPENSES:</b>			
Cost of transportation services	687,223	628,104	612,856
Cost of property sales and leasing services	47,366	51,764	77,838
Cost of goods and agricultural services	98,820	105,052	429,329
Selling, general and administrative	88,270	86,354	103,386
Write-down of long-lived assets	--	15,410	20,216
Loss on partial sale of subsidiary	--	--	19,756
Interest	24,252	17,774	24,799
<b>Total costs and expenses</b>	<b>945,931</b>	<b>904,458</b>	<b>1,288,180</b>
<b>INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS</b>	<b>122,715</b>	<b>95,540</b>	<b>55,295</b>
Income taxes	44,391	32,961	24,352
<b>INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS</b>	<b>78,324</b>	<b>62,579</b>	<b>30,943</b>
Cumulative effect of change in accounting methods (see Note 2) (net of income taxes of \$7,668 in 2000 and of \$3,481 in 1998)	12,250	--	(5,801)
<b>NET INCOME</b>	<b>90,574</b>	<b>62,579</b>	<b>25,142</b>
Unrealized holding gains (losses) on securities (net of income taxes of \$7,525 in 2000, \$8,088 in 1999 and \$5,337 in 1998)	12,476	(13,868)	8,185
<b>COMPREHENSIVE INCOME</b>	<b>\$ 103,050</b>	<b>\$ 48,711</b>	<b>\$ 33,327</b>
<b>BASIC EARNINGS PER SHARE OF COMMON STOCK:</b>			
Before cumulative effect of accounting changes	\$ 1.92	\$ 1.45	\$ 0.69
Accounting changes	0.29	--	(0.13)
<b>Net income</b>	<b>\$ 2.21</b>	<b>\$ 1.45</b>	<b>\$ 0.56</b>
<b>DILUTED EARNINGS PER SHARE OF COMMON STOCK:</b>			
Before cumulative effect of accounting changes	\$ 1.91	\$ 1.45	\$ 0.69
Accounting changes	0.30	--	(0.13)
<b>Net income</b>	<b>\$ 2.21</b>	<b>\$ 1.45</b>	<b>\$ 0.56</b>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>	<b>40,898</b>	<b>43,206</b>	<b>44,760</b>

See notes to financial statements.

STATEMENTS OF CASH FLOWS  
(In thousands)

Year Ended December 31,	2000	1999	1998
<b>CASH FLOWS FROM OPERATIONS:</b>			
Net income	\$ 90,574	\$ 62,579	\$ 25,142
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	72,304	73,901	88,500
Gains on disposal of assets	(20,407)	(10,661)	(10,259)
Equity in (income) loss of affiliates	(6,859)	(3,002)	276
Write-down of long-lived assets	--	15,410	20,216
Loss on partial sale of subsidiary	--	--	19,756
Change in accounting methods (Note 2)	(12,250)	--	5,801
Changes in assets and liabilities:			
Accounts and notes receivable	(4,161)	(6,007)	7,859
Inventories	(1,219)	(1,326)	4,605
Prepaid expenses and other assets	(7,933)	(8,852)	(9,213)
Pension and post-retirement assets and obligations	(26,169)	(18,174)	(16,376)
Accounts and income taxes payable	9,305	10,436	5,345
Deferred income taxes payable	17,358	8,465	(8,248)
Other liabilities	10,235	(3,408)	3,840
Capital expenditures for real estate developments held for sale	(16,500)	(9,982)	(13,116)
<b>Net cash provided by operations</b>	<b>104,278</b>	<b>109,379</b>	<b>124,128</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures for property and developments	(84,201)	(68,606)	(100,593)
Receipts from disposal of income producing property, investments and other assets	3,877	3,688	4,818
Proceeds from recapitalization of subsidiary	--	--	83,841
Proceeds from partial sale of subsidiary	--	--	14,940
Deposits into Capital Construction Fund	(12,220)	(19,464)	(10,000)
Withdrawals from Capital Construction Fund	8,574	11,458	14,377
(Increase) decrease in investments - net	894	(3,285)	(7,745)
<b>Net cash used in investing activities</b>	<b>(83,076)</b>	<b>(76,209)</b>	<b>(362)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of long-term debt	98,500	39,500	30,000
Payments of long-term debt	(48,000)	(30,533)	(68,985)
Proceeds (payments) from short-term borrowings - net	10,500	(52,000)	40,000
Repurchases of capital stock	(48,260)	(34,824)	(20,838)
Proceeds from issuance of capital stock	2,961	101	1,575
Dividends paid	(36,785)	(38,899)	(40,323)
<b>Net cash used in financing activities</b>	<b>(21,084)</b>	<b>(116,655)</b>	<b>(58,571)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Net increase (decrease) for the year	118	(83,485)	65,195
Balance, beginning of year	3,333	86,818	21,623
<b>Balance, end of year</b>	<b>\$ 3,451</b>	<b>\$ 3,333</b>	<b>\$ 86,818</b>
<b>OTHER CASH FLOW INFORMATION:</b>			
Interest paid, net of amounts capitalized	\$ 24,663	\$ 17,772	\$ 26,890
Income taxes paid, net of refunds	31,807	34,213	34,672
<b>NON-CASH ACTIVITIES:</b>			
Tax-deferred property sales	35,569	34,883	67,258
Tax-deferred property purchases	22,703	34,907	85,896
Transfer of assets to joint venture	--	16,438	--
Securities retained in connection with partial sale of subsidiary	--	--	34,960

See notes to financial statements.



## BALANCE SHEETS

(In thousands, except per-share amount)

December 31,	2000	1999
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,451	\$ 3,333
Accounts and notes receivable:		
Trade, less allowances of \$6,579 and \$7,860	129,373	122,604
Other	12,180	14,033
Inventories:		
Sugar and coffee	4,435	4,543
Materials and supplies	12,702	11,384
Real estate held for sale	19,324	12,706
Deferred income taxes	13,186	16,260
Prepaid expenses and other assets	18,736	20,739
Accrued deposits to Capital Construction Fund	(4,520)	(3,152)
Total current assets	208,867	202,450
INVESTMENTS	183,141	158,726
REAL ESTATE DEVELOPMENTS	62,628	60,810
<b>PROPERTY:</b>		
Land	95,195	86,421
Buildings	271,314	241,009
Vessels	770,352	766,525
Machinery and equipment	534,894	510,407
Water, power and sewer systems	80,084	83,980
Other property improvements	56,355	60,244
Total	1,808,194	1,748,586
Less accumulated depreciation and amortization	853,502	819,959
Property - net	954,692	928,627
CAPITAL CONSTRUCTION FUND	150,405	145,391
PENSION ASSETS	50,476	40,987
OTHER ASSETS - NET	55,803	24,469
Total	\$1,666,012	\$1,561,460

See notes to financial statements.

	2000	1999
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Notes payable and current portion of long-term debt	\$ 30,500	\$ 22,500
Accounts payable	63,075	55,655
Payrolls and vacation due	18,170	16,699
Uninsured claims	11,514	12,742
Taxes other than income	3,456	4,414
Post-retirement benefit obligations - current portion	2,213	2,878
Accrued and other liabilities	24,078	27,757
<b>Total current liabilities</b>	<b>153,006</b>	<b>142,645</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt	330,766	277,570
Post-retirement benefit obligations	44,752	60,767
Uninsured claims	20,857	16,780
Other	35,841	34,381
<b>Total long-term liabilities</b>	<b>432,216</b>	<b>389,498</b>
<b>DEFERRED INCOME TAXES</b>	<b>387,139</b>	<b>358,354</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock - common stock without par value; authorized, 150,000 shares (\$.75 stated value per share); outstanding, 40,353 shares in 2000 and 42,526 shares in 1999	33,248	34,933
Additional capital	58,007	53,124
Unrealized holding gains on securities	61,937	49,461
Retained earnings	552,637	545,849
Cost of treasury stock	(12,178)	(12,404)
<b>Total shareholders' equity</b>	<b>693,651</b>	<b>670,963</b>
<b>Total</b>	<b>\$1,666,012</b>	<b>\$1,561,460</b>

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

Three Years Ended December 31, 2000

	Capital Stock				Additional Capital	Unrealized Holding Gains	Retained Earnings
	Issued		In Treasury				
	Shares	Stated Value	Shares	Cost			
Balance, December 31, 1997	49,026	\$ 36,769	4,145	\$ (12,897)	\$ 49,437	\$ 55,144	\$591,135
Changes in 1998:							
Shares repurchased and retired	(969)	(727)					(20,111)
Stock options exercised	67	50			1,558		(23)
Issued--incentive plans	8	6	(41)	346	951		
Unrealized holding gain on securities						8,185	
Net income							25,142
Cash dividends, \$0.90 per share							(40,323)
Balance, December 31, 1998	48,132	36,098	4,104	(12,551)	51,946	63,329	555,820
Changes in 1999:							
Shares repurchased and retired	(1,565)	(1,173)					(33,651)
Stock options exercised	5	4			97		
Issued--incentive plans	7	4	(51)	147	1,081		
Unrealized holding loss on securities						(13,868)	
Net income							62,579
Cash dividends, \$0.90 per share							(38,899)
Balance, December 31, 1999	46,579	34,933	4,053	(12,404)	53,124	49,461	545,849
CHANGES IN 2000:							
Shares repurchased and retired	(2,378)	(1,783)					(46,477)
Stock options exercised	126	94			3,378		(524)
Issued--incentive plans	4	4	(75)	226	1,505		
Unrealized holding gain on securities						12,476	
Net income							90,574
Cash dividends, \$0.90 per share							(36,785)
BALANCE, DECEMBER 31, 2000	44,331	\$ 33,248	3,978	\$ (12,178)	\$ 58,007	\$ 61,937	\$552,637

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of Alexander & Baldwin, Inc. and all wholly owned subsidiaries ("Company"), after elimination of significant intercompany amounts. Significant investments in businesses, partnerships and joint ventures in which the Company does not have control are accounted for under the equity method. Generally, these are investments in 20 to 50 percent owned businesses.

Segment Information: The Company has three operating segments: Ocean Transportation, Real Estate Development and Management, and Food Products. The Company reports segment information in the same way that management assesses segment performance. Additional information regarding these segments is found on page 26 and in Note 12.

Cash and Cash Equivalents: Cash equivalents are composed of all highly liquid investments with an original maturity of three months or less and which have no significant risk of change in value.

Inventories: Raw sugar and coffee inventories 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. Materials and supplies inventories are carried at historical cost, which is not greater than replacement cost.

Property: Property is stated at cost. Expenditures for major renewals and betterments are capitalized. Replacements, maintenance and repairs, which do not improve or extend asset lives, are charged to expense as incurred. Gains or losses from property disposals are included in the determination of net income.

As discussed in Note 2, the Company changed its accounting for drydocking costs in 2000. Costs of regularly scheduled drydocking of vessels and planned major vessel repairs performed during drydocking are capitalized and amortized over the periods benefited.

Coffee Orchards: Costs of developing coffee orchards are capitalized during the development period and depreciated over the estimated productive lives. In 1999, following the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," the Company reduced the carrying value of its coffee orchards and field and factory processing equipment. This is described further in Note 3.

Capitalized Interest: Interest costs incurred in connection with significant expenditures for real estate developments or the construction of assets are capitalized. Interest expense is shown net of capitalized interest on the Statements of Income, because the amounts are not significant.

Construction Expenditures: Expenditures for real estate developments are capitalized during construction and are classified as Real Estate Developments on the Balance Sheets. When construction is complete, the costs are reclassified as either Real Estate Held for Sale or Property, 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 either operating or investing activities, based upon the Company's intention to sell the property or to retain ownership of the property as an investment following completion of construction.

Depreciation: Depreciation is computed using the straight-line method. Estimated useful lives of property are as follows:

Classification	Range of Life (in years)
Buildings	10 to 50
Vessels	10 to 40
Marine containers	2 to 25
Terminal facilities	3 to 35
Machinery and equipment	3 to 35
Utility systems and other	5 to 60

Fair Values: The carrying values of current assets (other than inventories, real estate held for sale, deferred income taxes, and prepaid and other current assets) and of debt instruments are reasonable estimates of their fair values. Real estate is carried at the lower of cost or fair value. Fair 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 cash flows. For commercial property, market value is determined using recent comparable sales, tax assessments and cash flows. A large portion of the Company's real estate is undeveloped land located in Hawaii. This land has a cost basis which averages approximately \$150 per acre, a value which is much lower than fair value.

Impairments of Long-lived Assets: Long-lived assets are reviewed for possible impairment when events or circumstances indicate that the carrying value may not be recoverable. In such evaluation, the estimated future undiscounted cash flows generated by the asset are compared with the amount recorded for the asset to determine if a write-down may be required. If this review determines

that the recorded value will not be recovered, the amount recorded for the asset is reduced to estimated fair value. (See Note 3.)

**Voyage Revenue Recognition:** Voyage revenue and variable costs and expenses associated with voyages are included in income at the time each voyage leg commences. This method of accounting does not differ materially from other acceptable accounting methods. Freight rates are provided in tariffs filed with the Surface Transportation Board of the U.S. Department of Transportation.

**Real Estate Sales Revenue Recognition:** Sales are recorded when the risks and benefits of ownership have passed to the buyers (generally on closing dates), adequate down payments have been received, and collection of remaining balances is reasonably assured.

**Sugar and Coffee Revenue Recognition:** Revenue from bulk raw sugar sales is recorded when delivered to the cooperative of Hawaiian producers, based on the estimated net return to producers in accordance with contractual agreements. Revenue from coffee is recorded when the title to the product and risk of loss passes to third parties and when collection is reasonably assured.

**Non-voyage Ocean Transportation Costs:** Vessel depreciation, charter hire, terminal operating overhead and general and administrative expenses are charged to expense as incurred.

**Agricultural Costs:** Costs of growing and harvesting sugar cane are charged to the cost of production in the year incurred and to cost of sales as raw sugar is delivered to the cooperative of Hawaiian producers as allowed in Statement of Position No. 85-3. Costs of growing coffee are charged to inventory in the year incurred and to cost of sales as coffee is sold.

**Employee Benefit Plans:** Certain ocean transportation subsidiaries are members of the Pacific Maritime Association (PMA) and the Hawaii Stevedoring Industry Committee, which negotiate multi-employer pension plans covering certain shoreside bargaining unit personnel. The subsidiaries directly negotiate multi-employer pension plans covering other bargaining unit personnel. Pension costs are accrued in accordance with contribution rates established by the PMA, the parties to a plan or the trustees of a plan. Several trustee, non-contributory, single-employer defined benefit plans, a profit sharing plan and an individual deferred contribution plan cover substantially all other employees.

**Stock-based Compensation:** In 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." As allowed by that standard, the Company has elected to continue to apply the principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as discussed in Note 10.

**Income Taxes:** Deferred tax assets and liabilities are established for temporary differences between the way certain income and expense items are reported for financial reporting and tax purposes. Deferred tax assets and liabilities are adjusted to the extent necessary to reflect tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is established for deferred tax assets for which realization is not likely.

**Basic and Diluted Earnings per Share of Common Stock:** Basic Earnings per Share is determined by dividing Net Income by the weighted-average common shares outstanding during the year. The impact on Earnings per Share of the Company's stock options is immaterial; consequently, Diluted Earnings per Share is generally the same amount as Basic Earnings per Share.

**Comprehensive Income:** Comprehensive Income includes changes from either recognized transactions or other economic events, excluding capital stock transactions, which impact Shareholders' Equity. For the Company, the only difference between Net Income and Comprehensive Income is the unrealized holding gains on securities available for sale. Comprehensive Income is not used in the calculation of Earnings per Share.

**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 estimated reasonably.

**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 amounts reported in the financial statements and accompanying notes. Future actual amounts could differ from those estimates.

**Impact of Newly Issued Accounting Standards:** SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, establishes the accounting and reporting standards for derivative instruments and hedging activities. Adoption of the standard was required on January 1, 2001. The Company has reviewed its contracts and agreements, and has determined that adoption of this standard will not have a material effect on the financial statements.

The Company has adopted SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." SFAS No. 140 provides standards for transfers and servicing of financial assets and extinguishments of liabilities using a financial-components approach that focuses on control. While application of this standard is prospective, no significant changes in the Company's accounting practices are expected to result from its adoption.

**Reclassifications:** Certain amounts in the 1999 and 1998 financial statements have been reclassified to conform with the 2000 presentation.

## 2. CHANGE IN ACCOUNTING METHODS

2000 - Change in Accounting Method for Vessel Drydocking Costs: The Company changed its method of accounting for vessel drydocking costs, as of January 1, 2000, from the accrual method to the deferral method. Drydocking costs had been accrued as a liability and an expense on an estimated basis, in advance of the next scheduled drydocking. Subsequent payments for drydocking were charged against the accrued liability. Under the deferral method, actual drydocking costs are capitalized when incurred and amortized over the period benefited; generally, this is the period between scheduled drydockings. This method eliminates the uncertainty of estimating these costs. This change was made to conform with prevailing industry accounting practices. The cumulative effect of this accounting change, as of January 1, 2000, is shown separately in the Statements of Income and resulted in net income of \$12,250,000 (net of income tax expense of \$7,668,000) or \$0.29 per basic share.

The effect of this change in accounting method on the balance sheets was to increase other assets by \$4,765,000, eliminate drydocking reserves of \$15,153,000, increase deferred taxes by \$7,668,000, and increase total shareholders' equity by \$12,250,000. Had this change been applied retroactively, the impact on net income for 1999 and 1998 would not have been materially different from reported net income.

2000 - Change in Accounting for Certain Revenues and Expenses: The Company changed its method of presentation for certain freight services that are performed by third parties and billed by the Company to its customers. The expenses and related revenue for these services were previously reported on a net basis and were not reflected on the Statements of Income. Accordingly, operating revenue and expenses have been increased by \$38,059,000, \$31,874,000 and \$25,377,000 for 2000, 1999 and 1998, respectively.

The Company also changed its method of presentation for common area maintenance (CAM) costs. These costs, which are incurred by the Company but which are charged to tenants under various lease arrangements, were previously netted against Property Leasing Revenue. The Company now records CAM amounts in Costs of Leasing Services in the Statements of Income. Accordingly, Property Leasing Revenue and Costs of Leasing Services have been increased by \$11,246,000, \$8,852,000 and \$6,478,000 for 2000, 1999 and 1998, respectively.

These two changes were in response to the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," which provides guidance about the classification, on a gross basis, of revenues and expenses. These changes had no effect on earnings or segment operating profit. Revenue on pages 26 and 32 for Ocean Transportation and Property Leasing have been restated to reflect this change.

1998 - Change in Accounting Method for Insurance-related Assessments: The Company self-insures a portion of its federal workers' compensation liability. As such, the Company utilized the U.S. Department of Labor (DOL) second injury fund, as authorized by Section 8(f) of the U.S. Longshore and Harborworkers' Compensation Act. Under this Act, the DOL annually assesses self-insurers for their share of the related costs. Through 1997, these assessments were recorded as an expense in the years the amounts were assessed and paid. Effective January 1, 1998, the Company adopted the provisions of the American Institute of Certified Public Accountants Statement of Position 97-3, "Accounting by Insurance and Other Enterprises for Insurance-Related Assessments." This statement requires that the Company record, as a liability, the expected cost of future assessments relating to existing compensation claims made prior to the end of the fiscal year. In adopting this statement, the Company recorded a one-time, non-cash charge to 1998 earnings of \$5,801,000 (net of income tax benefit of \$3,481,000) or \$0.13 per basic share. The effect of the change on operating costs was not significant for the current or prior years. The discount rate, discounted liability, and undiscounted liability at December 31, 2000, 1999 and 1998 were as follows (amounts in thousands):

	2000	1999	1998
Discount Rate	6%	6.76%	5.43%
Discounted Liability	\$ 9,956	\$ 9,862	\$ 9,282
Undiscounted Liability	\$14,753	\$15,364	\$13,869

## 3. WRITE-DOWN OF LONG-LIVED ASSETS

1999 - The Company began growing coffee in Hawaii in 1987 as an alternative crop to sugar cane. Since inception, the Company's coffee operation continually has generated operating losses and negative cash flows. During the second half of 1999, the Company significantly reduced the coffee workforce and changed its coffee marketing and selling plans. To exacerbate the problem, coffee commodity prices dropped significantly in 1999 due to an oversupply of coffee in the marketplace. Because of continuing cash-flow losses, the ongoing viability of the coffee operation was evaluated again. As a result, the Company determined that the estimated future cash flows of the coffee operation were less than the carrying value of its productive assets, consisting mainly of orchards and field and processing equipment. Accordingly, a \$15,410,000 (pre-tax) charge was recorded to write down these productive assets to their fair value (i.e., present value of estimated future cash flows).

1998 - The Company changed the strategic direction of its 1,045-acre Kukui'Ula real estate development, from a single master-planned residential community to a series of individual subdivisions with fewer units, as a result of continued weaknesses in the State's and Kauai's economy and real estate markets. As a result, the Company determined that its investment in a waste water treatment plant (WWTP) could not be recovered through the WWTP's future cash flows; accordingly, the costs of the WWTP were reduced by \$15,900,000, to the plant's fair value, which was based on the present value of estimated future cash

flows. Under the original higher-density Kukui'Ula development plan, the cost of the WWTP would have been recoverable from its future cash flows. The changes in the development plan also resulted in the write-off of \$4,316,000 for design and study costs, which were determined to have no future economic benefit. The remaining carrying cost of the Kukui'Ula project is approximately \$29,650,000 and, based on current development plans, the Company has determined that this amount is recoverable from the project's future cash flows.

#### 4. INVESTMENTS AND PARTIAL SALE OF SUBSIDIARY

At December 31, 2000 and 1999, investments consisted principally of marketable equity securities, equity in affiliated companies, limited partnership interests and purchase-money mortgages, as follows (in thousands):

	2000	1999
Marketable equity securities	\$108,069	\$ 88,485
Equity in affiliated companies:		
California and Hawaiian Sugar Company, Inc. (C&H)	41,705	37,591
SSA Terminals, LLC (SSAT)	21,867	18,278
Sea Star Line, LLC (Sea Star)	7,586	8,429
Other	300	300
Limited partnership interests, purchase-money mortgages and other	3,614	5,643
<b>Total Investments</b>	<b>\$183,141</b>	<b>\$158,726</b>

Marketable Equity Securities: The marketable equity securities are classified as "available for sale" and are stated at quoted market values as traded on national exchanges. The unrealized holding gains on these securities, net of deferred income taxes, have been recorded as a separate component of Shareholders' Equity and Comprehensive Income.

The components of the net unrealized holding gains at December 31, 2000 and 1999 were as follows (in thousands):

	2000	1999
Market value	\$108,069	\$ 88,485
Less historical cost	9,761	10,173
Unrealized holding gains	98,308	78,312
Less deferred income taxes	36,371	28,851
<b>Net unrealized holding gains</b>	<b>\$ 61,937</b>	<b>\$ 49,461</b>

Equity in Affiliated Companies: On December 24, 1998, the Company recognized a loss of \$19,756,000 on the sale of a majority of its equity interest in its sugar refining and marketing unit, C&H. The Company received approximately \$45,000,000 in cash, after the repayment of certain C&H indebtedness, \$25,000,000 in senior preferred stock, and \$9,600,000 in junior preferred stock. The Company retained an approximately 36-percent common stock interest in the recapitalized C&H. The Company continues to hold all of C&H's senior preferred stock and 40 percent of C&H's junior preferred stock. Dividends on the senior and junior preferred stocks are cumulative. Through December 2003, dividends on the senior preferred stock may be paid either in cash or by issuance of additional shares of senior preferred stock. Shares of senior preferred stock received as dividends are valued at their estimated realizable values. C&H must redeem from the Company, at one thousand dollars per share, the outstanding senior preferred stock in December 2009 and outstanding junior preferred stock in December 2010. C&H is included in the consolidated results of the Company up to the date of the sale. The Company accounts for its investment in C&H under the equity method. Financial information for C&H as of and for the years ended December 31, 2000 and 1999 follows (in thousands):

CONDENSED BALANCE SHEETS	2000	1999
<b>ASSETS:</b>		
Current	\$117,687	\$ 82,707
Property and other	133,056	136,941
<b>Total</b>	<b>\$250,743</b>	<b>\$219,648</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current	\$ 62,702	\$ 39,044
Long-term debt and other	120,797	117,064
Shareholders' equity, including preferred stock	67,244	63,540
<b>Total</b>	<b>\$250,743</b>	<b>\$219,648</b>

CONDENSED STATEMENTS OF INCOME	2000	1999
Revenue	\$413,250	\$470,838
Cost and Expenses	409,545	463,454
<b>Net Income</b>	<b>\$ 3,705</b>	<b>\$ 7,384</b>

The Company has an investment in a limited liability corporation (LLC) with

Saltchuk Resources, Inc. and International Shipping Agency, Inc., named Sea Star Line, LLC, which operates an ocean transportation service between Florida and Puerto Rico. The Company charters two vessels to Sea Star Line, LLC. This investment represents a minority interest and is accounted for under the equity method.

The Company is part owner of an LLC with Stevedoring Services of America, named SSA Terminals, LLC, which provides stevedoring and terminal services at six terminals in three West Coast ports to the Company and other shipping lines. In 1999, each company contributed the assets of California and Seattle, Washington terminals to form the LLC. This investment represents a minority interest and is accounted for under the equity method.

The carrying amounts of investments in unconsolidated affiliated companies approximated their fair values at December 31, 2000 and 1999.

Limited Partnership Interests and Purchase-money Mortgages: The investments in limited partnerships are recorded at the lower of cost or fair value and purchase-money mortgages are recorded at cost. The purchase-money mortgages are intended to be held to maturity. The values of the investments in limited partnerships are assessed annually.

See Note 5 for a discussion of fair values of investments in the Capital Construction Fund.

## 5. 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 federal income tax deductions in the year made; however, they 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 and certain related equipment 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 a preference item for calculating federal alternative minimum taxable income. Deposits not committed for qualified purposes within 25 years from the date of deposit, will be treated as non-qualified withdrawals over the subsequent five years. As of December 31, 2000, the oldest CCF deposits date from 1994. Management believes that all amounts on deposit in the CCF at the end of 2000 will be used or committed for qualified purposes prior to the expiration of the applicable 25-year periods.

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 Sheets either as obligations of the Company's current assets or as receivables from the CCF.

The Company has classified its investments in the CCF as "held-to-maturity" and, accordingly, has not reflected temporary unrealized market gains and losses on 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, 2000 and 1999, the balances on deposit in the CCF are summarized as follows (in thousands):

	2000			1999		
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Amortized Cost	Fair Value	Unrealized Loss
Mortgage-backed securities	\$ 32,302	\$ 32,281	\$ (21)	\$ 37,086	\$ 35,843	\$ (1,243)
Cash and cash equivalents	113,583	113,871	288	105,153	104,958	(195)
Accrued deposits	4,520	4,520	--	3,152	3,152	
Total	\$150,405	\$150,672	\$ 267	\$145,391	\$143,953	\$ (1,438)

Fair value of the mortgage-backed securities was determined by an outside investment management company, based on experience trading identical or substantially similar securities. No central exchange exists for these securities; they are traded over-the-counter. The Company earned \$2,654,000 in 2000, \$3,152,000 in 1999, and \$4,514,000 in 1998 on its investments in mortgage-backed securities. The fair values of other CCF investments are based on quoted market prices. These other investments mature no later than December 2, 2002. Three securities classified as "held-to-maturity" were sold during 2000 for a combined loss of \$48,400. These securities no longer met authorized credit requirements. No securities classified as "held-to-maturity" were sold in 1999.

## 6. NOTES PAYABLE AND LONG-TERM DEBT



At December 31, 2000 and 1999, long-term debt consisted of the following (in thousands):

	2000	1999
Commercial paper, 2000 high 6.79%, low 5.66%	\$ 99,766	\$ 99,570
Bank variable rate loans, due after 2000, 2000 high 7.53%, low 6.06%	136,500	78,000
Term loans:		
7.29%, payable through 2007	52,500	60,000
7.42%, payable through 2009	20,000	--
7.43%, payable through 2007	15,000	15,000
7.57%, payable through 2009	15,000	15,000
7.55%, payable through 2009	15,000	15,000
7.65%, payable through 2001	7,500	10,000
8%, repaid in 2000	--	7,500
Total	361,266	300,070
Less current portion	30,500	22,500
Long-term debt	\$330,766	\$277,570

Commercial Paper: At December 31, 2000, \$99,766,000 of commercial paper notes was outstanding under a commercial paper program used by a subsidiary to finance the construction of a vessel. Maturities ranged from two to 24 days. The borrowings outstanding under this program are classified as long-term because the subsidiary intends to continue the program and, eventually, to repay the borrowings with qualified withdrawals from the Capital Construction Fund.

Variable Rate Loans: The Company has a revolving credit and term loan agreement with four commercial banks, whereby it may borrow up to \$140,000,000 under revolving loans to November 30, 2001, at varying rates of interest. Any revolving loan outstanding on that date may be converted into a term loan, which would be payable in 12 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, 2000 and 1999, \$113,500,000 and \$60,000,000, respectively, were outstanding under this agreement.

The Company has an uncommitted \$70,000,000 short-term revolving credit agreement with a commercial bank. This facility was increased from \$45,000,000 during 2000. The agreement extends to November 30, 2001, but may be canceled by the bank or the Company at any time. The amount which the Company may draw under the facility is reduced by the amount drawn against the bank under the previously referenced \$140,000,000 multi-bank facility, in which it is a participant, and by letters of credit issued under the \$70,000,000 uncommitted facility. At December 31, 2000 and 1999, \$7,500,000 and \$13,000,000, respectively, were outstanding under this agreement. Under the borrowing formula for this facility, the Company could have borrowed an additional \$22,700,000 at December 31, 2000.

The Company has a \$50,000,000 one-year revolving credit agreement with a commercial bank containing a two-year term option. At December 31, 2000 and 1999, \$15,500,000 and \$5,000,000, respectively, were outstanding under this agreement.

The Company has a \$25,000,000 one-year revolving credit agreement with a commercial bank which serves as a commercial paper liquidity back-up line. At December 31, 2000 and 1999, no amounts were outstanding under this agreement.

In 1999, the Company had an uncommitted \$25,000,000 revolving credit agreement with a commercial bank. That agreement expired December 31, 1999 and was replaced in January 2000 with a comparable uncommitted \$25,000,000 revolving credit agreement with another commercial bank.

Other Debt Agreements: The Company has a private shelf agreement for a total of \$65,000,000. At December 31, 2000 this full amount had been drawn. At December 31, 1999, \$20,000,000 had not been drawn on the facility. The amounts drawn on the agreement are included in term loans.

Long-term Debt Maturities: At December 31, 2000, maturities and planned prepayments of all long-term debt during the next five years is \$30,500,000 for 2001, \$7,500,000 for 2002, \$9,643,000 for 2003, \$12,500,000 for 2004 and \$17,500,000 for 2005.

## 7. LEASES

The Company as Lessee: Principal operating leases include office and terminal facilities, containers and equipment, leased for periods which expire between 2002 and 2052. 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 \$19,741,000, \$28,343,000 and \$45,519,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Future minimum payments under operating leases as of December 31, 2000 were as follows (in thousands):

	Operating Leases
2001	\$ 11,701
2002	11,884

2003	11,882
2004	11,865
2005	8,759
Thereafter	99,567
-----	
Total minimum lease payments	\$155,658
=====	

The Company 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 \$9,887,000 and \$9,344,000 at December 31, 2000 and 1999, respectively, included in other long-term liabilities, provides for a pro-rata portion of the principal due on these bonds.

The Company as Lessor: The Company leases land, buildings, land improvements, and five vessels under operating leases. Two of the vessels are chartered-out to an unconsolidated affiliate. The historical cost of and accumulated depreciation on leased property at December 31, 2000 and 1999 were as follows (in thousands):

	2000	1999
-----		
Leased property	\$621,860	\$571,640
Less accumulated amortization	154,467	129,465
-----		
Property under operating leases - net	\$467,393	\$442,175
=====		

Total rental income under these operating leases for the three years ended December 31, 2000 was as follows (in thousands):

	2000	1999	1998
-----			
Minimum rentals	\$ 98,607	\$ 93,275	\$ 79,268
Contingent rentals (based on sales volume)	1,917	1,244	1,079
-----			
Total	\$100,524	\$ 94,519	\$ 80,347
=====			

Future minimum rental income on non-cancelable leases at December 31, 2000 was as follows (in thousands):

	Operating Leases
-----	
2001	\$ 94,657
2002	90,913
2003	87,132
2004	81,211
2005	76,138
Thereafter	139,925
-----	
Total	\$569,976
=====	

#### 8. EMPLOYEE BENEFIT PLANS

The Company has funded single-employer defined benefit pension plans which cover substantially all non-bargaining unit employees.

In addition, 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 status of the funded defined benefit pension plans and the unfunded accumulated post-retirement benefit plans, at December 31, 2000, 1999 and 1998, is shown in Table 1 (page 47).

The net periodic benefit cost for the defined benefit pension plans and the post-retirement health care and life insurance benefit plans during 2000, 1999 and 1998 is summarized in Table 2 (page 48).

As described in Note 4, the Company sold a majority of its interest in C&H during 1998. The impact of this transaction on the benefit obligation and the plan assets is noted in Table 1. At the time of the transaction, C&H had recorded in its financial statements net obligations of \$12,300,000 and \$46,500,000 for its pension and post-retirement benefit plans, respectively.

The assumptions used to determine the benefit information were as follows:

	Pension Benefits			Other Post-retirement Benefits		
	-----			-----		
	2000	1999	1998	2000	1999	1998
	-----			-----		

Discounted rate	7.75%	7.75%	6.75%	7.75%	7.75%	6.75%
Expected return on plan assets	9.00%	9.00%	9.00%	--	--	--
Rate of compensation increase	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

For post-retirement benefit measurement purposes, a ten percent annual rate of increase in the per capita cost of covered health care benefits was assumed through 2001. The rate was assumed to decrease to five percent for 2002 and remain at that level thereafter. Unrecognized gains and losses of the post-retirement benefit plans are amortized over five years.

If the assumed health care cost trend rate were increased or decreased by one percentage point, the accumulated post-retirement benefit obligation, as of December 31, 2000, 1999 and 1998, and the net periodic post-retirement benefit cost for 2000, 1999 and 1998, would have increased or decreased as follows (in thousands):

	Other Post-retirement Benefits One Percentage Point					
	Increase			Decrease		
	2000	1999	1998	2000	1999	1998
Effect on total of service and interest cost components	\$ 196	\$ 416	\$ 689	\$ (226)	\$ (347)	\$ (583)
Effect on post-retirement benefit obligation	\$ 1,664	\$ 4,062	\$ 5,157	\$ (2,278)	\$ (3,388)	\$ (4,387)

The assets of the defined benefit pension 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 the Employee Retirement Income Security Act of 1974 (ERISA), as amended, 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 obligation, included with other non-current liabilities, relating to these unfunded plans, totaled \$12,597,000 and \$10,801,000 at December 31, 2000 and 1999, respectively. The annual expense associated with the non-qualified plans was not significant.

Total contributions to the multi-employer pension plans covering personnel in shoreside and seagoing bargaining units were \$3,027,000 in 2000, \$4,367,000 in 1999 and \$5,633,000 in 1998. Union collective bargaining agreements provide that total employer contributions during the terms of the agreements must be sufficient to meet the normal costs and amortization payments required to be funded during those periods. Contributions are generally based on union labor paid or cargo volume. 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 ERISA and are paying premiums to the Pension Benefit Guarantee Corporation (PBGC). The statutes provide that an employer who 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 Pacific Coast 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 \$971,000 as of December 31, 2000, 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.

Table 1 (in thousands)

	Pension Benefits			Other Post-retirement Benefits		
	2000	1999	1998	2000	1999	1998
CHANGE IN BENEFIT OBLIGATION						
Benefit obligation at beginning of year	\$ 218,189	\$ 229,573	\$ 354,883	\$ 47,836	\$ 55,298	\$ 91,112
Service cost	4,877	5,705	7,182	504	892	1,154

Interest cost	16,882	15,013	25,024	2,939	3,460	5,474
Plan participants' contributions	--	--	--	1,165	1,423	1,615
Actuarial (gain) loss	(2,016)	(25,177)	20,682	(2,652)	(8,198)	(8,482)
Sale of subsidiary	--	--	(158,758)	--	--	(29,615)
Benefits paid	(13,146)	(12,109)	(22,631)	(3,635)	(4,320)	(6,326)
Amendments	1,137	10,129	3,191	--	--	366
Settlements	8,602	(1,304)	--	(8,247)	--	--
Curtailements	--	(3,823)	--	--	(719)	--
Special or contractual termination benefits	475	182	--	--	--	--
-----						
Benefit obligation at end of year	235,000	218,189	229,573	37,910	47,836	55,298
-----						
CHANGE IN PLAN ASSETS						
Fair value of plan assets at beginning of year	381,090	338,267	443,249	--	--	--
Actual return on plan assets	(3,645)	56,236	72,646	--	--	--
Settlements	--	(1,304)	--	--	--	--
Sale of subsidiary	--	--	(154,997)	--	--	--
Benefits paid	(13,146)	(12,109)	(22,631)	--	--	--
-----						
Fair value of plan assets at end of year	364,299	381,090	338,267	--	--	--
-----						
ACCRUED ASSET OBLIGATION						
Plan assets less benefit obligation	129,299	162,901	108,694	(37,910)	(47,836)	(55,298)
Unrecognized net actuarial gain	(91,307)	(135,670)	(88,373)	(9,134)	(15,841)	(10,104)
Unrecognized transition asset	(63)	(183)	(876)	--	--	--
Unrecognized prior service cost	12,547	13,939	4,767	79	32	358
-----						
Accrued asset (obligation)	\$ 50,476	\$ 40,987	\$ 24,212	\$ (46,965)	\$ (63,645)	\$ (65,044)
=====						

Table 2 (in thousands)

	Pension Benefits			Other Post-retirement Benefits		
	2000	1999	1998	2000	1999	1998
-----						
COMPONENTS OF NET PERIODIC BENEFIT COST/(INCOME)						
Service cost	\$ 4,877	\$ 5,705	\$ 7,182	\$ 504	\$ 892	\$ 1,154
Interest cost	16,882	15,013	25,024	2,939	3,460	5,474
Expected return on plan assets	(33,651)	(29,922)	(38,862)	--	--	--
Recognition of net gain	(9,083)	(4,251)	(4,128)	(2,872)	(2,644)	(7,221)
Amortization of prior service cost	2,528	905	1,105	7	8	(359)
Amortization of unrecognized transition asset	(119)	(713)	(992)	--	--	--
Recognition of settlement (gain)/loss	8,602	53	--	(14,800)	--	--
Recognition of curtailment gain	--	(3,641)	--	--	(292)	--
-----						
Net periodic benefit cost/(income)	\$ (9,964)	\$ (16,957)	\$ (10,671)	\$ (14,222)	\$ 1,424	\$ (952)
=====						
Cost of termination benefits recognized	\$ 475	\$ 182	\$ --	\$ --	\$ --	\$ --
=====						

## 9. INCOME TAXES

The income tax expense for the three years ended December 31, 2000 consisted of the following (in thousands):

	2000	1999	1998
-----			
Current:			
Federal	\$ 26,186	\$ 21,035	\$ 28,877
State	847	3,461	3,723
-----			
Current	27,033	24,496	32,600
Deferred	17,358	8,465	(8,248)
-----			
Income tax expense	\$ 44,391	\$ 32,961	\$ 24,352
=====			

Income tax expense for the three years ended December 31, 2000 differs from amounts computed by applying the statutory federal rate to pre-tax income, for the following reasons (in thousands):

	2000	1999	1998
Computed income tax expense	\$ 42,950	\$ 33,439	\$ 19,353
State tax on income, less applicable federal tax	2,968	3,790	1,824
Low-income housing credits	(1,124)	(1,161)	(1,204)
Dividend exclusion	(954)	(860)	(931)
Prior years' tax settlement	--	(2,815)	--
Bases differences in net assets acquired	--	--	3,114
Other - net	551	568	2,196
Income tax expense	\$ 44,391	\$ 32,961	\$ 24,352

The tax effects of temporary differences that give rise to significant portions of the net deferred tax liability at December 31, 2000 and 1999 were as follows (in thousands):

	2000	1999
Property basis and depreciation	\$ 179,510	\$ 187,301
Tax-deferred gains on real estate transactions	104,033	93,966
Capital Construction Fund	58,704	52,374
Unrealized holding gains on securities	36,371	28,851
Pensions	19,447	15,913
Post-retirement benefits	(17,900)	(24,662)
Insurance reserves	(10,740)	(10,996)
Other - net	4,528	(653)
Total	\$ 373,953	\$ 342,094

The Internal Revenue Service (IRS) completed its examination of the Company's tax returns through 1997. In 1999, the Company reached an agreement with the IRS settling certain valuation issues relating to the Company's tax returns for 1992 through 1995. This agreement resulted in a one-time reduction of income tax expense of \$2,815,000, due to the reversal of previously accrued income tax liabilities. The IRS is currently auditing the Company's tax returns for 1998 and 1999. Management believes that the outcome of the current audit will not have a material effect on the Company's financial position or results of operations.

#### 10. STOCK OPTIONS AND CAPITAL STOCK

**Employee Stock Option Plans:** The Company has two stock option plans under which key employees are granted options to purchase shares of the Company's common stock. There are no longer any outstanding options under a third plan, which terminated in 1993.

Adopted in 1998, the Company's 1998 Plan provides for the issuance of non-qualified stock options to employees of the Company. Under the 1998 Plan, option prices may not be less than the fair market value of the Company's common stock on the dates of grant, and the options become exercisable over periods determined, at the dates of grant, by the committee that administers the plan (generally ratably over three years), and generally expire ten years from the date of grant. Payments for options exercised may be made in cash or in shares of the Company's stock. If an option to purchase shares is exercised within five years of the date of grant and if payment is made in shares of the Company's stock, the option holder may receive, under a reload feature, a new stock option grant for such number of shares as is equal to the number surrendered, with an option price not less than the greater of the fair market value of the Company's stock on the date of exercise or one and one-half times the original option price.

Adopted in 1989, the 1989 Plan is substantially the same as the 1998 Plan, except that each option is generally exercisable in-full one year after the date granted. The 1989 Plan terminated in January 1999, but options granted through 1997 remain exercisable.

The 1998 and 1989 Plans also permit the 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 vested fully upon issuance or may vest in one or more installments, upon such terms and conditions as are determined by the committee which administers the plans. The number of incentive shares issued during 2000 or outstanding at the end of the year was not material.

**Director Stock Option Plans:** The Company has two Directors' stock option plans. Under the 1998 Directors' Plan, 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 fair market value of the shares on the date of grant. Each option to purchase shares becomes exercisable in three successive annual installments of 1,000 shares beginning one year after the date granted.

The 1989 Directors' Plan is substantially the same as the 1998 Directors' Plan, except that each option generally becomes exercisable in-full one year after the date granted. This plan terminated in January 1999, but options granted through termination remain exercisable.

Changes in shares and the weighted average exercise prices for the three years ended December 31, 2000, were as follows (shares in thousands):

	Employee Plans			Directors' Plans		Total Shares	Weighted Average Exercise Price
	1998 Plan	1989 Plan	1983 Plan	1998 Directors' Plan	1989 Directors' Plan		
December 31, 1997	--	2,862	161	--	183	3,206	\$26.54
Granted	100	485	--	--	21	606	27.10
Exercised	--	(66)	--	--	--	(66)	23.91
Canceled	--	(18)	--	--	--	(18)	28.66
December 31, 1998	100	3,263	161	--	204	3,728	26.69
Granted	515	--	--	24	--	539	20.65
Exercised	--	(4)	--	--	--	(4)	22.02
Canceled	(2)	(373)	(161)	--	(15)	(551)	29.16
December 31, 1999	613	2,886	--	24	189	3,712	25.43
Granted	511	--	--	24	--	535	21.70
Exercised	(7)	(139)	--	--	--	(146)	23.79
Canceled	(31)	(340)	--	--	(21)	(392)	29.49
December 31, 2000	1,086	2,407	--	48	168	3,709	\$24.52
Exercisable	256	2,406	--	8	168	2,838	\$25.52

As of December 31, 2000, the Company had reserved 1,089,000 shares of its common stock for the exercise of options. Additional information about stock options outstanding as of 2000 year-end is summarized below (shares in thousands):

Range of Exercise Price	Shares Outstanding as of 12/31/2000	Weighted Average Remaining Contractual Years	Weighted Average Exercise Price	Shares Exercisable as of 12/31/2000	Weighted Average Price of Exercisable Options
\$ 0.00	5	4.00	\$ 0.00	--	\$ 0.00
\$20.01 - 22.00	1,254	7.30	\$21.32	428	\$21.41
\$22.01 - 24.00	397	6.00	\$23.10	357	\$23.04
\$24.01 - 26.00	572	1.70	\$24.39	572	\$24.39
\$26.01 - 28.00	1,058	4.70	\$27.03	1,058	\$27.03
\$28.01 - 30.00	325	1.50	\$28.35	325	\$28.35
\$30.01 - 34.88	98	4.50	\$33.51	98	\$33.51
\$ 0.00 - 34.88	3,709	5.00	\$24.52	2,838	\$25.52

ACCOUNTING METHOD FOR STOCK-BASED COMPENSATION: The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations, to account for its stock-based compensation plans. Accordingly, no compensation cost is recognized in the Company's income statement for stock option plans at the time grants are awarded. Pro forma information regarding net income and earnings per share is required, using the fair value method, by SFAS No. 123, "Accounting for Stock-based Compensation."

The fair value of options granted for the three years ended December 31, 2000 reported below have been estimated using a Black-Scholes option pricing model. This model was developed for use in estimating the fair value of traded options which do not have vesting requirements and which are fully transferable. The Company's options have characteristics significantly different from those of traded options. The following assumptions were used in determining the pro-forma amounts:

	2000	1999	1998
Stock volatility	25.0%	24.8%	25.1%
Expected term from grant date (in years)	6.7	6.5	5.8
Risk-free interest rate	6.0%	5.0%	5.0%
Forfeiture discount	0.3%	0.2%	0.3%
Dividend yield	3.4%	4.0%	4.0%

Based upon the above assumptions, the computed annual weighted average fair value of employee stock options granted during 2000, 1999 and 1998 was \$5.54, \$4.63 and \$5.84, respectively, per option.

Had compensation cost for the stock options granted during the past three years been based on the estimated fair value at grant dates, as prescribed by SFAS No. 123, the Company's pro forma net income and net income per share would have been as follows (in thousands, except per share amounts):

2000                      1999                      1998

Net Income:			
As reported	\$ 90,574	\$ 62,579	\$ 25,142
Pro forma	\$ 89,060	\$ 61,108	\$ 23,127
Net Income Per Share:			
Basic, as reported	\$ 2.21	\$ 1.45	\$ 0.56
Basic, pro forma	\$ 2.18	\$ 1.42	\$ 0.51
Diluted, as reported	\$ 2.21	\$ 1.45	\$ 0.56
Diluted, pro forma	\$ 2.17	\$ 1.42	\$ 0.51

The pro forma disclosures of net income and earnings per share are not likely to be representative of the pro forma effects on future net income or earnings per share, because the number of future shares which may be issued is not known, shares vest over several years, and assumptions used to determine the fair value can vary significantly.

**SHAREHOLDER RIGHTS PLAN:** 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.

**SHARE REPURCHASES:** During 2000, the Company purchased and retired 2,378,195 shares of its stock, at an average per-share price of \$20.29. During 1999, the Company purchased and retired 1,564,500 shares, at an average per-share price of \$22.26.

#### 11. RELATED PARTY TRANSACTIONS, COMMITMENTS AND CONTINGENCIES

At December 31, 2000, the Company and its subsidiaries had an unspent balance of total appropriations for capital expenditures of approximately \$92,679,000. However, there are no contractual obligations to spend this entire amount.

The Company has arranged for standby letters of credit totaling \$25,237,000. This includes letters of credit, totaling approximately \$14,000,000, which enable the Company to qualify as a self-insurer for state and federal workers' compensation liabilities. The amount also includes a letter of credit of \$7,596,000 for workers' compensation claims incurred by C&H employees, under a now-closed self-insurance plan, prior to December 24, 1998 (see Note 4). The Company only would be called upon to honor this letter of credit in the event of C&H's insolvency. The remaining letters of credit are for insurance-related matters, construction performance guarantees and other routine operating matters.

C&H, in which A&B has a 36-percent common stock interest, is a party to a long-term sugar supply contract with Hawaiian Sugar & Transportation Cooperative (HSTC), a raw sugar marketing and transportation cooperative that is partially owned by the Company. Under the terms of this contract, C&H 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 Company delivered to HSTC raw sugar totaling \$64,455,000, \$83,412,000 and \$79,422,000, during 2000, 1999 and 1998, respectively. The Company has guaranteed up to \$15,000,000 of HS&TC's \$35,000,000 working capital line.

The Company's operating expenses in 2000 and 1999 include approximately \$99,151,000 and \$46,856,000, respectively, paid to an unconsolidated affiliate.

A subsidiary has guaranteed obligations of \$22,500,000 of an unconsolidated affiliate in which it has a minority interest.

In 1999, a subsidiary transferred assets with a value of \$16,438,000 to an unconsolidated joint venture.

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.

#### 12. INDUSTRY SEGMENTS

Industry segment information on page 26, is incorporated herein by reference.

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision-making group is made up of the president and lead executives of the Company and each of the Company's segments. The lead executive for each operating segment manages the profitability, cash flows and assets of his or her respective segment's various product or service lines and businesses. The operating segments are managed separately, because each operating segment represents a strategic business unit that offers different products or services and serves different markets.

The Company's reportable operating segments include Ocean Transportation, Property Development and Management and Food Products. The Ocean Transportation segment carries freight between various United States and Canadian West Coast, Hawaii and other Pacific ports; holds investments in ocean transportation and terminal service businesses (see Note 4); and provides terminal and cargo logistics services. The Property Development and Management

segment develops, manages and sells residential, commercial and industrial properties. The Food Products segment grows and processes raw sugar and molasses; invests in a sugar refining and marketing business (see Note 4); grows, mills and markets coffee; and generates and sells electricity.

The accounting policies of the operating segments are the same as those described in the summary of significant policies. Reportable segments are measured based on operating profit, exclusive of non-operating or unusual transactions, interest expense, general corporate expenses and income taxes.



Quarterly Results (Unaudited)

Segment results by quarter for 2000 and 1999 are listed below (in thousands, except per-share amounts):

	2000				1999			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
<b>Revenue:</b>								
Ocean transportation 1	\$216,124	\$220,759	\$213,584	\$200,225	\$211,766	\$193,798	\$196,508	\$176,463
Property development and management:								
Leasing 1	16,778	15,522	15,287	14,518	14,622	12,893	12,884	13,511
Sales	3,848	14,435	24,987	3,052	4,940	7,985	27,179	7,932
Food products	23,877	34,294	34,504	13,666	31,279	39,812	37,269	8,002
Other	848	776	798	764	977	726	726	726
<b>Total revenue</b>	<b>\$261,475</b>	<b>\$285,786</b>	<b>\$289,160</b>	<b>\$232,225</b>	<b>\$263,584</b>	<b>\$255,214</b>	<b>\$274,566</b>	<b>\$206,634</b>
<b>Operating Profit (Loss):</b>								
Ocean transportation	\$ 19,819	\$ 26,106	\$ 27,914	\$ 19,893	\$ 18,299	\$ 21,896	\$ 25,318	\$ 18,265
Property development and management:								
Leasing	7,863	7,467	7,606	7,184	6,919	6,562	6,394	7,622
Sales	(862)	5,472	18,917	701	323	1,590	9,949	5,540
Food products	4,613	2,901	(2,060)	2,068	2,992	4,828	2,019	1,471
Other	756	745	764	709	911	693	690	650
<b>Total operating profit</b>	<b>32,189</b>	<b>42,691</b>	<b>53,141</b>	<b>30,555</b>	<b>29,444</b>	<b>35,569</b>	<b>44,370</b>	<b>33,548</b>
Write-down of Assets 2	--	--	--	--	(15,410)	--	--	--
Interest Expense	(6,285)	(6,661)	(5,959)	(5,347)	(4,669)	(4,209)	(4,369)	(4,527)
General Corporate Expenses	(3,009)	(2,392)	(2,706)	(3,502)	(3,286)	(3,941)	(3,100)	(3,880)
<b>Income Before Income Taxes and Accounting Change</b>	<b>22,895</b>	<b>33,638</b>	<b>44,476</b>	<b>21,706</b>	<b>6,079</b>	<b>27,419</b>	<b>36,901</b>	<b>25,141</b>
Income taxes	(8,349)	(12,284)	(16,233)	(7,525)	(1,063)	(8,943)	(13,652)	(9,303)
Change in accounting method (net of income taxes of \$7,668) 1	--	--	--	12,250	--	--	--	--
<b>Net Income</b>	<b>\$ 14,546</b>	<b>\$ 21,354</b>	<b>\$ 28,243</b>	<b>\$ 26,431</b>	<b>\$ 5,016</b>	<b>\$ 18,476</b>	<b>\$ 23,249</b>	<b>\$ 15,838</b>
<b>Earnings Per Share:</b>								
Basic	\$ 0.36	\$ 0.53	\$ 0.69	\$ 0.63	\$ 0.12	\$ 0.43	\$ 0.54	\$ 0.36
Diluted	\$ 0.36	\$ 0.52	\$ 0.69	\$ 0.63	\$ 0.12	\$ 0.43	\$ 0.54	\$ 0.36

1 See Note 2 for discussion of changes in presentation and accounting method.

2 See Note 3 for discussion of the write-down of Kauai Coffee assets in 1999.

ALEXANDER & BALDWIN, INC.

OFFICERS

All positions as of December 31, 2000

All ages as of March 31, 2001

Charles M. Stockholm (68)  
Chairman of the Board

W. Allen Doane (53)  
President and  
Chief Executive Officer

C. Bradley Mulholland (59)  
Executive Vice President

James S. Andrasick (57)  
Senior Vice President, Chief Financial Officer and Treasurer

Meredith J. Ching (44)  
Vice President (Government & Community Relations)

John F. Gasher (67)  
Vice President  
(Human Resources)

G. Stephen Holaday (56)  
Vice President (Plantation General Manager, HC&S)

John B. Kelley (55)  
Vice President (Corporate Planning & Investor Relations)

Stanley M. Kuriyama (47)  
Vice President (Properties Group)  
(Chief Executive Officer and  
Vice Chairman of the Board,  
A&B Properties, Inc.)

Michael J. Marks (62)  
Vice President, General Counsel  
and Assistant Secretary

Thomas A. Wellman (42)  
Controller and  
Assistant Treasurer

Alyson J. Nakamura (35)  
Secretary

MATSON NAVIGATION COMPANY, INC.

OFFICERS

Charles M. Stockholm (68)  
Chairman of the Board

W. Allen Doane (53)  
Vice Chairman of the Board

C. Bradley Mulholland (59)  
President and  
Chief Executive Officer

Raymond J. Donohue (64)  
Senior Vice President and  
Chief Financial Officer

Gary J. North (56)  
Senior Vice President (Operations)  
(President and Chief Operating Officer, Matson Terminals, Inc.)

Kevin C. O'Rourke (54)  
Senior Vice President and General Counsel

Paul E. Stevens (48)  
Senior Vice President (Marketing)

Richard S. Bliss (62)  
Vice President (Area Manager, Pacific Northwest)

Robert L. Dawdy (56)  
Vice President  
(West Coast Operations)

Branton B. Dreyfus (47)  
Vice President  
(Area Manager, Hawaii)

Ronald J. Forest (45)  
Vice President  
(President &  
Chief Executive Officer,  
Matson Intermodal System, Inc.)

Philip M. Grill (53)  
Vice President  
(Government Relations)

Dale B. Hendler (47)  
Vice President  
(E-Commerce and Technology)

Merle A. K. Kelai (69)  
Vice President  
(Community Relations and Government Affairs)

Judith A. Williams (57)  
Vice President (Corporate Planning & Development)

Michael J. Marks (62)  
Secretary

Timothy H. Reid (54)  
Treasurer

Joseph A. Palazzolo (52)  
Controller

ALEXANDER & BALDWIN, INC.  
HONOLULU, HAWAII

PRINCIPAL SUBSIDIARIES AND AFFILIATES<sup>1</sup>

Division:  
Hawaiian Commercial & Sugar Company  
Puunene, Maui

Subsidiaries:  
A&B Development  
Company (California)  
San Francisco

A&B Properties, Inc.  
Honolulu

East Maui Irrigation Company, Limited  
Puunene, Maui

Hawaiian Duragreen, Inc.  
Puunene, Maui

Kukui'Ula Development Company, Inc.  
Poipu, Kauai

Matson Navigation Company, Inc.  
San Francisco

Subsidiaries:  
Matson Intermodal System, Inc.  
San Francisco

Matson Logistics Solutions, Inc.  
San Francisco

Matson Services  
Company, Inc.  
San Francisco

Matson Terminals, Inc.  
San Francisco

McBryde Sugar Company, Limited  
Eleele, Kauai

Subsidiary:  
Kauai Coffee  
Company, Inc.  
Eleele, Kauai

Kahului Trucking & Storage, Inc.  
Kahului, Maui

Kauai Commercial Company, Incorporated  
Puhi, Kauai

Hawaiian Sugar & Transportation Cooperative<sup>2</sup>  
Puunene, Maui

C&H Sugar Company, Inc.<sup>3</sup>  
Crockett, California

<sup>1</sup> Wholly owned, unless otherwise indicated

<sup>2</sup> A cooperative, owned with other Hawaii sugar companies

<sup>3</sup> An affiliated company, approximately 40 percent owned by A&B

## 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 26, 2001.

### INVESTOR INFORMATION

Corporate news releases, the annual report and other information about the Company are available at A&B's Web site on the Internet:  
[www.alexanderbaldwin.com](http://www.alexanderbaldwin.com).

Shareholders having questions about A&B are encouraged to write to Allen Doane, President and Chief Executive Officer; or Alyson J. Nakamura, Corporate Secretary.

Inquiries from professional investors may be directed to John B. Kelley, Vice President, Investor Relations, phone (808) 525-8422, e-mail: [invrel@abinc.com](mailto:invrel@abinc.com).

### 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 Alyson J. Nakamura, Corporate Secretary, Alexander & Baldwin, Inc., P.O. Box 3440, Honolulu, HI 96801-3440.

### TRANSFER AGENT & REGISTRAR

Mellon Investor Services, San Francisco, California, and Ridgefield Park, New Jersey.

For questions regarding stock certificates, dividends, or other transfer-related matters, representatives of the Transfer Agent may be reached at 1-800-356-2017 between 8 a.m. and 8 p.m., Eastern Time, or via its Web site, [www.mellon-investor.com](http://www.mellon-investor.com). Correspondence may be sent to: P.O. Box 3315, So. Hackensack, NJ 07606.

### AUDITORS

Deloitte & Touche LLP, Honolulu, Hawaii.

### COMMON STOCK

A&B common shares trade under the symbol ALEX on The Nasdaq Stock Market<sup>SM</sup>. A summary of daily stock transactions is listed in the Nasdaq National Market Issues section of major newspapers. Trading volume averaged 98,900 shares a day in 2000, compared with 105,800 in 1999 and 109,400 in 1998. Currently, 16 firms make a market in ALEX.

High and low sales prices per share, by quarter, for 2000 and 1999 were:

Quarter	2000	1999
First	\$22-25/32 - 17-15/16	\$23-1/8 - 18-5/8
Second	24-5/8 - 19-1/4	24 - 19
Third	27-1/2 - 21-7/8	27-1/8 - 21-3/4
Fourth	28-1/4 - 21-5/8	25-3/8 - 21-3/8

### 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 most recent increase in the quarterly dividend rate was effective in the first quarter of 1998, from 22 cents a share to 22.5 cents. In 2000, total dividend payments to shareholders were \$36.8 million, 41 percent of reported net income for the year. The following dividend schedule for 2001 has been set, subject to final approval by the A&B Board of Directors:

Quarterly Dividend	Declaration Date	Record Date	Payment Date
First	Jan. 25	Feb. 15	March 1
Second	April 26	May 7	June 7
Third	June 28	Aug. 2	Sept. 6
Fourth	Oct. 25	Nov. 8	Dec. 6

### GENERAL INFORMATION

#### BOARD OF DIRECTORS

Members of the Board of Directors beneficially own approximately two percent of A&B shares.

The Annual Meeting of Shareholders on April 27, 2000, was the 100th regular Annual Meeting of A&B's shareholders. At that meeting, the shareholders reelected a total of 10 directors, all of whom were nominated by the Board. Reelected were Michael J. Chun, Leo E. Denlea, Jr., W. Allen Doane, Walter A. Dods, Jr., Charles G. King, Carson R. McKissick, C. Bradley Mulholland, Lynn M. Sedway, Maryanna G. Shaw and Charles M. Stockholm. R. J. Pfeiffer, previously Chairman of the Board and a director, continues to hold the honorary position of Chairman Emeritus.

#### MANAGEMENT, ORGANIZATION

On June 1, 2000, James S. Andrasick joined A&B as senior vice president, chief financial officer and treasurer.

At year-end 2000, A&B had 2,029 employees, versus 2,050 at year-end 1999.

#### CREDIT RATINGS

As discussed in Note 6 to the financial statements, Matson had outstanding commercial paper notes totaling \$99.8 million at December 31, 2000. The Matson notes are rated A-1, P-1 and D-1 by Standard & Poor's, Moody's Investor Service and Fitch IBCA, Duff & Phelps, respectively. Standard & Poor's rates Matson's senior debt as A-.

#### STOCK INDEXES

The stock of A&B is included in the Dow Jones Transportation Index, the Dow Jones Composite Index, the Dow Jones Marine Transportation Index, the Dow Jones Sustainability Group Index and the S&P MidCap 400 Index.



ALEXANDER & BALDWIN, INC.  
 Subsidiaries as of February 28, 2001

Name of Subsidiary -----	State or Other Jurisdiction Under Which Organized -----
A & B Development Company (California)	California
A & B Properties, Inc.	Hawaii
ABHI-Crockett, Inc.	Hawaii
McBryde Sugar Company, Limited	Hawaii
Subsidiary:	
Kauai Coffee Company, Inc.	Hawaii
East Maui Irrigation Company, Limited	Hawaii
Hawaiian DuraGreen, Inc.	Hawaii
Kahului Trucking & Storage, Inc.	Hawaii
Kauai Commercial Company, Incorporated	Hawaii
Kukui'Ula Development Company, Inc.	Hawaii
Subsidiary:	
South Shore Community Services LLC	Hawaii
Matson Navigation Company, Inc.	Hawaii
Subsidiaries:	
Matson Intermodal System, Inc.	Hawaii
Matson Logistics Solutions, Inc.	Hawaii
Matson Services Company, Inc.	Hawaii
Matson Terminals, Inc.	Hawaii
WDCI, INC.	Hawaii

NOTE: Certain A&B subsidiaries, which considered in the aggregate do not constitute a significant subsidiary, have been omitted.

INDEPENDENT AUDITORS' CONSENT

Alexander & Baldwin, Inc.:

We consent to the incorporation by reference in Registration Statements 33-31922, 33-31923, 33-54825, and 333-69197 of Alexander & Baldwin, Inc. and its subsidiaries on Form S-8 of our reports dated January 25, 2001, 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, 2000.

/s/ Deloitte & Touche LLP  
Deloitte & Touche LLP  
Honolulu, Hawaii  
March 26, 2001