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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 14, 2012

ALEXANDER & BALDWIN, INC.

(Exact name of registrant as specified in its charter)

Hawaii	000-00565	99-0032630
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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

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

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

Alexander & Baldwin, Inc. (the "Company") is filing this Current Report on Form 8-K to recast the presentation of its consolidated financial statements that were initially filed with the Securities and Exchange Commission ("SEC") on February 25, 2011 in its Annual Report on Form 10-K for the year ended December 31, 2010 (the "Form 10-K"). The recasting reflects the reclassification of the Company's second China string ("CLX2") and various property sales as discontinued operations.

In August 2011, the Company finalized a decision to terminate CLX2 due to the longer-term outlook for sustained high fuel prices and increasingly volatile Transpacific rates. In connection with the termination of this service, the results of operation for the CLX2 component have been reclassified to discontinued operations for all periods presented. Additionally, the revenue and expenses of Arbor Park Shopping Center, a retail property in Texas; Wakea Business Center II, a commercial facility on Maui; and a leased Maui property have been reclassified to discontinued operations since they were sold in 2011.

The SEC requires a registrant to include or incorporate by reference in a registration statement filed with the SEC under the Securities Act of 1933, recasted information for previously issued financial statements whenever a component of the registrant is reflected as discontinued operations in financial statements for subsequent periods. Accordingly, the Company is revising and including in this Form 8-K the following portions of the Form 10-K:

- Part II, Item 6. Selected Financial Data;
- Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; and
- Part II, Item 8. Financial Statements and Supplementary Data

In order to preserve the nature and character of the disclosures set forth in the Form 10-K, the items included in this Form 8-K have been updated solely for matters relating specifically to the reclassification of CLX2 and the Company's property sales as discontinued operations as described above. No attempt has been made in the Form 8-K, and it should not be read, to modify or update other disclosures, other than the omission of the "Outlook" section, as presented in the Form 10-K to reflect events or occurrences after the date of the filing of the Form 10-K. Therefore, this Form 8-K should be read in conjunction with the Form 10-K and the Company's filings made with the SEC subsequent to the filings of the Form 10-K. References in the attached exhibits to the Form 10-K or parts thereof refer to the Form 10-K, except to the extent portions of such Form 10-K have been recast in this Form 8-K, in which case, they refer to the applicable recast portion in this Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

23	Consent of Independent Registered Public Accounting Firm
99.1	Updated Selected Financial Data, Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Financial Statements and Supplementary Data of the Company’s Annual Report on Form 10-K for the year ended December 31, 2010

SIGNATURE

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

Date: February 14, 2012

ALEXANDER & BALDWIN, INC.

/s/ Joel M. Wine
Joel M. Wine
Senior Vice President,
Chief Financial Officer and Treasurer

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-121194, as amended by Post-Effective Amendment No.1 filed on April 26, 2007, 333-166539 and 333-142384 on Form S-8 of our report dated February 25, 2011 (February 14, 2012 as to the effects of the discontinued operations as discussed in Note 1) relating to the consolidated financial statements of Alexander & Baldwin, Inc., and the effectiveness of Alexander & Baldwin, Inc.'s internal control over financial reporting, appearing in this Current Report on Form 8-K of Alexander & Baldwin, Inc. dated February 14, 2012.

/s/ DELOITTE & TOUCHE LLP

Honolulu, Hawaii
February 14, 2012

PART II **Exhibit 99.1**

ITEM 6. SELECTED FINANCIAL DATA

The following financial data should be read in conjunction with Item 8, "Financial Statements and Supplementary Data," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Reported amounts below have been adjusted to include the effect of discontinued operations (dollars and shares in millions, except shareholders of record and per-share amounts):.

	2010	2009	2008	2007	2006
Revenue:					
Transportation:					
Ocean transportation	$ 1,045.0	$ 888.6	$ 1,023.7	$ 1,006.9	$ 945.8
Logistics services	355.6	320.9	436.0	433.5	444.2
Less amounts reported in discontinued operations[1]	(28.5)	--	--	--	--
Real Estate:					
Leasing	94.4	103.2	107.8	108.5	100.6
Sales	136.1	125.6	350.2	117.8	97.3
Less amounts reported in discontinued operations[1]	(126.7)	(136.6)	(164.6)	(142.6)	(140.7)
Agribusiness[5]	163.9	107.0	124.3	123.7	127.4
Reconciling Items[2]	(26.3)	(16.3)	(10.7)	(9.2)	(14.2)
Total revenue	$ 1,613.5	$ 1,392.4	$ 1,866.7	$ 1,638.6	$ 1,560.4
Operating Profit:					
Transportation:					
Ocean transportation[3]	$ 99.4	$ 58.3	$ 105.8	$ 126.5	$ 105.6
Logistics services	7.2	6.7	18.5	21.8	20.8
Less amounts reported in discontinued operations[1]	19.3	--	--	--	--
Real Estate:					
Leasing	35.3	43.2	47.8	51.6	50.3
Sales[3]	50.1	39.1	95.6	74.4	49.7
Less amounts reported in discontinued operations[1]	(54.5)	(59.2)	(77.1)	(78.4)	(70.0)
Agribusiness[5]	6.1	(27.8)	(12.9)	0.2	6.9
Total operating profit	162.9	60.3	177.7	196.1	163.3
Interest expense, net[4]	(25.5)	(25.9)	(23.7)	(18.8)	(15.0)
General corporate expenses	(23.3)	(21.8)	(21.0)	(27.3)	(22.3)
Income from continuing operations before income taxes	114.1	12.6	133.0	150.0	126.0
Income taxes	44.7	5.0	48.2	56.6	47.1
Income from continuing operations	69.4	7.6	84.8	93.4	78.9
Income (loss) from discontinued operations	22.7	36.6	47.6	48.8	43.6
Net Income	$ 92.1	$ 44.2	$ 132.4	$ 142.2	$ 122.5

[1] Prior year amounts restated for amounts treated as discontinued operations. Discontinued operations for Transportation reflect the amounts related to the Company's termination of its second China service (CLX2).

[2] Includes inter-segment revenue, interest income, and other income classified as revenue for segment reporting purposes.

[3] The Ocean Transportation segment includes approximately $12.8 million, $6.2 million, $5.2 million, $10.7 million, and $13.3 million of equity in earnings from its investment in SSAT for 2010, 2009, 2008, 2007, and 2006, respectively. Matson's CLX2 service was terminated in the third quarter of 2011 and is reflected as discontinued operations. The losses from CLX2 shown as discontinued operations were $19.3 million in 2010. The Real Estate Sales segment includes approximately $2.0 million, $9.0 million, $22.6 million, and $14.4 million in equity in earnings from its various real estate joint ventures for 2010, 2008, 2007, and 2006, respectively. Equity in earnings from joint ventures in 2009 was negligible.

[4] Includes Ocean Transportation interest expense of $8.2 million for 2010, $9.0 million for 2009, $11.6 million for 2008, $13.9 million for 2007, and $13.3 million for 2006. Substantially all other interest expense was incurred at the parent company.

[5] Includes a $4.9 million gain in 2010 related to a crop disaster relief payment for drought experienced in prior years and a $5.4 million gain recorded upon consolidation of HS&TC in 2009.

SELECTED FINANCIAL DATA (CONTINUED)

	2010	2009	2008	2007	2006
Identifiable Assets:					
Transportation:					
Ocean transportation[6]	**$ 1,095.5**	$ 1,095.2	$ 1,153.9	$ 1,215.0	$ 1,185.3
Logistics services	**73.8**	72.4	74.2	58.6	56.4
Real Estate:					
Leasing	**739.4**	627.4	590.2	595.4	525.5
Sales[6]	**420.8**	415.6	344.6	408.9	295.0
Agribusiness	**150.3**	156.8	172.2	174.6	168.7
Other	**14.8**	12.2	15.1	26.6	20.3
Total assets	**$ 2,494.6**	$ 2,379.6	$ 2,350.2	$ 2,479.1	$ 2,251.2
Capital Expenditures:					
Transportation:					
Ocean transportation	**$ 69.4**	$ 12.7	$ 35.5	$ 65.8	$ 217.1
Logistics services[7]	**1.8**	0.6	2.4	2.0	1.7
Real Estate:					
Leasing[8]	**164.7**	108.8	100.2	124.5	93.0
Sales[9]	**0.1**	0.1	0.6	0.3	1.3
Agribusiness	**6.8**	3.4	15.2	20.5	15.0
Other	**0.3**	0.3	0.8	0.3	1.5
Total capital expenditures	**$ 243.1**	$ 125.9	$ 154.7	$ 213.4	$ 329.6
Depreciation and Amortization:					
Transportation:					
Ocean transportation	**$ 69.0**	$ 67.1	$ 66.1	$ 63.2	$ 58.1
Logistics services	**3.2**	3.5	2.3	1.5	1.5
Real Estate:					
Leasing[1]	**20.0**	17.5	13.4	9.4	7.4
Sales	**0.2**	0.3	0.2	0.2	0.1
Agribusiness	**12.7**	11.9	11.5	10.7	10.1
Other	**2.2**	5.1	7.2	7.6	7.6
Total depreciation and amortization	**$ 107.3**	$ 105.4	$ 100.7	$ 92.6	$ 84.8

[6] The Ocean Transportation segment includes approximately $52.9 million, $47.2 million, $44.6 million, $48.6 million, and $49.8 million related to its investment in SSAT as of December 31, 2010, 2009, 2008, 2007, and 2006, respectively. The Real Estate Sales segment includes approximately $274.8 million, $193.3 million, $162.1 million, $134.1 million, and $98.4 million related to its investment in various real estate joint ventures as of December 31, 2010, 2009, 2008, 2007, and 2006, respectively.

[7] Excludes expenditures related to Matson Integrated Logistics' acquisitions, which are classified as acquisition of businesses in Cash Flows from Investing Activities within the Consolidated Statements of Cash Flows.

[8] Represents gross capital additions to the leasing portfolio, including gross tax-deferred property purchases that are reflected as non-cash transactions in the Consolidated Statements of Cash Flows.

[9] Excludes expenditures for real estate developments held for sale which are classified as Cash Flows from Operating Activities within the Consolidated Statements of Cash Flows. Operating cash flows for expenditures related to real estate developments were $22 million, $6 million, $39 million, $110 million, and $69 million for 2010, 2009, 2008, 2007, and 2006, respectively.

SELECTED FINANCIAL DATA (CONTINUED)

	2010	2009	2008	2007	2006
Earnings per share:					
From continuing operations:					
Basic	**$ 1.68**	$ 0.19	$ 2.05	$ 2.20	$ 1.83
Diluted	**$ 1.67**	$ 0.19	$ 2.04	$ 2.17	$ 1.81
Net income:					
Basic	**$ 2.23**	$ 1.08	$ 3.21	$ 3.34	$ 2.84
Diluted	**$ 2.22**	$ 1.08	$ 3.19	$ 3.30	$ 2.81
Return on beginning equity	**8.5%**	4.1%	11.7%	13.8%	12.1%
Cash dividends per share	**$ 1.26**	$ 1.26	$ 1.235	$ 1.12	$ 0.975
At Year End					
Shareholders of record	**3,079**	3,197	3,269	3,381	3,506
Shares outstanding	**41.3**	41.0	41.0	42.4	42.6
Long-term debt – non-current	**$ 386**	$ 406	$ 452	$ 452	$ 401

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

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

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. These statements are "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be contained in, among other things, SEC filings, such as the Forms 10-K, 10-Q and 8-K, the Annual Report to Shareholders, 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 include, for example, all references to 2011 or future years. New risk factors emerge from time to time and it is not possible for the Company to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of future results and 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 the factors that are described in Part I, Item 1A under the caption of "Risk Factors" of this Form 10-K, which section is incorporated herein by reference. The Company is not required, and undertakes no obligation, to revise or update forward-looking statements or any factors that may affect actual results, whether as a result of new information, future events, or circumstances occurring after the date of this report.

OVERVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a discussion of the Company's financial condition, results of operations, liquidity and certain other factors that may affect its future results from the perspective of management. The discussion that follows is intended to provide information that will assist in understanding the changes in the Company's financial statements from year to year, the primary factors that accounted for those changes, and how certain accounting principles, policies and estimates affect the Company's financial statements. MD&A is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and the accompanying notes to the financial statements. MD&A is presented in the following sections:

- Business Overview
- Critical Accounting Estimates
- Consolidated Results of Operations
- Analysis of Operating Revenue and Profit by Segment
- Liquidity and Capital Resources
- Contractual Obligations, Commitments, Contingencies and Off-Balance-Sheet Arrangements
- Other Matters

BUSINESS OVERVIEW

Alexander & Baldwin, Inc. ("A&B"), founded in 1870, is a multi-industry corporation headquartered in Honolulu that operates in five segments in three industries—Transportation, Real Estate, and Agribusiness.

Transportation: The Transportation Industry consists of Ocean Transportation and Logistics Services segments. The Ocean Transportation segment, which is conducted through Matson Navigation Company, Inc. ("Matson"), a wholly-owned subsidiary of A&B, is an asset-based business that derives its revenue primarily through the carriage of containerized freight between various U.S. Pacific Coast, Hawaii, Guam, China and other Pacific island ports. Additionally, the Ocean Transportation segment has a 35 percent interest in an entity (SSA Terminals, LLC or "SSAT") that provides terminal and stevedoring services at U.S. Pacific Coast facilities.

The Logistics Services segment, which is conducted through Matson Integrated Logistics, Inc. (“MIL”), a wholly-owned subsidiary of Matson, is a non-asset based business that is a provider of domestic and international rail intermodal service (“Intermodal”), long-haul and regional highway brokerage, specialized hauling, flat-bed and project work, less-than-truckload, expedited/air freight services, and warehousing and distribution services (collectively “Highway”). Warehousing and distribution services are provided by Matson Global Distribution Services, Inc. (“MGDS”), a wholly-owned subsidiary of MIL. MGDS’s operations also include Pacific American Services, LLC (“PACAM”), a San Francisco bay-area regional warehousing, packaging, and distribution company.

The Transportation Industry accounted for 78 percent, 54 percent, and 47 percent of the revenue, operating profit, and identifiable assets, respectively, in 2010 on a consolidated basis before discontinued operations.

Real Estate: The Real Estate Industry consists of two segments, both of which have operations in Hawaii and on the U.S. Mainland. The Real Estate Sales segment generates its revenues through the development and sale of land and commercial and residential properties. The Real Estate Leasing segment owns, operates, and manages retail, office, and industrial properties. Real estate activities are conducted through A&B Properties, Inc. and various other subsidiaries and affiliates of A&B.

The Real Estate Industry accounted for 13 percent, 43 percent, and 47 percent of the revenue, operating profit, and identifiable assets, respectively, in 2010 on a consolidated basis before discontinued operations.

Agribusiness: Agribusiness, which contains one segment, produces bulk raw sugar, specialty food grade sugars, molasses, green coffee and roasted coffee; markets and distributes green coffee, roasted coffee, and specialty food-grade sugars; provides general trucking services, mobile equipment maintenance, and repair services in Hawaii; and generates and sells, to the extent not used in the Company’s Agribusiness operations, electricity. The Company also is the sole member in Hawaiian Sugar & Transportation Cooperative (“HS&TC”), a cooperative that provides raw sugar marketing and transportation services. HS&TC was consolidated with the Company’s results beginning December 1, 2009.

In December 2010, the Company entered into an agreement to lease land and sell certain assets used in the coffee business to Massimo Zanetti Beverage USA, Inc. (“MZB”), including intangible assets. The assets will be sold at book value, or an approximate price of $15 million. The transaction, which is not expected to result in a gain or loss, is subject to certain material contingencies and, assuming the satisfaction of those conditions, is expected to close in the first quarter of 2011. The Company will retain fee simple ownership of the land, buildings, power generation, and power distribution assets.

The Agribusiness Industry accounted for 9 percent, 3 percent, and 6 percent of the revenue, operating profit, identifiable assets in 2010, respectively, on a consolidated basis before discontinued operations.

CRITICAL ACCOUNTING ESTIMATES

The Company’s significant accounting policies are described in Note 1 to the Consolidated Financial Statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, upon which the MD&A is based, requires that management exercise judgment when making estimates and assumptions about future events that may affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with certainty and actual results will, inevitably, differ from those critical accounting estimates. These differences could be material.

The Company considers an accounting estimate to be critical if: (i)(a) the accounting estimate requires the Company to make assumptions that are difficult or subjective about matters that were highly uncertain at the time that the accounting estimate was made, (b) changes in the estimate are reasonably likely to occur in periods subsequent to the period in which the estimate was made, or (c) use of different estimates by the Company could have been used, and (ii) changes in those assumptions or estimates would have had a material impact on the financial condition or results of operations of the Company. The critical accounting estimates inherent in the preparation of the Company’s financial statements are described below.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets: The Company's long-lived assets, including finite-lived intangible assets, are reviewed for possible impairment when events or circumstances indicate that the carrying value may not be recoverable. In such an evaluation, the estimated future undiscounted cash flows generated by the asset are compared with the amount recorded for the asset to determine if its carrying value is not recoverable. If this review determines that the recorded value will not be recovered, the amount recorded for the asset is reduced to estimated fair value. The Company has evaluated certain long-lived assets, including intangible assets, for impairment; however, no impairment charges were recorded in 2010, 2009, and 2008 as a result of this process. These asset impairment loss analyses are highly subjective because they require management to make assumptions and apply considerable judgments to, among others, estimates of the timing and amount of future cash flows, expected useful lives of the assets, uncertainty about future events, including changes in economic conditions, changes in operating performance, changes in the use of the assets, and ongoing costs of maintenance and improvements of the assets, and thus, the accounting estimates may change from period to period. If management uses different assumptions or if different conditions occur in future periods, the Company's financial condition or its future operating results could be materially impacted.

Impairment of Investments: The Company's investments in unconsolidated affiliates are reviewed for impairment whenever there is evidence that fair value may be below carrying cost. An investment is written down to fair value if fair value is below carrying cost and the impairment is other-than-temporary. In evaluating the fair value of an investment, the Company reviews probability-weighted discounted projected cash flows associated with the investment and other relevant information. In evaluating whether an impairment is other-than-temporary, the Company considers all available information, including the length of time and extent of the impairment, the financial condition and near-term prospects of the affiliate, the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value, and projected industry and economic trends, among others.

Significant estimates and considerable judgments are involved in determining the fair value of an investment and assessing whether any identified impairment is other-than-temporary. These estimates and judgments are based, in part, on the Company's current and future evaluation of economic conditions in general, as well as a joint venture's current and future plans. These impairment calculations are highly subjective because they also require management to make assumptions and apply judgments to estimates of the timing and amount of future cash flows, probabilities related to various cash flow scenarios, and appropriate discount rates based on the perceived risks, among others. Changes in these and other assumptions could affect the projected operational results and fair value of the unconsolidated affiliates, and accordingly, may require valuation adjustments to the Company's investments that may materially impact the Company's financial condition or its future operating results. For example, if current market conditions deteriorate significantly or a joint venture's plans change materially, impairment charges may be required in future periods, and those charges could be material.

In 2010, the Company evaluated certain investments for impairment. As a result of this process, the Company recorded an impairment loss of approximately $1.9 million related to its Santa Barbara joint venture investment. Continued weakness in the real estate sector or difficulty in obtaining or renewing project-level financing may affect the value or feasibility of certain development projects owned by the Company or by its joint ventures and could lead to additional impairment charges in the future.

Legal Contingencies: The Company's results of operations could be affected by significant litigation adverse to the Company, including, but not limited to, liability claims, construction defect claims, antitrust claims, and claims related to coastwise trading matters. The Company records accruals for legal matters when the information available indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Management makes adjustments to these accruals to reflect the impact and status of negotiations, settlements, rulings, advice of counsel and other information and events that may pertain to a particular matter. Predicting the outcome of claims and lawsuits and estimating related costs and exposure involves substantial uncertainties that could cause actual costs to vary materially from those estimates. In making determinations of likely outcomes of litigation matters, the Company considers many factors. These factors include, but are not limited to, the nature of specific claims including unasserted claims, the Company's experience with similar types of claims, the jurisdiction in which the matter is filed, input from outside legal counsel, the likelihood of resolving the matter through alternative dispute resolution mechanisms and the matter's current status. A detailed discussion of significant litigation matters is contained in Note 13 to the Consolidated Financial Statements.

Allowance for Doubtful Accounts: Receivables are recorded net of an allowance for doubtful accounts. The Company estimates future write-offs based on delinquencies, credit ratings, aging trends, and historical experience. The Company believes the allowance for doubtful accounts is adequate to cover anticipated losses; however, significant deterioration in any of the aforementioned factors or in general economic conditions could change these expectations, and accordingly, the Company's financial condition or its future operating results could be materially impacted.

Revenue Recognition for Certain Long-term Real Estate Developments: As discussed in Note 1 to the Consolidated Financial Statements, revenues from real estate sales are generally recognized when sales are closed and title, risk and rewards passes to the buyer. For certain real estate sales, the Company and its joint venture partners account for revenues on long-term real estate development projects that have material continuing post-closing involvement, such as Kukui`ula, using the percentage-of-completion method. Following this method, the amount of revenue recognized is based on the percentage of development costs that have been incurred through the reporting period in relation to total expected development cost associated with the subject property. Accordingly, if material changes to total expected development costs or revenues occur, the Company's financial condition or its future operating results could be materially impacted.

Self-Insured Liabilities: The Company is self-insured for certain losses related to, including, but not limited to, employee health, workers' compensation, general liability, real and personal property, and real estate construction warranty and defect claims. Where feasible, the Company obtains third-party excess insurance coverage to limit its exposure to these claims. When estimating its self-insured liabilities, the Company considers a number of factors, including historical claims experience, demographic factors, current trends, and analyses provided by independent third-parties. Periodically, management reviews its assumptions and the analyses provided by independent third-parties to determine the adequacy of the Company's self-insured liabilities. The Company's self-insured liabilities contain uncertainties because management is required to apply judgment and make long-term assumptions to estimate the ultimate cost to settle reported claims and claims incurred, but not reported, as of the balance sheet date. If management uses different assumptions or if different conditions occur in future periods, the Company's financial condition or its future operating results could be materially impacted.

Goodwill: The Company reviews goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and also reviews goodwill for impairment annually. In estimating the fair value of a reporting unit, the Company uses a combination of a discounted cash flow model and fair value based on market multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"). The discounted cash flow approach requires the Company to use a number of assumptions, including market factors specific to the business, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time, long-term growth rates for the business, and a discount rate that considers the risks related to the amount and timing of the cash flows. Although the assumptions used by the Company in its discounted cash flow model are consistent with the assumptions the Company used to generate its internal strategic plans and forecasts, significant judgment is required to estimate the amount and timing of future cash flows from the reporting unit and the risk of achieving those cash flows. When using market multiples of EBITDA, the Company must make judgments about the comparability of those multiples in closed and proposed transactions. Accordingly, changes in assumptions and estimates, including, but not limited to, changes driven by external factors, such as industry and economic trends, and those driven by internal factors, such as changes in the Company's business strategy and its internal forecasts, could have a material adverse effect on the Company's business, financial condition and results of operations.

Pension and Post-Retirement Estimates: The estimation of the Company's pension and post-retirement expenses and liabilities requires that the Company make various assumptions. These assumptions include the following key factors:

- Discount rates
- Expected long-term rate of return on pension plan assets
- Salary growth
- Health care cost trend rates
- Inflation
- Retirement rates
- Mortality rates
- Expected contributions

Actual results that differ from the assumptions made with respect to the above factors could materially affect the Company's financial condition or its future operating results. The effects of changing assumptions are included in unamortized net gains and losses, which directly affect accumulated other comprehensive income. Additionally, these unamortized gains and losses are amortized and reclassified to income (loss) over future periods.

The 2010 net periodic costs for qualified pension and post-retirement plans were determined using a discount rate of 6.25 percent. The benefit obligations for qualified pension and post-retirement plans, as of December 31, 2010, were determined using a discount rate of 5.75 percent. For the Company's non-qualified benefit plans, the 2010 net periodic cost was determined using a discount rate of 5.00 percent and the December 31, 2010 obligation was determined using a discount rate of 4.5 percent. The discount rate used for determining the year-end benefit plan obligation was generally calculated using a weighting of expected benefit payments and rates associated with high-quality U.S. corporate bonds for each year of expected payment to derive a single estimated rate at which the benefits could be effectively settled at December 31, 2010, rounded to the nearest quarter percent.

The estimated return on plan assets of 8.25 percent was based on historical trends combined with long-term expectations, the mix of plan assets, asset class returns, and long-term inflation assumptions. One-, three-, and five-year pension returns were 15.3 percent, -3.5 percent, and 3.5 percent, respectively. The Company's long-term rate of return (since inception in 1989) was 8.6 percent.

As of December 31, 2010, the Company's post-retirement obligations were measured using an initial 10 percent health care cost trend rate, decreasing by 1 percent annually until the ultimate rate of 5 percent is reached in 2016.

Lowering the expected long-term rate of return on the Company's qualified plan assets by one-half of one percent would have increased pre-tax pension expense for 2010 by approximately $1.2 million. Lowering the discount rate assumption by one-half of one percentage point would have increased pre-tax pension expense by approximately $2.0 million. Additional information about the Company's benefit plans is included in Note 10 to the Consolidated Financial Statements.

As of December 31, 2010, the market value of the Company's defined benefit plan assets totaled approximately $285 million, compared with $260 million as of December 31, 2009. The recorded net pension liability was approximately $70 million as of December 31, 2010 and approximately $62 million as of December 31, 2009. The Company expects to make contributions totaling $4 million to certain of its defined benefit pension plans in 2011. In 2010, the Company contributed approximately $6 million to its pension plans. There were no contributions required in 2009.

Income Taxes: The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of tax credits, tax benefits and deductions, and in the calculation of certain deferred tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Significant changes to these estimates may result in an increase or decrease to the Company's tax provision in a subsequent period.

In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertain tax positions taken or expected to be taken with respect to the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with management's expectations could materially affect the Company's financial condition or its future operating results.

Recent Accounting Pronouncements: See Note 1 to the Consolidated Financial Statements for a full description of the impact of recently issued accounting standards, which is incorporated herein by reference, including the expected dates of adoption and estimated effects on the Company's results of operations and financial condition.

CONSOLIDATED RESULTS OF OPERATIONS

The following analysis of the consolidated financial condition and results of operations of Alexander & Baldwin, Inc. and its subsidiaries (collectively, the "Company") should be read in conjunction with the consolidated financial statements and related notes thereto. Amounts in this narrative are rounded to millions, but per-share calculations and percentages were calculated based on thousands. Accordingly, a recalculation of some per-share amounts and percentages, if based on the reported data, may be slightly different than the more accurate amounts included herein.

(dollars in millions, except per-share amounts)	**2010**	Chg.	2009	Chg.	2008
Operating Revenue	**$ 1,614**	16%	$ 1,392	-25%	$ 1,867
Operating Costs and Expenses	**1,488**	10%	1,358	-21%	1,727
Operating Income	**126**	4X	34	-76%	140
Other Income and (Expense)	**(12)**	-45%	(22)	3X	(8)
Income Taxes	**45**	9X	5	-90%	48
Discontinued Operations (net of taxes)*	**23**	-38%	37	-23%	48
Net Income	**$ 92**	2X	$ 44	-67%	$ 132
Basic Earnings Per Share	**$ 2.23**	2X	$ 1.08	-66%	$ 3.21
Diluted Earnings Per Share	**$ 2.22**	2X	$ 1.08	-66%	$ 3.19

* See discussion of discontinued operations on page 22.

2010 vs. 2009

Operating Revenue for 2010 increased 16 percent, or $222 million, to $1,614 million. Ocean Transportation revenue increased 14 percent, principally due to higher overall volumes and yields, principally in the China trade, as well as higher fuel surcharge revenues resulting from higher fuel prices. Agribusiness revenue increased 57 percent, primarily due to higher sugar prices and higher sales volume. Logistics Services revenue increased 11 percent, principally due to higher Intermodal and Highway volumes. Real Estate Leasing revenue increased 14 percent in 2010 (after subtracting leasing revenue from assets classified as discontinued operations), primarily due to acquisitions, partially offset by lower mainland renewal rents. Real Estate Sales revenue decreased 13 percent in 2010 (after subtracting revenue from discontinued operations) due principally to lower property sales. The reasons for business- and segment-specific year-to-year fluctuations in revenue growth are further described below in the Analysis of Operating Revenue and Profit by Segment.

Because of the recurring nature of property sales, the Company views changes in Real Estate Sales and Real Estate Leasing revenues on a year-over-year basis before the reclassification of revenue to discontinued operations to be more meaningful in assessing segment performance. Additionally, due to the timing of sales for development properties and the mix of properties sold, management believes performance is more appropriately assessed over a multi-year period. Year-over-year comparisons of revenue are also not complete without the consideration of results from the Company's investment in its real estate joint ventures, which are not included in consolidated operating revenue, but are included in segment operating profit. The Analysis of Operating Revenue and Profit by Segment that follows, provides additional information on changes in Real Estate Sales revenue and operating profit before reclassifications to discontinued operations.

Operating Costs and Expenses for 2010 increased by 10 percent, or $130 million, to $1,488 million. Ocean Transportation costs increased 9 percent, primarily due to higher vessel operating expenses and higher terminal handling costs. Logistics Services cost increased 12 percent due primarily to higher purchased transportation costs. Agribusiness costs increased 15 percent due principally to a higher volume of sugar sold. Real Estate Sales and Leasing costs increased by 11 percent, primarily due to property acquisitions. Selling, General and Administrative costs ("SG&A") increased 3 percent due principally to higher non-qualified benefit expenses related to the retirement of certain senior executives. The reasons for changes in business- and segment-specific year-to-year fluctuations in operating costs, which affect segment operating profit, are more fully described below in the Analysis of Operating Revenue and Profit by Segment.

Other Income and Expense: Other expense in 2010 decreased $10 million, compared with 2009, due primarily to a $5 million crop disaster relief payment for drought experienced in prior years, a $4 million gain related to the settlement of a non-performing mortgage note acquired as an investment, $2 million in higher real estate joint venture income, and a $2 million increase in interest income in 2010. The decrease in other expense was partially offset by a $5 million gain recorded in 2009 upon consolidation of HS&TC (as further described in Note 3 to the Consolidated Financial Statements).

Income Taxes were higher in 2010 compared with 2009 on an absolute basis due principally to higher income. The effective tax rate in 2010 was lower than the rate in 2009 due principally to non-deductible expenses in both periods that had a lesser impact on the 2010 effective rate because of the higher income relative to 2009.

2009 vs. 2008

Operating Revenue for 2009 decreased 25 percent, or $475 million, to $1,392 million. Real Estate Sales revenue decreased 93 percent in 2009 (after subtracting revenue from discontinued operations) due principally to sales at the Company's Keola La'i condominium project in 2008. Ocean Transportation revenue decreased 13 percent, principally due to lower Hawaii volumes, lower China yields and lower fuel surcharge revenues, partially offset by improved Hawaii service yields and cargo mix. Logistics Services revenue decreased 26 percent, principally due to lower volumes and yields, partially offset by revenue from MGDS's warehousing and distribution business, which acquired PACAM in August 2008. Agribusiness revenue decreased 18 percent, primarily due to lower power sales volume and pricing and lower bulk raw sugar sales volume. Real Estate Leasing revenue increased 8 percent in 2009 (after subtracting leasing revenue from assets classified as discontinued operations), primarily due to property acquisitions, partially offset by lower mainland occupancy and rents. The reasons for business- and segment-specific year-to-year fluctuations in revenue growth are further described below in the Analysis of Operating Revenue and Profit by Segment.

Operating Costs and Expenses for 2009 decreased by 21 percent, or $369 million, to $1,358 million. Real Estate Sales and leasing costs decreased by 76 percent, primarily related to cost of sales for condominiums sold at Keola La'i in 2008, partially offset by higher depreciation expenses on commercial properties. Logistics Services cost decreased 27 percent due primarily to lower volumes. Ocean Transportation costs decreased 10 percent, primarily due to lower volume-related expenses, partially offset by higher contractual stevedoring rates and higher vessel repair costs. Selling, General and Administrative costs ("SG&A") decreased 6 percent due principally to cost reduction initiatives, including workforce and benefit reductions, as well as lower performance-based compensation. Agribusiness costs decreased 2 percent due principally to personnel cost savings and lower volume of sugar sold. These cost decreases were partially offset by a $24 million year-over-year increase in non-cash pension expense, which is embedded in the segment figures, and was principally due to plan asset losses in 2008. The reasons for changes in business- and segment-specific year-to-year fluctuations in operating costs, which affect segment operating profit, are more fully described below in the Analysis of Operating Revenue and Profit by Segment.

Other Income and Expense: Other expense in 2009 increased $14 million in 2009 compared with 2008, due primarily to $9 million in lower real estate joint venture income, an $8 million gain on a fire insurance settlement recognized in 2008, and $1 million in higher interest expense in 2009 resulting from lower capitalized interest and a higher weighted-average interest rate, partially offset by a $5 million gain recorded upon consolidation of HS&TC (as further described in Note 3 to the Consolidated Financial Statements).

Income Taxes were lower in 2009 compared with 2008 on an absolute basis due principally to lower income. The effective tax rate in 2009 was higher than the rate in 2008 principally due to an adjustment to prior year taxes, non-deductible expenses that had a greater impact on the effective rate as a result of lower income relative to 2008, the recognition of certain tax benefits in 2008 as a result of certain statute of limitations expirations, and newly enacted tax legislation that unfavorably affected the effective rate.

ANALYSIS OF OPERATING REVENUE AND PROFIT BY SEGMENT

Additional detailed information related to the operations and financial performance of the Company's Industry Segments is included in Part II Item 6 and Note 14 to the Consolidated Financial Statements. The following information should be read in relation to the information contained in those sections.

Transportation Industry

***Ocean Transportation**; 2010 compared with 2009*

(dollars in millions)	**2010**	2009	Change
Revenue	**$ 1,016.5**	$ 888.6	14%
Operating profit	**$ 118.7**	$ 58.3	2X
Operating profit margin	**11.7%**	6.6%	
Volume* (units):			
Hawaii containers	**136,700**	136,100	--
Hawaii automobiles	**81,800**	83,400	-2%
China containers – CLX1	**60,000**	46,600	29%
Guam containers	**15,200**	14,100	8%

* Container volumes included for the period are based on the voyage departure date, but revenue and operating profit are adjusted to reflect the percentage of revenue and operating profit earned during the reporting period for voyages that straddle the beginning or end of the reporting period.

Ocean Transportation revenue increased $127.9 million, or 14 percent, in 2010 compared to 2009. This increase was principally due to a $55.8 million increase in revenue due to higher yields, principally in the China trade, a $33.6 million increase in revenue related to overall higher volumes, and a $32.3 million increase in fuel surcharges due to higher fuel prices.

Total Hawaii container volume increased slightly in 2010 compared with 2009, primarily reflecting one additional week in Matson's 2010 fiscal year. Matson's Hawaii automobile volume for the year was 2 percent lower than 2009, due principally to the timing of automobile rental fleet replacement activity. China container volume increased 29 percent in 2010, compared with 2009, due to an increase in market demand. Guam container volumes increased 8 percent due to an increase in market demand related, in part, to activities associated with the expected U.S. military build-up.

Operating profit increased $60.4 million in 2010 compared to 2009. The increase in operating profit was principally due to $55.8 million in higher yields, principally related to the China trade, and a $28.2 million increase due to a net increase in volume driven by the China trade. The improvement in operating profit was partially offset by terminal handling costs, which increased by $22.1 million due to contractual increases in terminal fees and handling charges. Additionally, vessel operating expenses increased $9.1 million due to higher fuel, drydock, and contractual labor costs, partially offset by lower vessel insurance costs. Outside transportation costs increased $4.0 million due primarily to higher ocean carrier volume and operations overhead costs increased $2.9 million due to additional equipment repair costs. The increase in costs was partially offset by a $6.6 million increase in SSAT joint venture earnings, principally due to higher west coast container lift volumes in 2010, and $6.3 million of higher costs in 2009 related to the rudder failure on the MV Mokihana.

***Ocean Transportation**; 2009 compared with 2008*

(dollars in millions)		2009		2008	Change
Revenue	**$**	**888.6**	$	1,023.7	-13%
Operating profit	**$**	**58.3**	$	105.8	-45%
Operating profit margin		**6.6%**		10.3%	
Volume* (units):					
Hawaii containers		**136,100**		152,700	-11%
Hawaii automobiles		**83,400**		86,300	-3%
China containers		**46,600**		47,800	-3%
Guam containers		**14,100**		13,900	1%

* Container volumes included for the period are based on the voyage departure date, but revenue and operating profit are adjusted to reflect the percentage of revenue and operating profit earned during the reporting period for voyages that straddle the beginning or end of the reporting period.

Ocean Transportation revenue decreased $135.1 million, or 13 percent, in 2009 compared to 2008. This decrease was principally due to $82.5 million of lower revenue, resulting from lower net volumes and $76.1 million in reduced fuel surcharges resulting from a reduction in average bunker fuel prices. These decreases were partially offset by a $21.0 million net improvement in yields and cargo mix and revenue of $5.2 million in higher revenue from a U.S. Government charter in 2009. The net improvement in yields were driven by improved yields in the Hawaii trade, but was partially offset by rate deterioration in China.

Total Hawaii container volume was down 11 percent in 2009 compared with 2008, reflecting a broad-based decline in demand caused by the ongoing softness in Hawaii's economy. Matson's Hawaii automobile volume for the year was 3 percent lower than 2008, also reflecting economic weakness that is negatively impacting new car shipments from manufacturers to Hawaii auto dealers and rental car companies. China container volume decreased 3 percent in 2009, compared with 2008, principally due to weak demand for U.S. bound imports. Guam container volumes were essentially unchanged.

Operating profit decreased $47.5 million, or 45 percent, in 2009 compared to 2008. The decrease in operating profit was principally due to $59.7 million related to lower net volumes, $11.4 million from higher terminal costs as a result of higher contractual stevedoring rates, $2.2 million in higher general and administrative expenses, and $1.9 million in higher vessel costs. General and administrative expenses were higher principally due to $10 million in higher pension costs and a first quarter 2009 expense of $6.0 million related to Matson's headcount reduction program, which was partially offset by the ongoing benefit of the headcount reduction. Vessel expenses were impacted by the direct and indirect costs associated with emergency rudder repairs, totaling $6.3 million, and increased drydock and insurance expenses totaling $5.3 million, partially offset by $9.7 million in reduced expenses that were principally the result of efficient fleet deployment initiatives. The decrease in operating profit was partially offset by a $21.0 million improvement in yields and cargo mix, net of the impact resulting from China rate deterioration, the increased contribution of $2.8 million from U.S. Government charters, and $2.3 million in lower outside transportation expenses resulting from reduced truck and ocean carrier costs.

Logistics Services*; 2010 compared with 2009*

(dollars in millions)		2010		2009	Change
Intermodal revenue	**$**	**204.1**	$	188.0	9%
Highway revenue		**151.5**		132.9	14%
Total Revenue	**$**	**355.6**	$	320.9	11%
Operating profit	**$**	**7.2**	$	6.7	7%
Operating profit margin		**2.0%**		2.1%	

Logistics Services revenue increased $34.7 million, or 11 percent, in 2010 compared with 2009. This increase was principally due to higher Intermodal and Highway volumes, which increased 2 percent and 12 percent, respectively. Highway volume increased due to an improvement in the less-than-truckload business as well as a large military contract move that occurred in the first quarter of 2010. Additionally, Intermodal and Highway volume benefited from an additional week included in MIL's 2010 fiscal year versus fiscal 2009.

Logistics Services operating profit increased $0.5 million, or 7 percent, in 2010 compared with 2009. Operating profit increased principally due to higher volumes cited above, but was also due to a lower provision for bad debt and lower depreciation and amortization. However, the improvement to operating profit was partially offset by lower yields resulting from increased competitive pressures.

Logistics Services*; 2009 compared with 2008*

(dollars in millions)		2009		2008	Change
Intermodal revenue	**$**	**188.0**	$	271.0	-31%
Highway revenue		**132.9**		165.0	-19%
Total Revenue	**$**	**320.9**	$	436.0	-26%
Operating profit	**$**	**6.7**	$	18.5	-64%
Operating profit margin		**2.1%**		4.2%	

Logistics Services revenue decreased $115.1 million, or 26 percent, in 2009 compared with 2008. This decrease was principally due to lower Intermodal and Highway volume, which decreased by 19 percent and 6 percent, respectively, as well as lower Intermodal and Highway rates driven primarily by lower fuel surcharges and competitive pricing pressures. The reduction in Highway volume is reflective of a general softening in the Highway market as a result of the U.S. recession. The reduction in Intermodal volumes, while also impacted by the U.S. recession, was also impacted by competitive actions resulting from direct agreements between steamship lines and rail providers. The decrease in Highway revenue was partially offset by MGDS's warehousing operations revenue, which was $14.5 million higher than the prior year. MGDS's revenue increase in 2009 was primarily due to the acquisition of PACAM in the third quarter of 2008.

Logistics Services operating profit decreased $11.8 million, or 64 percent, in 2009 compared with 2008. Operating profit decreased principally due to lower volume and rates previously cited, but was also due to margin compression resulting from excess capacity in the market. These factors were partially offset by lower general and administrative expenses as a result of cost containment initiatives in 2009.

Real Estate Industry

Real estate leasing and sales revenue and operating profit are analyzed before subtracting amounts related to discontinued operations. This is consistent with how the Company's management evaluates and makes decisions regarding capital allocation, acquisitions, and dispositions for the Company's real estate businesses. A discussion of discontinued operations for the real estate business is included separately.

Effect of Property Sales Mix on Operating Results: Direct year-over-year comparison of the real estate sales results may not provide a consistent, measurable barometer of future performance because results from period to period are significantly affected by joint venture income and the mix of property sales. Operating results, by virtue of each project's asset class, geography, and timing, are inherently episodic. Earnings from joint venture investments are not included in segment revenue, but are included in operating profit. The mix of real estate sales in any year or quarter can be diverse and can include developed residential real estate, commercial properties, developable subdivision lots, undeveloped land, and property sold under threat of condemnation. The sale of undeveloped land and vacant parcels in Hawaii generally provides a greater relative contribution to earnings than does the sale of developed and commercial property, due to the low historical-cost basis of the Company's Hawaii land.

Consequently, real estate sales revenue trends, cash flows from the sales of real estate, and the amount of real estate held for sale on the balance sheets, do not necessarily indicate future profitability trends for this segment. Additionally, the operating profit reported in each period does not necessarily follow a percentage of sales trends because the cost basis of property sold can differ significantly between transactions. The reporting of real estate sales is also affected by the classification of certain real estate sales as discontinued operations.

***Leasing**; 2010 compared with 2009*

(dollars in millions)	**2010**	2009	Change
Revenue	**$ 94.4**	$ 103.2	-9%
Operating profit	**$ 35.3**	$ 43.2	-18%
Operating profit margin	**37.4%**	41.9%	
Average Occupancy Rates:			
Mainland	**85%**	85%	
Hawaii	**92%**	95%	
Leasable Space (million sq. ft.) - Improved			
Mainland	**6.4**	7.0	-9%
Hawaii	**1.5**	1.3	15%

Real Estate Leasing revenue for 2010 was 9 percent lower than the amount reported for 2009. The decrease was principally due to lower mainland rents, the non-reinvestment of $32.8 million of 1031 proceeds in 2010, as well as the revenue impact resulting from the timing of acquisitions and dispositions. Properties sold under the Company's 1031 program are generally replaced within 180 days of the sale; however, revenue and operating profit for the current period, as compared to a prior period, may be lower because of the interim period that elapses between sale and reinvestment, or if the proceeds are not reinvested because a suitable replacement property that meets the Company's investment criteria cannot be found. Occupancy for the Hawaii portfolio decreased 3 percentage points in 2010 as compared to 2009, primarily due to the July 2010 acquisition of Komohana Industrial Park, a fee simple, fully-zoned 35-acre industrial complex located in Kapolei, West Oahu, which is currently 74 percent occupied.

Operating profit was 18 percent lower in 2010, compared with 2009, principally due to the same reasons cited for the revenue decrease. Depreciation expense was relatively flat year-over-year, but is expected to increase as proceeds from leased property sales under 1031 exchange transactions are reinvested in commercial properties at a higher relative book basis than the property replaced.

Leasable space decreased in 2010 compared with 2009, principally due to the following activity:

Dispositions			Acquisitions		
Date	**Property**	**Leasable sq. ft**	**Date**	**Property**	**Leasable sq. ft**
10-10	Ontario Distribution Center (CA)	898,400	11-10	Rancho Temecula (CA)	165,500
5-10	Valley Freeway (WA)	228,200	11-10	Lahaina Square (HI)	50,200
2-10	Kele Center (HI)	14,800	10-10	Little Cottonwood (UT)	141,600
1-10	Mililani Shopping Center (HI)	180,300	7-10	Komohana (HI)	238,300
			4-10	Lanihau Marketplace (HI)	88,300
			1-10	Meadows on the Parkway (CO)	216,400
	Total Dispositions	1,321,700		Total Acquisitions	900,300

Savannah Logistics Park (Building A and a portion of Building B) is leased to MGDS, a wholly-owned subsidiary of MIL. Accordingly, the revenues and expenses related to the intercompany lease transaction between Real Estate Leasing and MGDS, respectively, are eliminated in consolidation, but are shown at their gross amounts for segment purposes. The revenue and expense recorded by Real Estate Leasing and MGDS was approximately $3.8 million in 2010, $3.3 million in 2009, and $2.2 million in 2008. Separately, MGDS contracts with third parties to provide warehousing and storage services utilizing Building A and Building B.

***Leasing**; 2009 compared with 2008*

(dollars in millions)	**2009**	2008	Change
Revenue	**$ 103.2**	$ 107.8	-4%
Operating profit	**$ 43.2**	$ 47.8	-10%
Operating profit margin	**41.9%**	44.3%	
Average Occupancy Rates:			
Mainland	**85%**	95%	
Hawaii	**95%**	98%	
Leasable Space (million sq. ft.) - Improved			
Mainland	**7.0**	6.6	6%
Hawaii	**1.3**	1.3	--%

Real Estate Leasing revenue for 2009 was 4 percent lower than the amount reported for 2008. The decrease was principally due to lower mainland occupancies and rents, the partial non-reinvestment of 1031 proceeds from the sale of Marina Shores that occurred in the third quarter of 2008, and a final $1.4 million business interruption insurance payment for a 2005 fire at Kahului Shopping Center that was received in the first quarter of 2008. Occupancy for the mainland portfolio decreased 10 percentage points in 2009 as compared to 2008, primarily due to the placement of Savannah Logistics Park Building B into service in March 2009 and the acquisition of Republic Distribution Center subsequent to the second quarter of 2008, as well as a reduction in occupancy levels principally related to two other industrial properties.

Operating profit was 10 percent lower in 2009, compared with 2008, principally due to the same reasons cited for the revenue decrease, but was also due to higher depreciation and amortization expenses resulting from the increase in the lease portfolio's depreciable basis as proceeds from leased property sales under 1031 exchange transactions are reinvested. Depreciation expenses are expected to continue to increase as tax-deferred proceeds from sales of commercial properties with lower depreciated bases are reinvested in commercial properties at a higher relative book basis.

Leasable space increased in 2009 compared with 2008, principally due to the following activity:

Acquisitions			Dispositions		
Date	**Property**	**Leasable sq. ft**	**Date**	**Property**	**Leasable sq. ft**
2-09	Activity Distribution Center (CA)	252,300	3-09	Southbank II (AZ)	120,800
3-09	Waipio Industrial Court (HI)	158,400	6-09	Hawaii Business Park (HI)	85,200
3-09	Savannah Logistics Park Bldg. B* (GA)	324,800	9-09	San Jose Avenue Warehouse (CA)	126,000
8-09	Northpoint Industrial (CA)	119,400	10-09	Pacific Guardian Tower (HI)	130,600
9-09	Waipio Shopping Center (HI)	113,800	12-09	Village at Indian Wells (CA)	104,600
12-09	Firestone Boulevard Building (CA)	28,100			
	Total Acquisitions	996,800		Total Dispositions	567,200

* Savannah Logistics Park Building B was acquired in 2008, but placed into service in March 2009

Real-Estate Sales*; 2010 compared with 2009 and 2008*

(dollars in millions)	**2010**	2009	2008
Hawaii improved	**$ 55.2**	$ 50.9	$ 21.8
Mainland improved	**58.5**	48.7	81.8
Hawaii development sales	**5.8**	6.0	217.4
Hawaii unimproved/other	**16.6**	20.0	29.2
Total Revenue	**$ 136.1**	$ 125.6	$ 350.2
Operating profit before joint ventures	**$ 48.1**	$ 39.1	$ 86.6
Earnings from joint ventures/other	**2.0**	--	9.0
Total Operating Profit	**$ 50.1**	$ 39.1	$ 95.6
Operating profit margin	**36.8%**	31.1%	27.3%

The higher revenue and operating profit results in 2010 were due to the mix and timing of real estate sales in 2010 compared with 2009, as well as the timing of income earned from the Company's joint ventures. The composition of these sales is described below.

2010: Real Estate Sales revenue and operating profit included the sales of Mililani Shopping Center, a retail center in Hawaii, Ontario Distribution Center, an industrial property in California, Valley Freeway Corporate Park, an industrial facility in Washington, six residential units and one commercial space at the Company's Keola La'i high-rise development on Oahu, a 75-acre agricultural parcel on Kauai, two leased fee parcels and several non-core Maui land parcels. In addition to the aforementioned sales, operating profit included a $3.6 million gain recorded in connection with the acquisition of Lahaina Square, a retail center on Maui that was acquired by the Company in the settlement of a non-performing mortgage loan, which was purchased by the Company in the first quarter of 2010. Operating profit also included $2.0 million of joint venture earnings, principally due to $5.1 million in gains recognized on the settlements of two mortgage loans owed to a project lender under regulatory supervision, partially offset by a $1.9 million impairment loss on the Company's Santa Barbara joint venture investment.

2009: Real Estate Sales revenue and operating profit included the sale of seven residential units at the Company's Keola La'i high-rise development on Oahu, three mainland properties (office, retail, industrial), an office building and an industrial facility on Oahu, a 214-acre agricultural parcel on Maui, several leased fee parcels and other land parcels on Maui, and two single-family homes on Kauai. Joint venture income from completed development projects, principally related to Bridgeport and Centre Point retail/office developments in Valencia, California, were offset by the Company's share of marketing and other operating expenses of its Kukui`ula development projects. Additionally, the Company recorded a $2.5 million impairment loss related to its investment in its Ka Milo joint venture project.

2008: Real Estate Sales revenue included the sale of 330 residential units and two commercial units at the Company's Keola La'i high-rise development in Honolulu, two mainland shopping centers, one mainland office property, the Kahului Town Terrace rental project, three improved Maui properties, a 130-acre agricultural parcel on Maui, several leased fee parcels and other land parcels on Maui, and 30 Keala'ula single-family homes on Kauai. Operating profit included joint venture income of $9.0 million, principally related to sales at the Company's Kai Malu residential development on Maui and the sale of several buildings at the Company's Centre Pointe retail/office development in Valencia, California, partially offset by the Company's share of marketing and other operating expenses of its Kukui`ula projects. Real Estate Sales operating profit for 2008 included $7.7 million, representing a final insurance settlement for the 2005 fire at Kahului Shopping Center that was received in the first quarter of 2008. Finally, the Company recorded a $3 million impairment loss related to its investment in its Santa Barbara joint venture project.

Agribusiness

As of December 1, 2009, the Company began consolidating the results of the Hawaiian Sugar & Transportation Cooperative ("HS&TC") because the Company became the sole member. Since HS&TC is a wholly-owned consolidated subsidiary, revenue recognition on raw sugar and molasses sales occurs when HS&TC delivers the sugar and molasses to the Company's third-party customers on the U.S. mainland. Prior to consolidation, the Company recognized revenue when the raw sugar was delivered to HS&TC, which occurred as sugar was produced and delivered to the sugar warehouse on Maui, where title and risk of loss passed. As a result of the HS&TC consolidation, the timing of revenue recognition differs between 2009 and 2010 and results in year-over-year variances.

***Agribusiness**; 2010 compared with 2009*

(dollars in millions)	**2010**	2009	Change
Revenue	**$ 163.9**	$ 107.0	53%
Operating profit (loss)	**$ 6.1**	$ (27.8)	NM
Operating profit margin	**3.7%**	-26.0%	
Tons sugar produced	**171,800**	126,800	35%
Tons sugar sold	**176,700**	124,000	43%

Agribusiness revenue increased $56.9 million in 2010 compared with 2009. The increase was primarily due to $62.8 million in higher bulk raw sugar revenue that was the result of higher sugar prices and higher sales volume, as well as $3.3 million in higher coffee revenues related to higher volume and prices. These increases were partially offset by a $7.1 million reduction in specialty sugar revenue due to lower sales volume.

Operating profit was $6.1 million in 2010 compared with an operating loss of $27.8 million in 2009. The improvement in operating profit was primarily due to a $33.4 million improvement in raw sugar margins. The improvement in raw sugar margins is principally the result of higher sugar prices and an increase in the volume of sugar production over which costs are allocated, resulting in lower per unit costs. Operating profit also benefited from a $7.9 million increase in specialty sugar margins, due primarily to lower per unit production costs previously described. The increase in operating profit was partially offset by a $3.0 million reduction in coffee results, principally due to a $1.9 million lower of cost or market adjustment to coffee inventory in the first quarter of 2010, as well as a $2.8 million reduction in molasses margins due principally to higher delivery costs and lower sales volume.

Sugar production in 2010 was 35 percent higher than in 2009 due principally to higher average yields per acre. The higher yields in 2010 were principally the result of improved growing conditions and factory enhancements. The average revenue per ton of sugar for 2010 was $575 or 63 percent higher than the average revenue per ton of $352 in 2009.

***Agribusiness**; 2009 compared with 2008*

(dollars in millions)		2009		2008	Change
Revenue	$	**107.0**	$	124.3	ss-14%
Operating profit (loss)	$	**(27.8)**	$	(12.9)	-2 X
Tons sugar produced		**126,800**		145,200	-13%

Agribusiness revenue decreased $17.3 million in 2009 compared with 2008. The decrease was primarily due to a $16.6 million reduction in power revenue stemming from lower power prices and volume and $9.2 million in lower raw sugar sales volume, partially offset by a $5.4 million non-operating gain recognized upon consolidation of HS&TC and $3.4 million in higher specialty sugar volume. Power prices, which decreased by more than 50 percent compared to the prior year, are determined by an avoided cost calculation for the public utilities in Hawaii, and have been negatively impacted by a reduction in fossil fuel costs as well as a regulatory change in the avoided cost formula.

Operating loss increased $14.9 million in 2009 compared with 2008. The increase in operating loss was primarily due to $18.8 million reduction in power sales margin resulting from lower sales prices and volume and higher boiler fuel consumption and prices. The increase in operating loss was partially offset by a $5.4 million non-operating gain recorded upon consolidation of HS&TC.

Sugar production in 2009 was 13 percent lower than in 2008 due to the ongoing effects of severe drought conditions in 2007-2008. Additionally, fewer acres were harvested in 2009 to allow growing cane to mature more fully before harvest. The average revenue per ton of sugar for 2009 was $352 or 1 percent lower than the average revenue per ton of $355 in 2008.

Of the Company’s 2009 sugar production, approximately 73 percent was sold to Hawaiian Sugar & Transportation Cooperative (“HS&TC”) under a marketing contract. The remainder was sold as specialty sugar. HS&TC sells its raw sugar to C&H Sugar Company, Inc. at a price equal to the New York No. 16 Contract settlement price, less a discount and less costs for 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 Company. In 2009, HS&TC entered into a new contract for the delivery and sale of raw sugar with C&H Sugar Company, Inc., which replaced the contract that was set to expire in December 2009. The new contract was executed in October 2009 and has 3-year term.

Discontinued Operations

The revenue, operating profit, and after-tax effects of discontinued operations for 2010, 2009 and 2008 were as follows (in millions, except per-share amounts):

		2010		2009		2008
Sales Revenue	$	**117.1**	$	109.6	$	125.4
Leasing Revenue	$	**9.6**	$	27.0	$	39.2
CLX2 Revenue	$	**28.5**	$	--	$	--
Sales Operating Profit	$	**48.6**	$	44.3	$	55.0
Leasing Operating Profit	$	**5.9**	$	14.9	$	22.1
CLX2 Loss from Operations	$	**(19.3)**	$	--	$	--
After-tax Earnings	$	**22.7**	$	36.6	$	47.6
Basic Earnings Per Share	$	**0.55**	$	0.89	$	1.16
Diluted Earnings Per Share	$	**0.55**	$	0.89	$	1.15

2010: The revenue and expenses of Ontario Distribution Center, an industrial property in California, Valley Freeway Corporate Park, an industrial facility in Washington, Mililani Shopping Center, a retail center in Hawaii, Kele Shopping Center on Maui, and various Maui parcels have been classified as discontinued operations.

In August 2011, the Company finalized a decision to terminate CLX2 due to the longer-term outlook for sustained high fuel prices and increasingly volatile Transpacific rates. In connection with the termination of this service, the results of operation for the CLX2 component have been reclassified from the Transportation segment to discontinued operations for all periods presented. Additionally, the revenue and expenses Arbor Park Shopping Center, a retail property in Texas, Wakea Business Center II, a commercial facility on Maui, and a leased Maui property have been classified as discontinued operations since they were sold in 2011.

2009: The revenue and expenses of Hawaii Business Park, an industrial property on Oahu, Southbank II, an office building in Arizona, San Jose Avenue Warehouse, an industrial property in California, Pacific Guardian Tower, an office property on Oahu, Village at Indian Wells, an office property in California, and various parcels on Maui have been classified as discontinued operations. Additionally, a retail property on Oahu was classified as discontinued operations.

2008: The revenue and expenses of two retail properties on the mainland, one mainland office property, a multi-tenant residential rental property, three commercial properties on Maui, land previously leased to a telecommunications tenant on Maui, and several land parcels on Maui, and have been classified as discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

Overview: The Company has two revolving senior credit facilities with six commercial banks that provide for an aggregate commitment of $325 million, which consist of a $225 million facility and a $100 million facility for A&B and Matson, respectively. The A&B facility expires in December 2011 and the Matson facility expires in December 2012. As of December 31, 2010, the Company had approximately $198 million of available capacity under the facilities. Additionally, as of December 31, 2010, the Company had access to approximately $97 million of remaining capacity on a $400 million term facility, under which the ability to draw additional amounts under the facility expires in April 2012, and $63 million of remaining capacity on a facility that expires in June 2015. The Company is currently in compliance with all of its covenants under its debt agreements. As a result, the Company believes its ability to access cash under its facilities, as well as its ability to generate cash from operations, will be adequate to meet anticipated future cash requirements to fund working capital, capital expenditures, dividends, potential acquisitions, stock repurchases, and other cash needs for the foreseeable future. There can be no assurance, however, that the Company will continue to generate cash flows at or above current levels or that it will be able to maintain its ability to borrow under its available credit facilities.

While Matson is subject to restrictions on the transfer of net assets to A&B under certain debt agreements, these restrictions have not had any effect on the Company's shareholder dividend policy, and the Company does not anticipate that these restrictions will have any impact in the future. At December 31, 2010, the amount of net assets of Matson that may not be transferred to the Company was approximately $292 million.

Cash Flows: Cash flows provided by operating activities continue to be the Company's most significant source of liquidity. Cash flows from operating activities totaled $150 million for 2010, $115 million for 2009, and $275 million for 2008. The increase in 2010 over 2009 was due principally to higher Matson earnings and improved Agribusiness results, partially offset by a $16 million investment in two fully-entitled urban development sites on Oahu in the second quarter of 2010. The Company classifies expenditures for real estate development assets as cash flows from operating activities if the Company intends to develop and sell the real estate. The decrease in 2009 over 2008 was due principally to proceeds from the sale of 330 residential units and two commercial units at the Company's Keola La'i condominium project in 2008 and lower Agribusiness and Matson earnings in 2009.

Cash flows used in investing activities were $150 million for 2010, $31 million for 2009, and $149 million for 2008. Of the 2010 amount, $95 million was for capital expenditures, including $71 million related to the purchase of transportation-related assets, principally containers, $17 million related to real estate investments, and $7 million related to routine replacements for agricultural operations. Other cash flows used in investing activities included $102 million for purchases of investments, principally related to additional investments in the Company's Kukui`ula joint venture project. These cash outflows were partially offset by $34 million in cash proceeds received, primarily related to property sales, and $13 million related to distributions from joint ventures and other investments. The cash used in investing activities for 2010 excludes $148 million of 1031 tax-deferred purchases since the Company did not actually take control of the cash during the exchange period. Additionally, expenditures for real estate held-for-sale are excluded from capital expenditures and are instead included in Cash Flows from Operating Activities because they are considered an operating activity of the Company.

Of the 2009 amount, $31 million was for capital expenditures, including $14 million related to real estate investments, $13 million related to the purchase of transportation-related assets, and $4 million principally related to routine replacements for agricultural operations. Other cash flows used in investing activities included $48 million related principally to additional investments in joint venture projects. These cash outflows were offset by $32 million in cash proceeds received that were primarily related to property sales, $10 million due principally to the consolidation of HS&TC, and $6 million principally related to distributions from joint ventures. The cash used in investing activities for 2009 excludes $95 million of 1031 tax-deferred purchases since the Company did not actually take control of the cash during the exchange period.

In 2011, the Company expects that its required minimum capital expenditures will approximate the amount required in 2010, which is approximately $60 to $70 million a year. The Company's total capital budget for 2011, however, is expected to be approximately $250 million, which is down from approximately $365 million in 2010, and includes spending for new, but currently unidentified, investment opportunities as well as expenditures for real estate developments and currently unidentified 1031 lease portfolio acquisitions that are not included in the caption entitled "Capital expenditures for property and developments" under investing activities in the consolidated statement of cash flows. These real estate expenditures are excluded from "Capital expenditures for property and developments" because the expenditures either relate to the Company's real estate held-for-sale inventory that is treated as an operating activity, and therefore, reflected in operating cash flows, or are expenditures that are made using tax-deferred proceeds from prior tax-deferred sales, and therefore, reflected as non-cash activities (since the Company does not take control of the cash during the exchange period). Approximately $63 million of the total projected capital budget relate to ongoing real estate development and maintenance capital, including the Company's Maui Business Park II project, and approximately $65 million relate to currently unidentified real estate development opportunities and currently unidentified 1031 lease portfolio acquisitions. Additionally, approximately $100 million relate to Ocean Transportation capital, of which $45 million represent progress payments for the possible replacement of two-interisland barges that is currently under evaluation. Should investment opportunities in excess of the amounts budgeted arise, the Company believes it has adequate sources of liquidity to fund these investments.

Cash flows used in financing activities for 2010 totaled $2 million, compared with $87 million and $124 million used in 2009 and 2008, respectively. The decrease in cash flows used in financing activities was principally due to a $43 million net increase in debt in 2010 (net of non-cash financing activities), compared to a net $34 million reduction of debt in 2009. The decrease in cash used in financing activities for 2009, relative to 2008, was principally due to 2008 share repurchases totaling approximately $59 million, partially offset by a net reduction in debt of $34 million in 2009 compared with a net decrease in debt of $16 million in 2008.

In December 2009, the Company's board of directors authorized the repurchase of up to two million shares of its common stock in the open market, in privately-negotiated transactions or by other means. The authorization expires on December 31, 2011. In 2010 and 2009, the Company did not repurchase shares of its common stock. In 2008, A&B purchased 1,476,449 shares of its common stock on the open market at an average price of $40.33, a portion of which was purchased under a previous share authorization that expired December 31, 2009.

Other Sources of Liquidity: Additional sources of liquidity for the Company consisted of cash and cash equivalents, receivables, sugar and coffee inventories that totaled approximately $195 million at December 31, 2010, a decrease of $20 million from December 31, 2009. This net decrease was due primarily to $11 million in lower sugar and coffee inventories, $7 million in lower account receivables balances, and $2 million in lower cash balances.

The Company also has various revolving credit and term facilities that provide additional sources of liquidity for working capital requirements or investment opportunities on a short-term as well as longer-term basis. Total debt was $522 million at the end of 2010 compared with $471 million at the end of 2009. As of December 31, 2010, available borrowings under these facilities, which are more fully described below, totaled $358 million.

The Company has a replenishing $400 million three-year unsecured note purchase and private shelf agreement with Prudential Investment Management, Inc. and its affiliates (collectively, "Prudential") under which the Company may issue notes in an aggregate amount up to $400 million, less the sum of all principal amounts then outstanding on any notes issued by the Company or any of its subsidiaries to Prudential and the amounts of any notes that are committed under the note purchase agreement. The ability to draw additional amounts under the facility expires in April 2012. At December 31, 2010, approximately $97 million was available under the facility.

The Company has two revolving senior credit facilities with six commercial banks that provide for an aggregate commitment of $325 million, which consist of a $225 million facility and a $100 million facility for A&B and Matson, respectively. The A&B facility expires in December 2011. On December 20, 2010, the maturity date of the Matson facility was extended to December 28, 2012. Amounts drawn under the facilities bear interest at London Interbank Offered Rate ("LIBOR") plus a spread ranging from 0.225 percent to 0.475 percent based on the Company's S&P rating. At December 31, 2010, $108 million was outstanding, $19 million in letters of credit had been issued against the facilities, and $198 million remained available for borrowing.

Matson has a $105 million secured reducing revolving credit agreement with DnB NOR Bank ASA and ING Bank N.V. which provides for a 10-year commitment beginning in June 2005. The maximum amount that can be outstanding under the facility declines in eight annual commitment reductions of $10.5 million each, commencing on the second anniversary of the closing date. The incremental cost to borrow under the facility is 0.27 percent above LIBOR. As of December 31, 2010, no amount was outstanding under the facility and approximately $63 million remained available.

The Company's ability to access its credit facilities is subject to its compliance with the terms and conditions of the credit facilities, including financial covenants. The financial covenants require the Company to maintain certain financial covenants, such as minimum consolidated shareholders' equity and maximum debt to EBITDA ratios. At December 31, 2010, the Company was in compliance with all such covenants. While there can be no assurance that the Company will remain in compliance with its covenants, the Company expects that it will remain in compliance. Credit facilities are more fully described in Note 7 to the Consolidated Financial Statements.

The Company's and Matson's credit ratings from Standard and Poor's ("S&P") were both BBB+ with a negative outlook, as indicated in an S&P research update issued January 19, 2011. Factors that can impact the Company's and Matson's credit ratings include changes in operating performance, the economic environment, conditions in industries in which the Company has operations, and the Company's and Matson's financial position. If a credit downgrade were to occur, it could adversely impact, among other things, future borrowing costs and access to capital markets.

Debt is maintained at levels the Company considers prudent based on its cash flows, interest coverage ratio, and percentage of debt to capital. From current levels, the Company expects its debt will increase modestly as it pursues opportunistic investments.

Tax-Deferred Real Estate Transactions: *Sales* – During 2010, sales and condemnation proceeds that qualified for potential tax-deferral treatment under the Internal Revenue Code Sections 1031 and 1033 totaled approximately $121 million and were generated primarily from the sales of Ontario Distribution Center, Mililani Shopping Center, Valley Freeway Corporate Park, Kele Shopping Center, and several non-core land parcels. During 2009, sales and condemnation proceeds that qualified for potential tax-deferral treatment under the Internal Revenue Code Sections 1031 and 1033 totaled approximately $116 million. The proceeds were generated primarily from the sales of Southbank II, Pacific Guardian Tower, the Village at Indian Wells, Hawaii Business Park, and San Jose Avenue Warehouse.

Purchases – During 2010, the Company utilized $152 million in proceeds from tax-deferred sales. The properties acquired with tax-deferred proceeds in 2010 included the purchase of Rancho Temecula Town Center, Little Cottonwood Center, Meadows on the Parkway, Komohana Industrial Park, and Lanihau Marketplace. During 2009, the Company utilized $102 million in proceeds from tax-deferred sales. The properties acquired with tax-deferred proceeds in 2009 included the purchase of Activity Distribution Center, Waipio Industrial Court, Northpoint Properties, Waipio Shopping Center, and the Firestone Boulevard Building.

The proceeds from 1031 tax-deferred sales are held in escrow pending future use to purchase new real estate assets. The proceeds from 1033 condemnations are held by the Company until the funds are redeployed. As of December 31, 2010, approximately $1 million of proceeds from tax-deferred sales had not been reinvested. The proceeds must be reinvested in qualifying property within 180 days from the date of the sale in order to qualify for tax deferral treatment under section 1031 of the Internal Revenue Code. In 2010, due to the difficulty in locating attractive replacement investment properties that meet the Company's underwriting criteria, approximately $32 million of tax-deferred proceeds expired, of which $24 million related to proceeds from 2010 sales and $8 million related to proceeds from 2009 sales.

The funds related to 1031 transactions are not included in the Statement of Cash Flows but are included as non-cash activities below the Statement. For "reverse 1031" transactions, the Company purchases a property in anticipation of receiving funds from a future property sale. Funds used for reverse 1031 purchases are included as capital expenditures on the Statement of Cash Flows and the related sales of property, for which the proceeds are linked, are included as property sales in the Statement.

CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Contractual Obligations: At December 31, 2010, the Company had the following estimated contractual obligations (in millions):

				Payment due by period		
Contractual Obligations		Total	2011	2012-2013	2014-2015	Thereafter
Long-term debt obligations (including current portion)	(a)	$ 522	$ 136	$ 85	$ 99	$ 202
Estimated interest on debt	(b)	131	24	40	29	38
Purchase obligations	(c)	14	14	--	--	--
Post-retirement obligations	(d)	45	4	8	9	24
Non-qualified benefit obligations	(e)	20	3	3	3	11
Operating lease obligations	(f)	118	29	42	24	23
Total		$ 850	$ 210	$ 178	$ 164	$ 298

(a) Long-term debt obligations (including current portion) include principal repayments of short-term and long-term debt for the respective period(s) described (see Note 7 to the Consolidated Financial Statements for principal repayments for each of the next five years). Short-term debt includes amounts borrowed under revolving credit facilities and have been reflected as payments due in 2011.

(b) Estimated cash paid for interest on debt is determined based on (1) the stated interest rate for fixed debt and (2) the rate in effect on December 31, 2010 for variable rate debt. Because the Company's variable rate date may be rolled over, actual interest may be greater or less than the amounts indicated.

(c) Purchase obligations include only non-cancellable contractual obligations for the purchases of goods and services. Arrangements are considered purchase obligations if a contract specifies all significant terms, including fixed or minimum quantities to be purchased, a pricing structure and approximate timing of the transaction. Any amounts reflected on the consolidated balance sheet as accounts payable and accrued liabilities are excluded from the table above.

(d) Post-retirement obligations include expected payments to medical service providers in connection with providing benefits to the Company's employees and retirees. The $24 million noted in the column labeled "Thereafter" comprises estimated benefit payments for 2016 through 2020. Post-retirement obligations are described further in Note 10 to the Consolidated Financial Statements. The obligation for pensions reflected on the Company's consolidated balance sheet is excluded from the table above because the Company is unable to reliably estimate the timing and amount of contributions.

(e) Non-qualified benefit obligations include estimated payments to executives and directors under the Company's four non-qualified plans. The $11 million noted in the column labeled "Thereafter" comprises estimated benefit payments for 2016 through 2020. Additional information about the Company's non-qualified plans is included in Note 10 to the Consolidated Financial Statements.

(f) Operating lease obligations include principally land, office and terminal facilities, containers and equipment under non-cancelable, long-term lease arrangements that do not transfer the rights and risks of ownership to the Company. These amounts are further described in Note 8 to the Consolidated Financial Statements.

The Company has not provided a detailed estimate of the timing and amount of payments related to uncertain tax position liabilities due to the uncertainty of when the related tax settlements are due. At December 31, 2010, the Company's uncertain tax position liabilities totaled approximately $7 million.

Other Commitments and Contingencies: A description of other commitments, contingencies, and off-balance sheet arrangements, and incorporated herein by reference, is described in Note 13 to the Consolidated Financial Statements of Item 8 in this Form 10-K

OTHER MATTERS

Management Changes: The following management changes occurred during 2010 and through February 15, 2011.

Effective January 1, 2010, Stanley M. Kuriyama, A&B president, succeeded W. Allen Doane, who also served as chairman of the board, as chief executive officer. Mr. Kuriyama was also named to serve on the A&B board of directors, effective January 1, 2010. Mr. Doane has continued to serve A&B as a director. Walter A. Dods, Jr., who had served as lead independent director since 2006, became chairman of the A&B board, also effective January 1, 2010.

Robert K. Sasaki, vice chairman of A&B Properties, Inc. retired effective January 1, 2010.

Kevin L. Halloran, vice president of corporate development and investor relations of A&B, resigned effective February 28, 2010.

Suzy P. Hollinger, was named director, investor relations of A&B, effective March 15, 2010.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Alexander & Baldwin, Inc. has the responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting only provides reasonable assurance with respect to financial statement presentation and preparation. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on its assessment, management believes that, as of December 31, 2010, the Company's internal control over financial reporting is effective. The Company's independent registered public accounting firm, Deloitte & Touche LLP, has issued an audit report on the Company's internal control over financial reporting. That report appears on page 57 of this Form 10-K.

/s/ Stanley M. Kuriyama

Stanley M. Kuriyama
President and Chief Executive Officer
February 25, 2011

/s/ Christopher J. Benjamin

Christopher J. Benjamin
Senior Vice President, Chief Financial Officer and Treasurer
February 25, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Alexander & Baldwin, Inc.
Honolulu, Hawaii

We have audited the accompanying consolidated balance sheets of Alexander & Baldwin, Inc. and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. We also have audited the Company's internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alexander & Baldwin, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ DELOITTE & TOUCHE LLP
Honolulu, Hawaii
February 25, 2011
(February 14, 2012 as to the effects of the discontinued operations as discussed in Note 1)

ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per-share amounts)

	Year Ended December 31,		
	2010	2009	2008
Operating Revenue:			
Ocean transportation	**$ 1,012**	$ 887	$ 1,021
Logistics services	**355**	321	436
Real estate leasing	**81**	71	66
Real estate sales	**14**	16	225
Agribusiness	**152**	97	119
Total operating revenue	**1,614**	1,392	1,867
Operating Costs and Expenses:			
Cost of ocean transportation services	**806**	740	825
Cost of logistics services	**314**	280	381
Cost of real estate sales and leasing	**60**	54	225
Cost of agribusiness goods and services	**150**	130	133
Selling, general and administrative	**158**	154	163
Total operating costs and expenses	**1,488**	1,358	1,727
Operating Income	**126**	34	140
Other Income and (Expense):			
Gain on insurance settlement and other	**6**	--	8
Crop disaster relief payment	**5**	--	--
Gain on consolidation of HS&TC (Note 3)	--	5	--
Equity in income of real estate affiliates	**2**	--	9
Impairment loss on investment	**(1)**	(2)	(2)
Interest income	**2**	--	1
Interest expense	**(26)**	(25)	(24)
Income From Continuing Operations Before Income Taxes	**114**	12	132
Income taxes	**45**	5	48
Income From Continuing Operations	**69**	7	84
Income from discontinued operations, net of income taxes (Note 2)	**23**	37	48
Net Income	**$ 92**	$ 44	$ 132
Basic Earnings per Share of Common Stock:			
Continuing operations	**$ 1.68**	$ 0.19	$ 2.05
Discontinued operations	**0.55**	0.89	1.16
Net income	**$ 2.23**	$ 1.08	$ 3.21
Diluted Earnings per Share of Common Stock:			
Continuing operations	**$ 1.67**	$ 0.19	$ 2.04
Discontinued operations	**0.55**	0.89	1.15
Net income	**$ 2.22**	$ 1.08	$ 3.19
Weighted Average Number of Shares Outstanding:			
Basic	**41.2**	41.0	41.2
Diluted	**41.5**	41.1	41.5

See notes to consolidated financial statements.

ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2010	2009	2008
Cash Flows from Operating Activities:			
Net income	**$ 92**	$ 44	$ 132
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	**107**	105	101
Deferred income taxes	**5**	1	19
Gains on disposal of assets, net of impairment losses	**(51)**	(51)	(91)
Gain from receipt of insurance proceeds	**(1)**	--	(8)
Gain on consolidation of HS&TC	**--**	(5)	--
Share-based expense	**8**	9	11
Equity in income of affiliates, net of distributions	**(8)**	(1)	11
Changes in operating assets and liabilities:			
Accounts and notes receivable	**8**	(16)	24
Inventories	**6**	(6)	(6)
Prepaid expenses and other assets	**(18)**	(5)	3
Deferred dry-docking costs	**9**	10	(9)
Liability for employee benefit plans	**15**	--	(3)
Accounts and income taxes payable	**9**	20	(37)
Other liabilities	**(15)**	11	(17)
Real estate developments held for sale:			
Real estate inventory sales	**6**	5	184
Expenditures for real estate inventory	**(22)**	(6)	(39)
Net cash provided by operations	**150**	115	275
Cash Flows from Investing Activities:			
Capital expenditures for property and developments	**(95)**	(31)	(109)
Proceeds from disposal of income-producing property, investments and other assets	**34**	32	19
Proceeds from insurance settlement	**--**	--	8
Deposits into Capital Construction Fund	**(4)**	(4)	(7)
Withdrawals from Capital Construction Fund	**4**	4	8
Acquisition of businesses, net of cash acquired	**--**	10	(27)
Payments for purchases of investments	**(102)**	(48)	(60)
Proceeds from investments	**13**	6	19
Net cash used in investing activities	**(150)**	(31)	(149)
Cash Flows from Financing Activities:			
Proceeds from issuance of debt	**245**	241	127
Payments of debt and deferred financing costs	**(198)**	(288)	(138)
Proceeds from (payments on) line-of-credit agreement, net	**(4)**	13	(5)
Repurchases of capital stock	**--**	--	(59)
Proceeds from issuance of capital stock and other	**7**	(1)	2
Dividends paid	**(52)**	(52)	(51)
Net cash used in financing activities	**(2)**	(87)	(124)
Cash and Cash Equivalents:			
Net increase (decrease) for the year	**(2)**	(3)	2
Balance, beginning of year	**16**	19	17
Balance, end of year	**$ 14**	$ 16	$ 19
Other Cash Flow Information:			
Interest paid, net of amounts capitalized	**$ (25)**	$ (24)	$ (25)
Income taxes paid	**$ (46)**	$ (38)	$ (63)
Non-cash Activities:			
Debt assumed in real estate purchase	**$ 8**	$ --	$ 11
Real estate received in settlement of a mortgage note	**$ 8**	$ --	$ --
Tax-deferred property sales	**$ 120**	$ 109	$ 112
Tax-deferred property purchases	**$ (148)**	$ (95)	$ (46)

See notes to consolidated financial statements.

ALEXANDER & BALDWIN, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except per-share amount)

	December 31, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 14**	$ 16
Accounts and notes receivable, less allowances of $8 for 2010 and $10 for 2009	**165**	172
Inventories	**35**	43
Real estate held for sale	**8**	36
Deferred income taxes	**8**	6
Section 1031 exchange proceeds	**1**	1
Prepaid expenses and other assets	**33**	33
Total current assets	**264**	307
Investments in Affiliates	**329**	242
Real Estate Developments	**122**	88
Property – net	**1,651**	1,536
Employee Benefit Plan Assets	**3**	3
Other Assets	**126**	204
Total	**$ 2,495**	$ 2,380
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable and current portion of long-term debt	**$ 136**	$ 65
Accounts payable	**137**	132
Payroll and vacation benefits	**20**	18
Uninsured claims	**10**	9
Accrued and other liabilities	**50**	73
Total current liabilities	**353**	297
Long-term Liabilities		
Long-term debt	**386**	406
Deferred income taxes	**431**	428
Employee benefit plans	**135**	116
Uninsured claims and other liabilities	**54**	48
Total long-term liabilities	**1,006**	998
Commitments and Contingencies (Note 13)		
Shareholders' Equity		
Capital stock – common stock without par value; authorized, 150 million shares ($0.75 stated value per share); outstanding, 41.3 million shares in 2010 and 41.0 million shares in 2009	**34**	33
Additional capital	**223**	210
Accumulated other comprehensive loss	**(82)**	(81)
Retained earnings	**972**	934
Cost of treasury stock	**(11)**	(11)
Total shareholders' equity	**1,136**	1,085
Total	**$ 2,495**	$ 2,380

See notes to consolidated financial statements.

ALEXANDER & BALDWIN, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the three years ended December 31, 2010
(In millions, except per-share amounts)

	Capital Stock					Accumulated Other		
	Issued		In Treasury			Compre-		
	Shares	Stated Value	Shares	Cost	Additional Capital	hensive Loss	Retained Earnings	Total
Balance, December 31, 2007	**46.0**	**34**	**3.6**	**(11)**	**200**	**(4)**	**911**	**1,130**
Net income	—	—	—	—	—	—	132	132
Other comprehensive income, net of tax:								
Defined benefit plans:								
Net loss/prior service cost	—	—	—	—	—	(93)	—	(93)
Less: Amortization of net loss/prior service cost	—	—	—	—	—	1	—	1
Total comprehensive income								40
Shares repurchased	(1.4	(1)	—	—	(8)	—	(50)	(59)
Shares issued	—	—	—	—	1	—	—	1
Share-based compensation	—	—	—	—	11	—	—	11
Dividends ($1.23 per share)	—	—	—	—	—	—	(51)	(51)
Balance, December 31, 2008	**44.6**	**33**	**3.6**	**(11)**	**204**	**(96)**	**942**	**1,072**
Net income	—	—	—	—	—	—	44	44
Other comprehensive income, net of tax:								
Defined benefit plans:								
Net gain/prior service (cost)	—	—	—	—	—	7	—	7
Less: Amortization of net loss/prior service cost	—	—	—	—	—	8	—	8
Total comprehensive income								59
Excess tax benefit and share withholding	—	—	—	—	(3)	—	—	(3)
Share-based compensation	—	—	—	—	9	—	—	9
Dividends ($1.26 per share)	—	—	—	—	—	—	(52)	(52)
Balance, December 31, 2009	**44.6**	**$ 33**	**3.6**	**$ (11)**	**$ 210**	**$ (81)**	**$ 934**	**$ 1,085**
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**92**	**92**
Other comprehensive income, net of tax:								
Defined benefit plans:								
Net gain/prior service (cost)	**—**	**—**	**—**	**—**	**—**	**(13)**	**—**	**(13)**
Less: Amortization of	**—**	**—**	**—**	**—**	**—**	**12**	**—**	**12**

net loss/prior service cost								
Total comprehensive income								91
Excess tax benefit and share withholding	—	—	—	—	(1)	—	(2)	(3)
Shares issued	0.3	1	—	—	6	—	—	7
Share-based compensation	—	—	—	—	8	—	—	8
Dividends ($1.26 per share)	—	—	—	—	—	—	(52)	(52)
Balance, December 31, 2010	44.9	$ 34	3.6	$ (11)	$ 223	$ (82)	$ 972	$ 1,136

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Founded in 1870, Alexander & Baldwin, Inc. ("A&B" or the "Company") is incorporated under the laws of the State of Hawaii. A&B operates in five segments in three industries: Transportation, Real Estate and Agribusiness. These industries are described below:

Transportation: The Transportation Industry consists of Ocean Transportation and Logistics Services segments. The Ocean Transportation segment, which is conducted through Matson Navigation Company, Inc. ("Matson"), a wholly-owned subsidiary of A&B, is an asset-based business that derives its revenue primarily through the carriage of containerized freight between various U.S. Pacific Coast, Hawaii, Guam, China and other Pacific island ports. Additionally, the Ocean Transportation segment has a 35 percent interest in an entity (SSA Terminals, LLC or "SSAT") that provides terminal and stevedoring services at U.S. Pacific Coast facilities. The Logistics Services segment, which is conducted through Matson Integrated Logistics, Inc. ("MIL"), a wholly-owned subsidiary of Matson, is a non-asset based business that is a provider of domestic and international rail intermodal service ("Intermodal"), long-haul and regional highway brokerage, specialized hauling, flat-bed and project work, less-than-truckload, expedited/air freight services and warehousing and distribution services (collectively "Highway"). Warehousing and distribution services are provided by Matson Global Distribution Services, Inc. ("MGDS"), a wholly-owned subsidiary of MIL. MGDS's operations also include Pacific American Services, LLC ("PACAM"), a San Francisco bay-area regional warehousing, packaging, and distribution company.

Real Estate: The Real Estate Industry consists of two segments, both of which have operations in Hawaii and on the U.S. Mainland. The Real Estate Sales segment generates its revenues through the development and sale of land and commercial and residential properties. The Real Estate Leasing segment owns, operates and manages retail, office and industrial properties. Real estate activities are conducted through A&B Properties, Inc. and various other subsidiaries and affiliates of A&B.

Agribusiness: Agribusiness, which contains one segment, produces bulk raw sugar, specialty food-grade sugars, molasses, green coffee and roasted coffee; markets and distributes roasted coffee, green coffee and specialty food-grade sugars; provides general trucking services, mobile equipment maintenance and repair services in Hawaii; and generates and sells, to the extent not used in the Company's operations, electricity. The Company also is the sole member in Hawaiian Sugar & Transportation Cooperative ("HS&TC"), a cooperative that provides raw sugar marketing and transportation services. HS&TC was consolidated with the Company's results beginning December 1, 2009.

In December 2010, the Company entered into an agreement to lease land and sell certain assets used in the coffee business to Massimo Zanetti Beverage USA, Inc. ("MZB"), including intangible assets. The assets will be sold at book value, or an approximate price of $15 million. The transaction, which is not expected to result in a gain or loss, is subject to certain material contingencies and, assuming the satisfaction of those conditions, is expected to close in the first quarter of 2011. The assets to be purchased by MZB include machinery, furniture, fixtures, equipment, materials and supply inventory, and coffee inventory. The Company will retain ownership of the land, buildings, power generation, and power distribution assets.

Recast of Financial Information for Discontinued Operations: In August 2011, the Company finalized a decision to terminate Matson's second China string ("CLX2") due to the longer-term outlook for sustained high fuel prices and increasingly volatile Transpacific rates. Additionally, during 2011, the Company sold Arbor Park Shopping Center, a retail property in Texas, Wakea Business Center II, a commercial facility on Maui, and a leased Maui property. As a result of the aforementioned transactions, the Company has recast information to reflect the results of operations of the CLX2 component and property sales as discontinued operations in the Consolidated Statements of Operations and related information in Notes 2, 11, 14, 15, and 16 for all periods presented.

Principles of Consolidation: The consolidated financial statements include the accounts of Alexander & Baldwin, Inc. and all wholly-owned and controlled subsidiaries, after elimination of significant intercompany amounts. Significant investments in businesses, partnerships, and limited liability companies in which the Company does not have a controlling financial interest, but has the ability to exercise significant influence, are accounted for under the equity method. A controlling financial interest is one in which the Company has a majority voting interest or one in which the Company is the primary beneficiary of a variable interest entity.

Fiscal Year: The fiscal year end for the Company's Real Estate and Agribusiness Industry segments is December 31. The fiscal year end for the Company's Transportation Industry segments occurs on the last Friday in December, except for the warehousing services business, whose fiscal year closes on December 31. There were 53 weeks included in the Transportation Industry segments' 2010 fiscal year and 52 weeks in 2009.

Risks and Uncertainties: Factors that could adversely impact the Company's operations or financial results include, but are not limited to, the following: unfavorable economic conditions in the U.S., Guam, or Asian markets that result in a further decrease in consumer confidence or market demand for, or prices of, the Company's services and products; increased competition; replacement of the Company's significant operating agreements; reduction in credit availability; downgrade in the Company's credit rating that affects its ability to secure adequate financing or increase the cost of financing; failure to comply with restrictive financial covenants in the Company's credit facilities; insolvency of the Company's insurance carriers; insolvency or failure of joint venture partner to perform; loss or insolvency of significant agents, customers, or vendors; unfavorable political conditions in domestic or international markets; strikes or work stoppages; increased cost of energy, commodities, or labor; noncompliance with or changes in laws and regulations relating to the Company's business, including environmental laws or climate change legislation or regulation; unfavorable litigation or legal proceedings or government inquiries or investigations; adverse weather conditions; changes in the legal and regulatory environment; changes in accounting and taxation standards, including an increase in tax rates; an inability to achieve the Company's overall long-term goals; an inability to protect the Company's information systems; future impairment charges; increased pension costs; inadequate internal controls; material warranty and construction defect claims; and global or regional catastrophic events.

Use of Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Significant estimates and assumptions are used for, but not limited to: (i) asset impairments, (ii) legal contingencies, (iii) allowance for doubtful accounts, (iv) revenue recognition for long-term real estate developments, (v) self-insured liabilities, (vi) goodwill and intangible assets, (vii) pension and postretirement estimates, (viii) sugar production, and (ix) income taxes. Future results could be materially affected if actual results differ from these estimates and assumptions.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments with a weighted-average maturity of three months or less at the date of purchase. The Company carries these investments at cost, which approximates fair value. Outstanding checks in excess of funds on deposit totaled $14 million and $22 million at December 31, 2010 and 2009, respectively, and are reflected as current liabilities in the consolidated balance sheets.

Fair Value of Financial Instruments: The fair values of cash and cash equivalents, receivables and short-term borrowings approximate their carrying values due to the short-term nature of the instruments. The carrying amount and fair value of the Company's fixed-rate long-term debt at December 31, 2010 was $414 million and $438 million, respectively and $471 million and $475 million at December 31, 2009, respectively.

Allowance for Doubtful Accounts: Allowances for doubtful accounts are established by management based on estimates of collectibility. Estimates of collectability are principally based on an evaluation of the current financial condition the Company's customers and their payment history, which are regularly monitored by the Company. The changes in the allowance for doubtful accounts, included on the consolidated balance sheets as an offset to "Accounts and notes receivable," for the three years ended December 31, 2010 were as follows (in millions):

	Balance at Beginning of year	Expense	Write-offs and Other	Balance at End of Year
2010	**$ 10**	--	**$ (2)**	**$ 8**
2009	$ 8	$ 3	$ (1)	$ 10
2008	$ 12	$ 1	$ (5)	$ 8

Inventories: Sugar and coffee inventories are stated at the lower of cost (first-in, first-out basis) or market value. Materials and supplies inventory are stated at the lower of cost (principally average cost) or market value. Inventories at December 31, 2010 and 2009 were as follows (in millions):

	2010	2009
Sugar and coffee inventories	**$ 16**	$ 28
Materials and supplies inventories	**19**	15
Total	**$ 35**	$ 43

Dry-docking: Under U.S. Coast Guard rules, administered through the American Bureau of Shipping's alternative compliance program, all vessels must meet specified seaworthiness standards to remain in service. Vessels must undergo regular inspection, monitoring and maintenance, referred to as "dry-docking," to maintain the required operating certificates. These dry-docks occur on scheduled intervals ranging from two to five years, depending on the vessel's age. Because the dry-docks enable the vessel to continue operating in compliance with U.S. Coast Guard requirements and provide future economic benefits, the costs of these scheduled dry-docks are deferred and amortized until the next regularly scheduled dry-dock period. Routine vessel maintenance and repairs that do not improve or extend asset lives are charged to expense as incurred. Deferred amounts are included on the consolidated balance sheets in non-current other assets. Amortized amounts are charged to operating expenses in the consolidated statements of income. Changes in deferred dry-docking costs are included in the consolidated statements of cash flows in cash flows from operating activities.

Property: Property is stated at cost, net of accumulated depreciation and amortization. Expenditures for major renewals and betterments are capitalized. Replacements, maintenance, and repairs that do not improve or extend asset lives are charged to expense as incurred. Costs of developing coffee orchards are capitalized during the development period and depreciated over the estimated productive lives. Upon acquiring commercial real estate that is deemed a business, the Company records land, buildings, leases above and below market, and other intangible assets based on their fair values. Due diligence costs are expensed as incurred.

Depreciation: Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of property are as follows:

Classification	Range of Life (in years)
Vessels	10 to 40
Buildings	10 to 40
Water, power and sewer systems	5 to 50
Machinery and equipment	2 to 35
Other property improvements	3 to 35

Real Estate Developments: Expenditures for real estate developments are capitalized during construction and are classified as Real Estate Developments on the consolidated balance sheets. When construction is substantially complete, the costs are reclassified as either Real Estate Held for Sale or Property, based upon the Company's intent to either sell the completed asset or to hold it as an investment property, respectively. 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.

For development projects, capitalized costs are allocated using the direct method for expenditures that are specifically associated with the unit being sold and the relative-sales-value method for expenditures that benefit the entire project. Capitalized development costs typically include costs related to land acquisition, grading, roads, water and sewage systems, landscaping, capitalized interest, and project amenities. Direct overhead costs incurred after the development project is substantially complete, such as utilities, maintenance, and real estate taxes, are charged to selling, general, and administrative expense as incurred. All indirect overhead costs are charged to selling, general, and administrative costs as incurred.

Capitalized Interest: Interest costs incurred in connection with significant expenditures for real estate developments, the construction of assets, or investments in joint ventures are capitalized during the period in which activities necessary to get the asset ready for its intended use are in progress. Capitalization of interest is discontinued when the asset is substantially complete and ready for its intended use. Capitalization of interest on investments in joint ventures is recorded until the underlying investee commences its principal operations, which is typically when the investee has other-than-ancillary revenue generation. Total interest cost incurred was $26 million in 2010, $26 million in 2009, and $25 million in 2008. Capitalized interest in 2010, 2009 and 2008 was not material.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets: Long-lived assets, including finite-lived intangible assets, are reviewed for possible impairment when events or circumstances indicate that the carrying value may not be recoverable. In such an evaluation, the estimated future undiscounted cash flows generated by the asset are compared with the amount recorded for the asset to determine if its carrying value is not recoverable. If this review determines that the recorded value will not be recovered, the amount recorded for the asset is reduced to estimated fair value. The Company has evaluated certain long-lived assets, including intangible assets, for impairment; however, no impairment charges were recorded in 2010, 2009, and 2008 as a result of this process. These asset impairment loss analyses are highly subjective because they require management to make assumptions and apply considerable judgments to, among others, estimates of the timing and amount of future cash flows, expected useful lives of the assets, uncertainty about future events, including changes in economic conditions, changes in operating performance, changes in the use of the assets, and ongoing cost of maintenance and improvements of the assets, and thus, the accounting estimates may change from period to period. If management uses different assumptions or if different conditions occur in future periods, the Company's financial condition or its future operating results could be materially impacted.

Impairment of Investments: The Company's investments in unconsolidated affiliates are reviewed for impairment whenever there is evidence that fair value may be below carrying cost. An investment is written down to fair value if fair value is below carrying cost and the impairment is considered other-than-temporary. In evaluating the fair value of an investment, the Company reviews probability-weighted discounted projected cash flows associated with the investment and other relevant information. In evaluating whether an impairment is other-than-temporary, the Company considers all available information, including the length of time and extent of the impairment, the financial condition and near-term prospects of the affiliate, the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value, and projected industry and economic trends, among others.

Significant estimates and considerable judgments are involved in determining the fair value of an investment and assessing whether any identified impairment is other-than-temporary. These estimates and judgments are based, in part, on the Company's current and future evaluation of economic conditions in general, as well as a joint venture's current and future plans. These impairment calculations are highly subjective because they also require management to make assumptions and apply judgments to estimates of the timing and amount of future cash flows, probabilities related to various cash flow scenarios, and appropriate discount rates based on the perceived risks, among others. Changes in these and other assumptions could affect the projected operational results and fair value of the unconsolidated affiliates, and accordingly, may require valuation adjustments to the Company's investments that may materially impact the Company's financial condition or its future operating results. For example, if the current market conditions deteriorate significantly or a joint venture's plans change materially, additional impairment charges may be required in future periods, and those charges could be material.

In 2010, the Company evaluated certain investments for impairment. As a result of this process, the Company recorded an impairment loss of approximately $1.9 million related to its Santa Barbara Ranch joint venture investment. Continued weakness in the real estate sector or difficulty in obtaining or renewing project-level financing may affect the value or feasibility of certain development projects owned by the Company or by its joint ventures and could lead to additional impairment charges in the future.

Goodwill and Intangible Assets: Goodwill and intangibles are recorded on the consolidated balance sheets as other non-current assets. Recorded goodwill is related to the acquisition of logistic service entities and related earnout obligations (see Note 3). Recorded intangible assets are related to logistic service entity acquisitions as well as the acquisition of commercial properties. The Company reviews goodwill for potential impairment on an annual basis, or more frequently if indications of impairment exist. Finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances would indicate the carrying amount of the intangible assets may not be recoverable. There were no impairments of goodwill or intangible assets in 2010, 2009, or 2008.

The changes in the carrying amount of goodwill for the years ended December 31, 2010 and 2009 were as follows (in millions):

	Goodwill
Balance, December 31, 2008	$ 26
Additions	1
Balance, December 31, 2009	27
Additions	**--**
Balance, December 31, 2010	**$ 27**

Intangible assets for the years ended December 31 included the following (in millions):

	2010		2009	
	Gross Carrying **Amount**	**Accumulated Amortization**	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists	**$ 12**	**$ (5)**	$ 12	$ (4)
In-place leases	**15**	**(7)**	11	(4)
Other	**11**	**(5)**	8	(4)
Total assets	**$ 38**	**$ (17)**	$ 31	$ (12)

Aggregate intangible asset amortization was $5 million, $4 million, and $3 million for 2010, 2009, and 2008, respectively. Estimated amortization expenses related to intangibles over the next five years are as follows (in millions):

	Estimated Amortization
2011	**$ 5**
2012	**3**
2013	**3**
2014	**2**
2015	**2**

1031 Exchange Proceeds: As of December 31, 2010 and 2009, the Company had $1 million and $61 million, respectively, of proceeds related to qualifying 1031 tax-deferred sales. The $1 million of proceeds as of December 31, 2010 were classified as current assets since the proceeds expire in 2011. The $61 million of proceeds as of December 31, 2009 were classified as non-current assets on the consolidated balance sheets.

Revenue Recognition: The Company has a wide variety of revenue sources, including, shipping revenue, logistics services revenue, property sales, rental income, and sales of raw sugar, molasses and coffee. Before recognizing revenue, the Company assesses the underlying terms of the transaction to ensure that recognition meets the requirements of relevant accounting standards. In general, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of the service or product has occurred, the sales price is fixed or determinable, and collectibility is reasonably assured.

Voyage Revenue Recognition: Voyage revenue is recognized ratably over the duration of a voyage based on the relative transit time in each reporting period, commonly referred to as the percentage-of-completion method. Voyage expenses are recognized as incurred.

Logistics Services Revenue Recognition: The revenue for logistics services includes the total amount billed to customers for transportation services. The primary costs include purchased transportation services. Revenue and the related purchased transportation costs are recognized based on relative transit time, commonly referred to as the percentage-of-completion method. The Company reports revenue on a gross basis. The Company serves as principal in transactions because it is responsible for the contractual relationship with the customer, has latitude in establishing prices, has discretion in supplier selection, and retains credit risk.

Real Estate Sales Revenue Recognition: Sales are recorded when the risks and rewards of ownership have passed to the buyers (generally on closing dates), adequate initial and continuing investments have been received, and collection of remaining balances, if any, is reasonably assured. For certain development projects that have material continuing post-closing involvement and for which total revenue and capital costs are reasonably estimable, the Company uses the percentage-of-completion method for revenue recognition. Under this method, the amount of revenue recognized is based on development costs that have been incurred through the reporting period as a percentage of total expected development cost associated with the development project. This generally results in a stabilized gross margin percentage, but requires significant judgment and estimates.

Real Estate Leasing Revenue Recognition: Real estate leasing revenue is recognized on a straight-line basis over the terms of the related leases, including periods for which no rent is due (typically referred to as "rent holidays"). Differences between revenues recognized and amounts due under respective lease agreements are recorded as increases or decreases, as applicable, to deferred rent receivable. Also included in rental revenue are certain tenant reimbursements and percentage rents determined in accordance with the terms of the leases. Income arising from tenant rents that are contingent upon the sales of the tenant exceeding a defined threshold are recognized only after the contingency has been resolved (e.g., sales thresholds have been achieved).

Sugar and Coffee Revenue Recognition: Revenue from bulk raw sugar sales and coffee sales is recorded when title to the product and risk of loss passes to third parties (generally this occurs when the product is shipped or delivered to customers) and when collection is reasonably assured.

Non-voyage Ocean Transportation Costs: 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 inventory in the year incurred and to cost of sales as raw sugar is sold. Costs of growing coffee, excluding orchard development costs, are charged to inventory in the year incurred and to cost of sales as coffee is sold.

Discontinued Operations: The sales of certain income-producing assets are classified as discontinued operations if the operations and cash flows of the assets clearly can be distinguished from the remaining assets of the Company, if cash flows for the assets have been, or will be, eliminated from the ongoing operations of the Company, if the Company will not have a significant continuing involvement in the operations of the assets sold, and if the amount is considered material. Certain assets that are "held-for-sale," based on the likelihood and intention of selling the property within 12 months, are also treated as discontinued operations. Upon reclassification, depreciation ceases on assets reclassified as "held-for-sale." Sales of land not under lease and residential houses and lots are generally considered inventory and are not included in discontinued operations. See also Note 2 regarding Matson's termination of its second China service in August 2011 that has been classified as discontinued operations.

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

Share-Based Compensation: The Company records compensation expense for all share-based payment awards made to employees and directors. The Company's various equity plans are more fully described in Note 12.

Basic and Diluted Earnings per Share ("EPS") of Common Stock: Basic earnings per share is determined by dividing net income by the weighted-average common shares outstanding during the year. The calculation of diluted earnings per share includes the dilutive effect of unexercised non-qualified stock options and non-vested stock units. The computation of weighted average dilutive shares outstanding excluded non-qualified stock options to purchase 1.6 million, 1.8 million, and 1.1 million shares of common stock for 2010, 2009, and 2008, respectively. These amounts were excluded because the options' exercise prices were greater than the average market price of the Company's common stock for the periods presented and, therefore, the effect would be anti-dilutive.
The denominator used to compute basic and diluted earnings per share is as follows (in millions):

	2010	2009	2008
Denominator for basic EPS: weighted average shares outstanding	**41.2**	41.0	41.2
Effect of dilutive securities:			
Outstanding stock options and non-vested stock units	**0.3**	0.1	0.3
Denominator for diluted EPS: weighted average shares outstanding	**41.5**	41.1	41.5

On January 26, 2011, the Company granted to employees, non-qualified stock options exercisable into 285,569 shares of common stock at $40.63 per share, 62,697 shares of time-based restricted stock units, and 83,594 shares of performance-based restricted stock units. The time-based restricted stock units vests ratably over three years and the performance-based restricted stock units vests ratably over three years, provided that the one-year performance objectives are achieved.

Income Taxes: The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of tax credits, tax benefits and deductions, and in the calculation of certain deferred tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Deferred tax assets and deferred tax liabilities are adjusted to the extent necessary to reflect tax rates expected to be in effect when the temporary differences reverse. Adjustments may be required to deferred tax assets and deferred tax liabilities due to changes in tax laws and audit adjustments by tax authorities. To the extent adjustments are required in any given period, the adjustments would be included within the tax provision in the consolidated statements of income or consolidated balance sheets.

The Company has not recorded a valuation allowance for its deferred tax assets. A valuation allowance would be established if, based on the weight of available evidence, management believes that it is more likely than not that some portion or all of a recorded deferred tax asset would not be realized in future periods.

Restricted Net Assets of Subsidiaries: Matson is subject to restrictions on the transfer of net assets under certain debt agreements. These restrictions have not had any effect on the Company's shareholder dividend policy, and the Company does not anticipate that these restrictions will have any impact in the future. At December 31, 2010, the amount of net assets of Matson that may not be transferred to the Company was approximately $292 million.

Derivative Financial Instruments: The Company periodically uses derivative financial instruments such as interest rate and foreign currency hedging products to mitigate risks. The Company's use of derivative instruments is limited to reducing its risk exposure by utilizing interest rate or currency agreements that are accounted for as hedges. The Company does not hold or issue derivative instruments for trading or other speculative purposes nor does it use leveraged financial instruments. All derivatives are recognized in the consolidated balance sheets at their fair value. At December 31, 2010 and 2009, there were no material derivative instruments held by the Company.

Comprehensive Income (Loss): Comprehensive income (loss) includes all changes in Shareholders' Equity, except those resulting from capital stock transactions. Accumulated other comprehensive loss principally includes amortization of deferred pension/postretirement costs. The components of accumulated other comprehensive loss, net of taxes, were as follows for the years ended December 31 (in millions):

	2010	2009	2008
Unrealized components of benefit plans:			
Pension plans	**$ (73)**	$ (73)	$ (90)
Postretirement plans	**(4)**	--	1
Non-qualified benefit plans	**(4)**	(6)	(5)
SSAT pension plan and other	**(1)**	(2)	(2)
Accumulated other comprehensive loss	**$ (82)**	$ (81)	$ (96)

Environmental Costs: Environmental exposures are recorded as a liability and charged to operating expense when the environmental liability has been incurred and can be reasonably estimated. If the aggregate amount of the liability and the amount and timing of cash payments for the liability are fixed or reliably determinable, the environmental liability is discounted. An environmental liability has been incurred when both of the following conditions have been met: (i) litigation has commenced or a claim or an assessment has been asserted, or, based on available information, commencement of litigation or assertion of a claim or an assessment is probable, and (ii) based on available information, it is probable that the outcome of such litigation, claim, or assessment will be unfavorable. If a range of probable loss is determined, the Company will record the obligation at the low end of the range unless another amount in the range better reflects the expected loss. Certain costs, however, are capitalized in Property when the obligation is recorded, if the cost (1) extends the life, increases the capacity or improves the safety and efficiency of property owned by the Company, (2) mitigates or prevents environmental contamination that has yet to occur and that otherwise may result from future operations or activities, or (3) is incurred or discovered in preparing for sale property that is classified as "held–for-sale." The amounts of capitalized environmental costs were not material at December 31, 2010 or 2009.

Self-Insured Liabilities: The Company is self-insured for certain losses that include, but are not limited to, employee health, workers' compensation, general liability, real and personal property, and real estate construction warranty and defect claims. When feasible, the Company obtains third-party insurance coverage to limit its exposure to these claims. When estimating its self-insured liabilities, the Company considers a number of factors, including historical claims experience, demographic factors, and valuations provided by independent third-parties. Periodically, management reviews its assumptions and the valuations provided by independent third-parties to determine the adequacy of the Company's self-insured liabilities.

Impact of Recently Issued Accounting Standards: In October 2009, the FASB issued guidance on revenue arrangements with multiple deliverables effective for the Company's 2011 fiscal year. The guidance revises the criteria for separating, measuring, and allocating arrangement consideration to each deliverable in a multiple element arrangement. The guidance requires companies to allocate revenue using the relative selling price of each deliverable, which must be estimated if there is no history of selling the deliverable on a stand-alone basis nor third-party evidence of selling price. The adoption of this standard is not expected to have a material impact on the Company's financial position or results of operations.

In June 2009, the FASB issued guidance to revise the approach to determine when a variable interest entity ("VIE") should be consolidated. The new consolidation model for VIEs considers whether the Company has the power to direct the activities that most significantly impact the VIE's economic performance and shares in the significant risks and rewards of the entity. The guidance on VIEs requires companies to continually reassess VIEs to determine if consolidation is appropriate and provide additional disclosures. The guidance was effective for the Company in 2010. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

Rounding: Amounts in the consolidated financial statements and Notes are rounded to millions, but per-share calculations and percentages were determined based on amounts before rounding. Accordingly, a recalculation of some per-share amounts and percentages, if based on the reported data, may be slightly different.

2. DISCONTINUED OPERATIONS

During 2011, the sales of Arbor Park Shopping Center, a retail property in Texas, Wakea Business Center II, a commercial facility on Maui, and a leased Maui property have been classified as discontinued operations for all periods presented. These real estate assets did not meet the criteria for being classified as held-for-sale at December 31, 2010, and accordingly, were not reclassified from Property–net and presented separately. Additionally, in connection with the termination of Matson's second China service ("CLX2"), the results of operation for the CLX2 component have been reclassified from the Transportation segment to discontinued operations for all periods presented. The carrying amount of assets and liabilities attributable to the CLX2 component were not material to the Company in any of the periods presented and, accordingly, have not been presented separately.

During 2010, the sales of a retail center on Oahu, a three-building industrial park in Ontario, California, an industrial warehouse property in Kent, Washington, a retail center on Maui, and various leased-fee parcels have been classified as discontinued operations. Additionally, a retail property on Maui that was held for sale at year-end was classified as discontinued operations.

During 2009, the sales of an office/retail property on Oahu, a retail shopping center in California, an office building in Arizona, an industrial property on Oahu, an industrial property in California, and various parcels on Maui have been classified as discontinued operations. Additionally, a retail property on Oahu was classified as discontinued operations (the Company sold the property in January 2010).

During 2008, the sales of two retail properties on the mainland, one mainland office property, a multi-tenant residential rental property, three commercial properties on Maui, land previously leased to a telecommunications tenant on Maui, several commercial leased fee parcels on Maui, and various land parcels on Maui have been classified as discontinued operations.

The revenue, operating profit, income tax expense and after-tax effects of these transactions for 2010, 2009, and 2008 were as follows (in millions, except per share amounts):

	2010	2009	2008
Sales Revenue	**$ 117**	$ 110	$ 125
Leasing Revenue	**$ 10**	$ 27	$ 39
CLX2 Revenue	**$ 28**	$ --	$ --
Sales Operating Profit	**$ 49**	$ 44	$ 55
Leasing Operating Profit	**$ 6**	$ 15	$ 22
CLX2 Operating Loss	**(19)**	$ --	$ --
Income Tax Expense	**$ 13**	$ 22	$ 29
Income from Discontinued Operations	**$ 23**	$ 37	$ 48
Basic Earnings Per Share	**$ 0.55**	$ 0.89	$ 1.16
Diluted Earnings Per Share	**$ 0.55**	$ 0.89	$ 1.15

The results of operations from these properties in prior years were reclassified from continuing operations to discontinued operations to conform to the current year's accounting presentation. Consistent with the Company's intention to reinvest the sales proceeds into new investment property, the proceeds from the sales of property treated as discontinued operations were deposited in escrow accounts for tax-deferred reinvestment in accordance with Section 1031 of the Internal Revenue Code.

3. ACQUISITIONS AND RELATED-PARTY TRANSACTIONS

The Company's Hawaiian Commercial & Sugar Company division and Gay & Robinson ("G&R") were members in Hawaiian Sugar & Transportation Cooperative ("HS&TC"), a cooperative that provides raw sugar marketing and transportation services to its members. In the fourth quarter of 2009, G&R ceased the production of raw sugar. As a result of G&R's cessation of raw sugar production in the fourth quarter of 2009, G&R's membership in the cooperative terminated because a cooperative member must be an active producer. Consequently, upon G&R's withdrawal, the Company became the sole member in HS&TC and consolidated HS&TC beginning December 1, 2009.

The identifiable assets and liabilities from HS&TC were recorded based upon their estimated fair values at December 1, 2009. Approximately $5 million of identifiable assets, net of liabilities, measured at fair value, was recorded as a gain and classified as Other Income (Expense) in the consolidated statements of income. In consolidation, approximately $11 million of cash, $6 million in fixed assets, $8 million in inventory, $2 million in prepaid and other assets, and $22 million in accrued and other liabilities were recorded. The Company has not presented unaudited pro forma results of operations because the consolidation of HS&TC is not material to its consolidated results of operations, financial position or cash flows.

Under the terms of a supply contract between HS&TC and C&H Sugar Company, Inc. ("C&H"), C&H is obligated to purchase, and HS&TC is obligated to sell, all of the raw sugar delivered to HS&TC by the Hawaii sugar growers, at prices determined by the quoted domestic sugar market. Revenue from raw sugar and molasses sold to HS&TC, prior to December 1, 2009, was $38 million during 2009 and $45 million during 2008.

4. INVESTMENTS IN AFFILIATES

At December 31, 2010 and 2009, investments consisted principally of equity in limited liability companies. The Company has the ability to exercise significant influence over the operating and financial policies of these investments and, accordingly, accounts for its investments using the equity method of accounting. Consolidated retained earnings at December 31, 2010 that represent undistributed earnings of investments in affiliates was approximately $38 million. Dividends and distributions from unconsolidated affiliates totaled $8 million for each of the years ended December 31, 2010 and 2009, and $30 million for the year ended December 31, 2008.

The Company's investments in affiliates are summarized, by industry, as follows (in millions):

	2010	2009
Investment in Unconsolidated Affiliated Companies:		
Real Estate and Other	**$ 276**	$ 195
Transportation	**53**	47
Total Investments	**$ 329**	$ 242

Operating results include the Company's proportionate share of net income from its equity method investments. A summary of financial information for the Company's equity method investments by industry at December 31 is as follows (in millions):

	2010		2009	
	Real Estate	**Transportation**	Real Estate	Transportation
Current assets	**$ 42**	**$ 88**	$ 48	$ 60
Noncurrent assets	**623**	**111**	554	118
Total assets	**$ 665**	**$ 199**	$ 602	$ 178
Current liabilities	**$ 15**	**$ 39**	97	$ 29
Noncurrent liabilities	**164**	**22**	111	26
Total liabilities	**$ 179**	**$ 61**	$ 208	$ 55

	Year Ended December 31,		
	2010	2009	2008
Real Estate:			
Operating revenue	**$ 30**	$ 14	$ 73
Operating costs and expenses	**23**	9	47
Operating income	**$ 7**	$ 5	$ 26
Income from continuing operations	**$ 7**	$ 1	$ 22
Net income	**$ 7**	$ 1	$ 22
Transportation:			
Operating revenue	**$ 568**	$ 476	$ 505
Operating costs and expenses	**548**	470	502
Operating income	**$ 20**	$ 6	$ 3
Income from continuing operations*	**$ 36**	$ 20	$ 13
Net income	**$ 36**	$ 20	$ 13

* Includes earnings from equity method investments held by the investee.

Real Estate: In April 2002, the Company entered into a joint venture with DMB Communities II, an affiliate of DMB Associates, Inc., an Arizona-based developer of master-planned communities ("DMB"), for the development of Kukui`ula, a 1,000-acre master planned resort residential community located in Poipu, Kauai, planned for approximately 1,000 to 1,200 high-end residential units. The capital contributed by A&B to the joint venture, including the value of land initially contributed, was $225 million as of December 31, 2010. Due to the joint venture's obligation to complete improvements and amenities, the joint venture uses the percentage-of-completion method for revenue recognition. The Company does not have a controlling financial interest in the joint venture, but exercises significant influence over the operating and financial policies of the venture, and therefore, accounts for its investment using the equity method. Net income of the joint venture is allocated to the members using the hypothetical liquidation at book value ("HLBV") method. Under the HLBV method, joint venture income or loss is allocated to the members based on the period change in each member's claim on the net assets of the venture, excluding capital contributions and distributions made during the period.

The Company also had investments in various other joint ventures that operate or develop real estate. The Company has the ability to exercise significant influence over the operating and financial policies of these joint ventures and, accordingly, accounts for its investments in these real estate ventures using the equity method of accounting.

Transportation: Matson owns a 35-percent membership interest in an LLC with SSA Marine Inc., named SSA Terminals, LLC (“SSAT”), which provides stevedoring and terminal services at five terminals in three West Coast ports to the Company and other shipping lines. Matson accounts for its interest in SSAT under the equity method of accounting. The cost of ocean transportation services included approximately $157 million, $135 million, and $145 million for 2010, 2009, and 2008, respectively, paid to this unconsolidated affiliate for terminal services.

The Company’s equity in earnings of its unconsolidated transportation affiliate of $13 million, $6 million, and $5 million for 2010, 2009, and 2008, respectively, were included on the consolidated statements of income with the cost of ocean transportation services because the affiliate is integrally related to the Company’s Ocean Transportation segment, providing all terminal services to Matson on the U.S. West Coast.

5. PROPERTY

Property on the consolidated balance sheets includes the following (in millions):

	2010	2009
Vessels	**$ 1,220**	$ 1,216
Machinery and equipment	**661**	609
Buildings	**557**	507
Land	**236**	165
Water, power and sewer systems	**119**	119
Other property improvements	**108**	99
Total	**2,901**	2,715
Less accumulated depreciation and amortization	**(1,250)**	(1,179)
Property – net	**$ 1,651**	$ 1,536

6. CAPITAL CONSTRUCTION FUND

Matson is party to an agreement with the United States government that 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 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.

Under the terms of the CCF agreement, Matson 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 consolidated balance sheets either as obligations of the Company’s current assets or as receivables from the CCF. At December 31, 2010 and 2009, Matson accrued a $4.4 million withdrawal from the CCF and a $4.4 million deposit to the CCF, resulting in a zero net balance in the consolidated balance sheets.

7. NOTES PAYABLE AND LONG-TERM DEBT

At December 31, 2010 and 2009, notes payable and long-term debt consisted of the following (in millions):

	2010	2009
Revolving Credit loans, (0.64% for 2010 and 0.68% for 2009)	**$ 108**	$ 34
Title XI Bonds:		
5.27%, payable through 2029	**42**	44
5.34%, payable through 2028	**40**	42
Term Loans:		
6.90%, payable through 2020	**100**	100
4.79%, payable through 2020	**66**	73
5.55%, payable through 2017	**50**	50
5.53%, payable through 2016	**50**	50
5.56%, payable through 2016	**25**	25
4.10%, payable through 2012	**12**	25
6.20%, payable through 2013	**11**	11
6.38%, payable through 2017	**8**	8
5.50%, payable through 2014	**6**	--
5.88%, payable through 2014	**3**	3
0.00%, payable through 2012	**1**	--
7.42%, payable through 2010	--	3
4.31%, payable through 2010	--	3
Total debt	**522**	471
Less current portion	**(136)**	(65)
Long-term debt	**$ 386**	$ 406

Long-term Debt Maturities: At December 31, 2010, debt maturities during the next five years and thereafter are $136 million in 2011, $40 million in 2012, $45 million in 2013, $54 million in 2014, $45 million in 2015 and $202 million thereafter.

Revolving Credit Facilities: The Company has two revolving senior credit facilities with six commercial banks that provide for an aggregate commitment of $325 million, which consist of a $225 million facility and a $100 million facility for A&B and Matson, respectively. The A&B facility expires in December 2011 and the Matson facility expires in December 2012. Amounts drawn under the facilities bear interest at London Interbank Offered Rate ("LIBOR") plus a spread ranging from 0.225 percent to 0.475 percent based on the Company's S&P rating. The agreement contains certain restrictive covenants, the most significant of which requires the maintenance of minimum shareholders' equity levels, minimum unencumbered property investment values, and a maximum ratio of debt to earnings before interest, depreciation, amortization and taxes. At December 31, 2010, $108 million was outstanding, $19 million in letters of credit had been issued against the facility, and $198 million remained available for borrowing.

On December 20, 2010, Matson and its lenders entered into an amendment to Matson's $100 million revolver facility that extends the maturity date of the facility to December 28, 2012. Through December 28, 2011, all terms and conditions of the Matson Agreement remain unchanged. After December 28, 2011, interest rates on amounts drawn range from 1.25 percent to 2.00 percent plus LIBOR based on Matson's current credit rating.

Matson has a $105 million secured reducing revolving credit agreement with DnB NOR Bank ASA and ING Bank N.V. that expires in June 2015. The maximum amount that can be outstanding on the facility declines in eight annual commitment reductions of $10.5 million each, commencing in June 2007. The incremental borrowing rate for the facility is 0.270 percent over LIBOR. The agreement contains certain restrictive covenants, the most significant of which requires the maintenance of minimum net worth levels, minimum working capital levels, and maximum ratio of long-term debt to net worth. At December 31, 2010, no amount was outstanding and approximately $63 million remained available for borrowing.

The Company has a replenishing $400 million three-year unsecured note purchase and private shelf agreement with Prudential Investment Management, Inc. and its affiliates (collectively, "Prudential") under which the Company may issue notes in an aggregate amount up to $400 million, less the sum of all principal amounts then outstanding on any notes issued by the Company or any of its subsidiaries to Prudential and the amount of any notes that are committed under the note purchase agreement. The Prudential agreement contains certain restrictive covenants that are substantially the same as the covenants contained in the aggregate $325 million revolving senior credit facilities. The ability to draw additional amounts under the Prudential facility expires on April 19, 2012 and borrowings under the shelf facility bear interest at rates that are determined at the time of the borrowing. At December 31, 2010, approximately $97 million was available under the facility.

The unused borrowing capacity under all revolving credit and term facilities as of December 31, 2010 totaled $358 million.

Title XI Bonds: In August 2004, Matson partially financed the delivery of the *MV Maunawili* with $55 million of 5.27 percent fixed-rate, 25-year term, U.S. government Guaranteed Ship Financing Bonds, more commonly known as Title XI bonds. These bonds, which are secured by the *MV Maunawili*, are payable in $1.1 million semiannual payments.

In September 2003, Matson partially financed the delivery of the *MV Manukai* with $55 million of 5.34 percent fixed-rate, 25-year term, Title XI bonds. These bonds, which are secured by the *MV Manukai*, are payable in $1.1 million semiannual payments.

Vessel Secured Term Debt: Matson has an Amended and Restated Note Agreement with The Prudential Insurance Company of America and Pruco Life Insurance for $120 million. Included in the agreement are Series A and Series B notes. Series A represents a $15 million note and Series B represents 15-year term notes totaling $105 million. Both series are secured by the *MV Manulani*. The Series A note was paid off in 2010. The Series B notes carry interest at 4.79 percent with $66 million currently outstanding.

Real Estate Secured Term Debt: In October 2010, the Company assumed approximately $6 million of secured debt in connection with the purchase of Little Cottonwood Center, a retail center in Sandy, Utah. At December 31, 2010, the note had an outstanding amount of $6 million, carries interest at 5.5 percent and matures in November 2014.

In December 2008, A&B Properties, Inc. assumed approximately $13 million of secured debt, with a fair value of $11 million at the time of acquisition, under two notes in connection with the purchase of the Midstate 99 Distribution Center in Visalia, California. At December 31, 2010, the notes had outstanding amounts of $8 million and $3 million, mature in August 2017 and April 2014, and carry interest at 6.38 percent and 5.88 percent, respectively.

In June 2005, A&B Properties, Inc. assumed $11.4 million of secured debt in connection with the purchase of an office building in Phoenix, Arizona. This term loan, with an outstanding amount of $11 million at December 31, 2010, carries interest at 6.2 percent and matures in October 2013.

8. LEASES – THE COMPANY AS LESSEE

Principal non-cancelable operating leases include land, office and terminal facilities, container ships, containers and equipment, leased for periods that expire through 2036. 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 $45 million, $30 million, and $31 million for 2010, 2009, and 2008, respectively. Rental expense for operating leases that provide for future escalations are accounted for on a straight-line basis. Future minimum payments under non-cancelable operating leases as of December 31, 2010 were as follows (in millions):

	Operating Leases
2011	**$ 29**
2012	**25**
2013	**17**
2014	**14**
2015	**10**
Thereafter	**23**
Total minimum lease payments	**$ 118**

In addition to the future minimum lease payments above, the Company has an operating lease for terminal facilities in Honolulu that includes a minimum annual commitment, which is calculated by the lessor based on capital improvements by the lessor and an allocation of lessor operating expenses. The Company's payments of volume-based charges to the lessor must meet or exceed the minimum annual commitment. The Company's volume-based payments to the lessor were approximately $21 million in 2010, $16 million in 2009, and $16 million in 2008, and there were no minimum annual guarantee payments in any year.

9. LEASES – THE COMPANY AS LESSOR

The Company leases land, buildings, and land improvements under operating leases. The historical cost of, and accumulated depreciation on, leased property at December 31, 2010 and 2009 were as follows (in millions):

	2010	2009
Leased property - real estate	**$ 820**	$ 694
Less accumulated depreciation	**(103)**	(101)
Property under operating leases - net	**$ 717**	$ 593

Total rental income under these operating leases for each of the three years in the period ended December 31, 2010 was as follows (in millions):

	2010	2009	2008
Minimum rentals	**$ 70**	$ 78	$ 82
Contingent rentals (based on sales volume)	**2**	3	4
Total	**$ 72**	$ 81	$ 86

Future minimum rentals on non-cancelable leases at December 31, 2010 were as follows (in millions):

	Operating Leases
2011	$ **66**
2012	**58**
2013	**47**
2014	**37**
2015	**27**
Thereafter	**97**
Total	$ **332**

10. EMPLOYEE BENEFIT PLANS

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

Plan Administration, Investments and Asset Allocations: The Company has an Investment Committee that meets regularly with investment advisors to establish investment policies, direct investments and select investment options. The Investment Committee is also responsible for appointing investment managers. The Company's investment policy permits investments in marketable equity securities, such as domestic and foreign stocks, domestic and foreign bonds, venture capital, real estate investments, and cash equivalents. The Company's investment policy does not permit investment in certain types of assets, such as options, commodities, or real estate mortgages, or the use of certain strategies, such as short selling or the purchase of securities on margin.

The Company's investment strategy for its pension plan assets is to achieve a diversified mix of investments that provides for attractive long-term growth with an acceptable level of risk, but also to provide sufficient liquidity to fund ongoing benefit payments. The Company has engaged a number of investment managers to implement various investment strategies to achieve the desired asset class mix, liquidity and risk diversification objectives. The Company's weighted-average asset allocations at December 31, 2010 and 2009, and 2010 year-end target allocation, by asset category, were as follows:

	Target	**2010**	2009
Domestic equity securities	60%	**62%**	61%
International equity securities	10%	**11%**	11%
Debt securities	15%	**16%**	15%
Real estate	15%	**4%**	8%
Other and cash	--	**7%**	5%
Total	100%	**100%**	100%

The Company's investments in equity securities primarily include domestic large-cap and mid-cap companies, but also includes an allocation to international equity securities. Equity investments do not include any direct holdings of the Company's stock but may include such holdings to the extent that the stock is included as part of certain mutual fund holdings. Debt securities include investment-grade and high-yield corporate bonds from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other types of investments include private equity investments in commercial real estate assets, and to a lesser extent, private equity investments in technology companies.

The expected return on plan assets is principally based on the Company's historical returns combined with the Company's long-term future expectations regarding asset class returns, the mix of plan assets, and inflation assumptions. One-, three-, and five-year pension returns (losses) were 15.3 percent, -3.5 percent, and 3.5 percent, respectively, and the long-term average return (since plan inception in 1989) has been approximately 8.6 percent. Over the long-term, the actual returns have generally exceeded the benchmark returns used by the Company to evaluate performance of its fund managers. Due to volatile market performance in recent years, the Company has reduced its long-term rate of return assumption from 8.5 percent in 2009 to 8.25 percent in 2010 and believes that the change is appropriate given the Company's investment portfolio's historical performance and the Company's target asset allocation.

The Company's pension plan assets are held in a master trust and stated at estimated fair value, which is based on the fair values of the underlying investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, as amended, establishes a fair value hierarchy, which requires the pension plans to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and assigns the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the pension plans' own assumptions about the assumptions that market participants would use in pricing an asset or liability.

If the technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy, the lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Equity Securities: Domestic and international common stocks are valued by obtaining quoted prices on recognized and highly liquid exchanges.

Fixed Income Securities: Corporate bonds and U.S. government treasury and agency securities are valued based upon the closing price reported in the active market in which the security is traded. U.S. government agency and corporate asset-backed securities may utilize models, such as a matrix pricing model, that incorporates other observable inputs such as cash flow, security structure, or market information, when broker/dealer quotes are not available.

Real Estate, Private Equity, and Insurance Contract Interests: The fair value of real estate, private equity, and insurance contract interests are determined by the issuer based on the unit values of the funds. Unit values are determined by dividing the fund's net assets by the number of units outstanding at the valuation date. Fair value for underlying investments in real estate is determined through independent property appraisals. Fair value of underlying investments in private equity assets is determined based on information provided by the general partner taking into consideration the purchase price of the underlying securities, developments concerning the investee company subsequent to the acquisition of the investment, financial data and projections of the investee company provided to the general partner, and such other factors as the general partner deems relevant. Insurance contracts are principally invested in real estate assets, which are valued based on independent appraisals.

The fair values of the Company's pension plan assets at December 31, 2010 and 2009, by asset category, are as follows (in millions):

	Fair Value Measurements as of December 31, 2010			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Cash	**$ 17**	$ 17	$ --	$ --
Equity securities:				
U.S. large-cap	**136**	136	--	--
U.S. mid- and small-cap	**40**	40	--	--
International large-cap	**31**	31	--	--
Fixed income securities:				
U.S. Treasuries	**1**	--	1	--
Investment grade U.S. corporate bonds	**3**	--	3	--
High-yield U.S. corporate bonds	**8**	--	8	--
Mortgage-backed securities	**33**	--	33	--
Other types of investments:				
Real estate partnerships interests	**13**	--	--	13
Private equity partnership interests (a)	**2**	--	--	2
Insurance contracts	**1**	--	--	1
Total	**$ 285**	$ 224	$ 45	$ 16

	Fair Value Measurements as of December 31, 2009			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Cash	**$ 7**	$ 7	$ --	$ --
Equity securities:				
U.S. large-cap	**121**	121	--	--
U.S. mid- and small-cap	**36**	36	--	--
International large-cap	**30**	30	--	--
Fixed income securities:				
U.S. Treasuries	**1**	--	1	--
Investment grade U.S. corporate bonds	**2**	--	2	--
High-yield U.S. corporate bonds	**8**	--	8	--
Mortgage-backed securities	**28**	--	28	--
Other types of investments:				
Real estate partnerships interests	**23**	--	--	23
Private equity partnership interests (a)	**3**	--	--	3
Insurance contracts	**1**	--	--	1
Total	**$ 260**	$ 194	$ 39	$ 27

(a) This category represents private equity funds that invest principally in U.S. technology companies.

The table below presents a reconciliation of all pension plan investments measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended December 31, 2010 and 2009 (in millions):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Real Estate	Private Equity	Insurance	Total
Beginning balance, January 1, 2009	$ 38	$ 4	$ 1	$ 43
Actual return on plan assets:				
Assets held at the reporting date	(13)	(1)	--	(14)
Assets sold during the period	--	--	--	--
Purchases, sales and settlements	(2)	--	--	(2)
Ending balance, December 31, 2009	23	3	1	27
Actual return on plan assets:				
Assets held at the reporting date	**3**	--	--	**3**
Assets sold during the period	**(1)**	--	--	**(1)**
Purchases, sales and settlements	**(12)**	**(1)**	--	**(13)**
Ending balance, December 31, 2010	**$ 13**	**$ 2**	**1**	**$ 16**

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, the Pension Protection Act of 2006 (the “Act”), 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 did not make any contributions during 2009 or 2008 to its defined benefit pension plans. In 2010, the Company contributed approximately $6 million. The Company’s funding policy is to contribute cash to its pension plans so that it meets at least the minimum contribution requirements.

Employees hired after January 1, 2008 participate in a cash balance defined benefit pension plan and earn retirement benefits based on a fixed percentage of their eligible compensation, plus interest. The plan interest credit rate will vary from year-to-year based on the ten-year U.S. Treasury rate. These employees are fully vested upon completion of three years of service.

Benefit Plan Assets and Obligations: The measurement date for the Company's benefit plan disclosures is December 31st of each year. The status of the funded defined benefit pension plan and the unfunded accumulated post-retirement benefit plans at December 31, 2010 and 2009 are shown below (in millions):

	Pension Benefits		Other Post-retirement Benefits	
	2010	2009	**2010**	2009
Change in Benefit Obligation				
Benefit obligation at beginning of year	**$ 322**	$ 314	**$ 54**	$ 52
Service cost	**8**	8	**1**	1
Interest cost	**19**	19	**3**	3
Plan participants' contributions	**--**	--	**3**	2
Actuarial (gain) loss	**24**	(3)	**10**	1
Benefits paid	**(18)**	(17)	**(6)**	(5)
Amendments	**--**	1	**--**	--
Benefit obligation at end of year	**$ 355**	$ 322	**$ 65**	$ 54
Change in Plan Assets				
Fair value of plan assets at beginning of year	**260**	244	**--**	--
Actual return on plan assets	**37**	33	**--**	--
Employer contributions	**6**	--	**--**	--
Benefits paid	**(18)**	(17)	**--**	--
Fair value of plan assets at end of year	**$ 285**	$ 260	**$ --**	$ --
Funded Status and Recognized Liability	**$ (70)**	$ (62)	**$ (65)**	$ (54)

The accumulated benefit obligation for the Company's qualified pension plans was $326 million and $297 million as of December 31, 2010 and 2009, respectively. Amounts recognized on the consolidated balance sheets and in accumulated other comprehensive loss at December 31, 2010 and 2009 were as follows (in millions):

	Pension Benefits		Other Post-retirement Benefits	
	2010	2009	**2010**	2009
Non-current assets	**$ 3**	$ 3	**$ --**	$ --
Current liabilities	**--**	--	**(4)**	(3)
Non-current liabilities	**(73)**	(65)	**(61)**	(51)
Total	**$ (70)**	$ (62)	**$ (65)**	$ (54)
Net loss (net of taxes)	**$ 70**	$ 70	**$ 6**	$ --
Unrecognized prior service cost (net of taxes)	**3**	3	**--**	--
Total	**$ 73**	$ 73	**$ 6**	$ --

The information for qualified pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2010 and 2009 is shown below (in millions):

	2010	2009
Projected benefit obligation	**$ 349**	$ 269
Accumulated benefit obligation	**$ 319**	$ 248
Fair value of plan assets	**$ 275**	$ 208

The estimated prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in 2011 is $1 million. The estimated net loss that will be recognized in net periodic pension cost for the defined benefit pension plans in 2011 is $8 million. The estimated net loss for the other defined benefit postretirement plans that will be amortized from accumulated other comprehensive loss into net periodic pension cost in 2011 is $2 million. The estimated prior service cost for the other defined benefit postretirement plans that will be amortized from accumulated other comprehensive loss into net periodic pension cost in 2011 is negligible.

Unrecognized gains and losses of the post-retirement benefit plans are amortized over five years. Although current health costs are expected to increase, the Company attempts to mitigate these increases by maintaining caps on certain of its benefit plans, using lower cost health care plan options where possible, requiring that certain groups of employees pay a portion of their benefit costs, self-insuring for certain insurance plans, encouraging wellness programs for employees, and implementing measures to mitigate future benefit cost increases.

Components of the net periodic benefit cost and other amounts recognized in other comprehensive loss for the defined benefit pension plans and the post-retirement health care and life insurance benefit plans during 2010, 2009, and 2008, are shown below (in millions):

	Pension Benefits			Other Post-retirement Benefits		
	2010	2009	2008	**2010**	2009	2008
Components of Net Periodic Benefit Cost/(Income)						
Service cost	**$ 8**	$ 8	$ 8	**$ 1**	$ 1	$ 1
Interest cost	**19**	19	18	**3**	3	3
Expected return on plan assets	**(21)**	(20)	(32)	--	--	--
Amortization of net (gain) loss	**8**	12	--	--	--	(1)
Amortization of prior service cost	**1**	1	1	--	--	--
Recognition of loss due to settlement	--	--	1	--	--	--
Net periodic benefit cost/(income)	**15**	20	(4)	**4**	4	3
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (net of tax)						
Net loss (gain)	**5**	(10)	90	**6**	1	1
Amortization of unrecognized (loss) gain	**(5)**	(7)	--	**(2)**	--	1
Prior service cost	--	1	1	--	--	--
Amortization of prior service cost	**(1)**	(1)	--	--	--	--
Total recognized in other comprehensive income	**(1)**	(17)	91	**4**	1	2
Total recognized in net periodic benefit cost and other comprehensive income	**$ 14**	$ 3	$ 87	**$ 8**	$ 5	$ 5

The weighted average assumptions used to determine benefit information during 2010, 2009, and 2008, were as follows:

	Pension Benefits			Other Post-retirement Benefits		
	2010	2009	2008	**2010**	2009	2008
Weighted Average Assumptions:						
Discount rate	**5.75%**	6.25%	6.25%	**5.75%**	6.25%	6.25%
Expected return on plan assets	**8.25%**	8.50%	8.50%			
Rate of compensation increase	**4.00%**	4.00%	4.00%	**4.00%**	4.00%	4.00%
Initial health care cost trend rate				**10.00%**	9.00%	9.00%
Ultimate rate				**5.00%**	5.00%	5.00%
Year ultimate rate is reached				**2016**	2014	2013

As a result of a decline in the market value of the Company's plan assets in 2008, the expected return on plan assets decreased in 2010 and 2009 and the amortization of net loss increased, resulting in a net periodic pension cost of $15 million for 2010 and $20 million for 2009.

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, 2010, 2009, and 2008 and the net periodic post-retirement benefit cost for 2010, 2009 and 2008, would have increased or decreased as follows (in millions):

	Other Post-retirement Benefits One Percentage Point					
	Increase			Decrease		
	2010	2009	2008	**2010**	2009	2008
Effect on total of service and interest cost components	**$ 1**	$ --	$ --	**$ --**	$ --	$ --
Effect on post-retirement benefit obligation	**$ 8**	$ 5	$ 5	**$ (6)**	$ (4)	$ (4)

Non-qualified Benefit Plans: 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 funded status, relating to these plans, totaled $19 million at December 31, 2010. A 4.5 percent discount rate was used to determine the 2010 obligation. The expense associated with the non-qualified plans was $9 million in 2010, $3 million in 2009, and $4 million in 2008. As of December 31, 2010, the amount recognized in accumulated other comprehensive income for unrecognized loss, net of tax, was approximately $4 million, and the amount recognized as unrecognized prior service credit, net of tax, was negligible. The estimated net loss and prior service credit, net of tax, that will be recognized in net periodic pension cost in 2011 is negligible.

Estimated Benefit Payments: The estimated future benefit payments for the next ten years are as follows (in millions):

Year	Pension Benefits	Non-qualified Plan Benefits	Post-retirement Benefits
2011	$ 19	$ 3	$ 4
2012	20	1	4
2013	20	2	4
2014	21	1	4
2015	21	2	5
2016-2020	122	11	24

Current liabilities of approximately $7 million, related to non-qualified plan and postretirement benefits, are classified as accrued and other liabilities in the consolidated balance sheet as of December 31, 2010.

Multiemployer Plans: Matson participates in 11 multiemployer plans and has an estimated withdrawal obligation with respect to five of these plans that totals approximately $99 million. Matson does not currently have a withdrawal liability with respect to the other six plans. Management has no present intention of withdrawing from and does not anticipate termination of any of these plans. Total contributions to the multiemployer pension plans covering personnel in shoreside and seagoing bargaining units were $13 million in 2010, $12 million in 2009, and $13 million in 2008.

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 multiemployer plans are subject to the plan termination insurance provisions of ERISA and are paying premiums to the Pension Benefit Guaranty Corporation ("PBGC"). The statutes provide that an employer who withdraws from, or significantly reduces its contribution obligation to, a multiemployer 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, Matson 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. Accordingly, no withdrawal obligation for this plan is included in the total estimated withdrawal obligation.

Defined Contribution Plans: The Company sponsors defined contribution plans that qualify under Section 401(k) of the Internal Revenue Code and provides matching contributions of up to 4% of eligible employee compensation. For 2010, the 401(k) matching contributions were suspended for all employees who are participants in the Company's defined benefit plan. The Company's matching contributions expensed under these plans totaled $1.4 million and $2.0 million for the years ended December 31, 2009 and 2008, respectively. The Company also maintains profit sharing plans, and if a minimum threshold of Company performance is achieved, provides contributions of 1 percent to 3 percent, depending upon Company performance above the minimum threshold. In 2009, the profit sharing plan was suspended. The contribution expense for these plans totaled $1 million for the year ended December 31, 2008. There was no profit sharing contribution expense recorded in 2010 and 2009 for these plans.

11. INCOME TAXES

The income tax expense on income from continuing operations for each of the three years in the period ended December 31, 2010 consisted of the following (in millions):

	2010	2009	2008
Current:			
Federal	**$ 43**	$ 24	$ 53
State and foreign	**6**	2	4
Current	**49**	26	57
Deferred	**(4)**	(21)	(9)
Total continuing operations tax expense	**$ 45**	$ 5	$ 48

Income tax expense for 2010, 2009, and 2008 differs from amounts computed by applying the statutory federal rate to income from continuing operations before income taxes for the following reasons (in millions):

	2010	2009	2008
Computed federal income tax expense	**$ 40**	$ 4	$ 46
State income taxes	**5**	4	3
Tax effect of HS&TC consolidation	--	(2)	--
Other—net	--	(1)	(1)
Income tax expense	**$ 45**	$ 5	$ 48

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 of each year are as follows (in millions):

	2010	2009
Deferred tax assets:		
Benefit plans	**$ 77**	$ 70
Insurance reserves	**10**	10
Capitalized development costs	**14**	3
Other	**6**	9
Total deferred tax assets	**107**	92
Deferred tax liabilities:		
Basis differences for property and equipment	**287**	287
Tax-deferred gains on real estate transactions	**216**	197
Capital Construction Fund	**3**	3
Joint ventures and other investments	**7**	5
Other	**17**	22
Total deferred tax liabilities	**530**	514
Net deferred tax liability	**$ 423**	$ 422

The Company's income taxes payable has been reduced by the tax benefits from share-based compensation. The Company receives an income tax benefit for exercised stock options calculated as the difference between the fair market value of the stock issued at the time of exercise and the option exercise price, tax effected. The Company also receives an income tax benefit for non-vested stock and restricted stock units when they vest, measured as the fair market value of the stock at the time of vesting, tax effected. The net tax benefits from share-based transactions were $0.6 million and ($1.3 million) for 2010 and 2009, respectively, and the portion of the tax benefit related to the excess of the amount reported as the tax deduction over (under) expense was reflected as an increase (decrease) to additional capital in the consolidated statements of shareholders' equity.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in millions):

Balance at January 1, 2008	$	10
Additions for tax positions of prior years		--
Reductions for tax positions of prior years		(1)
Reductions for lapse of statute of limitations		(3)
Balance at December 31, 2008		6
Additions for tax positions of prior years		--
Additions for tax positions of current year		3
Reductions for tax positions of prior years		--
Reductions for lapse of statute of limitations		(1)
Balance at December 31, 2009		8
Additions for tax positions of prior years		**--**
Additions for tax positions of current year		**2**
Reductions for tax positions of prior years		**(1)**
Reductions for lapse of statute of limitations		**(1)**
Balance at December 31, 2010	**$**	**8**

Of the total unrecognized benefits, $8 million, at December 31, 2010 and 2009, represent the amount that, if recognized, would favorably affect the Company's effective rate in future periods. The Company does not expect a material change in gross unrecognized benefits in the next 12 months.

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. To the extent interest and penalties are not ultimately assessed with respect to the settlement of uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision. As of December 31, 2010 the amounts of accrued interest and penalty were not material.

The Company is no longer subject to U.S. federal income tax audits for years before 2007, except that the statute of limitations for tax year 2005 has not yet expired. The federal audit for 2005 is complete and the possibility of any adjustment to 2005 tax liability is remote. The Internal Revenue Service may audit the Company's federal income tax returns for years subsequent to 2006. The Company is routinely involved in state and local income tax audits. Substantially all material income tax matters have been concluded for years through 2006.

12. SHARE-BASED AWARDS

2007 Incentive Compensation Plan: The 2007 Incentive Compensation Plan (the "2007 Plan") serves as a successor to the 1998 Stock Option/Stock Incentive Plan, the 1998 Non-Employee Director Stock Option Plan, the Restricted Stock Bonus Plan and the Non-Employee Director Stock Retainer Plan (the "Predecessor Plans"). Under the 2007 Plan, 2,215,000 shares of common stock were initially reserved for issuance. As of December 31, 2010, 2,467,198 shares of its common stock were reserved for future issuance of share-based awards under the 2007 Plan. On January 28, 2010, the Board of Directors adopted an amended and restated 2007 Plan, which, among other things, authorized the issuance of an additional 2,200,000 shares of A&B stock under the 2007 Plan. Shareholders approved the amended 2007 Plan at the 2010 Annual Meeting of Shareholders.

The 2007 Plan consists of four separate incentive compensation programs: (i) the discretionary grant program, (ii) the stock issuance program, (iii) the incentive bonus program and (iv) the automatic grant program for the non-employee members of the Company's Board of Directors. Share-based compensation is generally awarded under three of the four programs, as more fully described below.

Discretionary Grant Program – Under the Discretionary Grant Program, stock options may be granted with an exercise price no less than 100 percent of the fair market value (defined as the closing market price) of the Company's common stock on the date of the grant. Options generally become exercisable ratably over three years and have a maximum contractual term of 10 years. The Company estimates the grant-date fair value of its stock options using a Black-Scholes-Merton option valuation model.

Stock Issuance Program – Under the Stock Issuance Program, shares of common stock or restricted stock units may be granted. Time-based equity awards vest ratably over three years. Provided certain performance targets are achieved, performance-based equity awards (granted prior to December 31, 2008) vest after one year, and performance-based equity awards granted after December 31, 2008 vest over three years.

Automatic Grant Program – The Automatic Grant Program supersedes and replaces the Company's 1998 Non-Employee Director Stock Option Plan and the Non-Employee Director Stock Retainer Plan. At each annual shareholder meeting, non-employee directors will receive an award of restricted stock units that entitle the holder to an equivalent number of shares of common stock upon vesting. Awards of restricted stock units granted under the program generally vest ratably over three years.

The shares of common stock authorized to be issued under the 2007 Plan may be drawn from shares of the Company's authorized but unissued common stock or from shares of its common stock that the Company acquires, including shares purchased on the open market or in private transactions.

Predecessor Plans: Adopted in 1998, the Company's 1998 Stock Option/Stock Incentive Plan ("1998 Plan") provided for the issuance of non-qualified stock options and common stock to employees of the Company. Under the 1998 Plan, option prices could not be less than the fair market value of the Company's common stock on the dates of grant and the options became exercisable over periods determined, at the dates of grant, by the Compensation Committee of the A&B Board of Directors that administers the plan. Generally, options vested ratably over three years and expired 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. The 1998 Plan also permitted the issuance of shares of the Company's common stock. Generally, grants of time-based, non-vested stock vests ratably over three years and performance-based, non-vested stock vests in one year, provided that certain performance targets are achieved. The 1998 Plan was superseded by the 2007 Plan and no further grants will be made under the 1998 Plan.

Director Stock Option Plans: The 1998 Director Stock Option Plan ("1998 Director Plan") was superseded by the 2007 Plan. Under the 1998 Non-Employee Director Stock Option Plan, each non-employee Director of the Company, elected at an Annual Meeting of Shareholders, was automatically granted, on the date of each such Annual Meeting, an option to purchase 8,000 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 generally became exercisable ratably over three years following the date granted.

The Company estimates the grant-date fair value of its stock options using a Black-Scholes-Merton option-pricing model. The weighted average grant-date fair values of the options granted during 2010, 2009, and 2008 were $6.59, $2.79, and $7.88, respectively, per option, using the range of assumptions provided in the table below:

	2010	2009	2008
Expected volatility	**28.8%**	24.8%	19.5%-19.8%
Expected term (in years)	**5.8**	5.8	5.8
Risk-free interest rate	**2.7%**	1.9%	3.1%-3.5%
Dividend yield	**3.8%**	5.4%	2.6%

- Expected volatility was primarily determined using the historical volatility of A&B common stock over the expected term, but the Company may also consider future events and other factors that it reasonably concludes marketplace participants might consider.

- The expected term of the awards represents expectations of future employee exercise and post-vesting termination behavior and was primarily based on historical experience. The Company analyzed various groups of employees and considers expected or unusual trends that would likely affect this assumption.

- The risk free interest rate was based on U.S. Government treasury yields for periods equal to the expected term of the option on the grant date.

- The expected dividend yield is based on the Company's current and historical dividend policy.

Application of alternative assumptions could produce significantly different estimates of the fair value of share-based compensation and, consequently, significantly affect the related amounts recognized in the consolidated statements of income.

The following table summarizes 2010 stock option activity for the Company's plans (in thousands, except exercise price amounts):

	2007 Plan	1998 Employee Plan	1998 Director Plan	Total Shares	Weighted Average Exercise Price	Weighted Average Contractual Life	Aggregate Intrinsic Value
Outstanding January 1, 2010	958	1,291	196	2,445	$ 36.80		
Granted	**425**	--	--	**425**	**$ 33.01**		
Exercised	**(20)**	**(225)**	**(6)**	**(251)**	**$ 26.75**		
Forfeited and expired	**(31)**	**(11)**	--	**(42)**	**$ 40.38**		
Outstanding December 31, 2010	**1,332**	**1,055**	**190**	**2,577**	**$ 37.10**	5.5	$ 15,839
Vested or expected to vest	1,319	1,055	190	2,564	$ 37.10	5.5	$ 15,681
Exercisable December 31, 2010	453	1,055	190	1,698	$ 39.91	4.4	$ 7,542

The following table summarizes 2010 non-vested common stock and restricted stock unit activity (in thousands, except weighted-average, grant-date fair value amounts):

	2007 Plan Restricted Stock Units	Weighted Average Grant-Date Fair Value	Predecessor Plans Non-Vested Common Stock Shares	Weighted Average Grant-Date Fair Value
January 1, 2010	427	$ 27.06	15	$ 48.19
Granted	**187**	**$ 33.51**	--	--
Vested	**(93)**	**$ 32.28**	**(15)**	**$ 48.19**
Forfeited	**(191)**	**$ 23.76**	--	--
Outstanding December 31, 2010	**330**	**$ 31.15**	--	--

A summary of the compensation cost and other measures related to share-based payments is as follows (in millions):

	2010	2009	2008
Share-based expense (net of estimated forfeitures):			
Stock options	**$ 2**	$ 4	$ 3
Non-vested stock & restricted stock units	**6**	5	8
Total share-based expense	**8**	9	11
Total recognized tax benefit	**(3)**	(3)	(3)
Share-based expense (net of tax)	**$ 5**	$ 6	$ 8
Cash received upon option exercise	**$ 7**	$ --	$ 2
Intrinsic value of options exercised	**$ 2**	$ --	$ 1
Tax benefit realized upon option exercise	**$ 1**	$ --	$ 1
Fair value of stock vested	**$ 4**	$ 3	$ 13

As of December 31, 2010, there was $2.2 million of total unrecognized compensation cost related to unvested stock options. That cost is expected to be recognized over a weighted average period of approximately 1.5 years. As of December 31, 2010, unrecognized compensation cost related to non-vested stock and restricted stock units was $8.0 million. The unrecognized cost for non-vested stock and restricted stock units is expected to be recognized over a weighted average period of 1.5 years.

13. COMMITMENTS AND CONTINGENCIES

Commitments and Contingencies: Commitments and financial arrangements, excluding capital lease commitments that are described in Note 8, included the following as of December 31, 2010 (in millions):

Standby letters of credit	(a)	**$ 19**
Bonds	(b)	**$ 31**
Benefit plan withdrawal obligations	(c)	**$ 99**

These amounts are not recorded on the Company's consolidated balance sheet and it is not expected that the Company or its subsidiaries will be called upon to advance funds under these commitments.

(a) Consists of standby letters of credit, issued by the Company's lenders under the Company's revolving credit facilities. Approximately $8 million of the letters of credit are required to allow the Company to qualify as a self-insurer for state and federal workers' compensation liabilities. The balance includes approximately $11 million related to the Company's real estate business. In the event the letters of credit are drawn upon, the Company would be obligated to reimburse the issuer of the letter of credit. None of the letters of credit has been drawn upon to date, and the Company believes it is unlikely that any of these letters of credit will be drawn upon.

(b) Consists of approximately $17 million of construction bonds related to real estate projects in Hawaii, approximately $13 million in U.S. customs bonds, and approximately $1 million related to transportation and other matters. In the event the bonds are drawn upon, the Company would be obligated to reimburse the surety that issued the bond. None of the bonds has been drawn upon to date, and the Company believes it is unlikely that any of these bonds will be drawn upon.

(c) Represents the withdrawal liabilities for multiemployer pension plans, in which Matson is a participant. The withdrawal liability aggregated approximately $99 million as of the most recent valuation date. Management has no present intention of withdrawing from and does not anticipate termination of any of the aforementioned plans.

Indemnity Agreements: For certain real estate joint ventures, the Company may be obligated under bond indemnities in order to complete construction of the real estate development if the joint venture does not perform. These indemnities are designed to protect the surety. The Company recorded liabilities at fair value for several indemnities it provided in connection with surety bonds issued to cover construction activities, such as project amenities, roads, utilities, and other infrastructure, at its joint ventures. The recorded amount of the liabilities was not material at December 31, 2010 and 2009. Under the indemnities, the Company and its joint venture partners agreed to indemnify the surety bond issuer from all loss and expense arising from the failure of the joint venture to complete the specified bonded construction. The maximum potential amount of aggregate future payments is a function of the amount covered by outstanding bonds at the time of default by the joint venture, reduced by the amount of work completed to date. As of December 31, 2010, the maximum potential amount of aggregate future payments under bonds outstanding was $15 million, computed as $52 million of bonds outstanding, less the value of work completed, which totaled approximately $37 million. The Company and its joint venture partners also entered into mutual indemnification agreements under which each partner agrees to indemnify the other partner for its share of the obligation under the bonds. Including amounts recoverable from the Company's joint venture partners under the mutual indemnification agreements, the Company's maximum potential amount of aggregate future payments under indemnities at December 31, 2010 was approximately $6 million.

Other Obligations: Certain of the businesses in which the Company holds a non-controlling interest have long-term debt obligations. In February 2010, one of the Company's joint venture renegotiated a $10 million loan that extended the maturity date of the loan to August 2011, with a one-year extension option. As a condition to providing the loan, the lender required that the Company and its joint venture partner guarantee certain obligations of the joint venture under a maintenance agreement. The maintenance agreement specifies that the Company and its joint venture partner make payments to the lender to the extent that the loan-to-value measure or debt service ratio of the property held by the joint venture is below pre-determined thresholds. The Company has determined that the fair value of its obligation under this maintenance agreement was not material, and as of December 31, 2010, the Company had not paid any amounts under the guaranty.

Other than obligations described above, investee obligations do not have recourse to the Company and the Company's "at-risk" amounts are limited to its investment. These investments are more fully described in Note 4.

Environmental Matters: As with most transportation, industrial and land development companies of its size, the Company's shipping, real estate, and agricultural businesses have certain risks that could result in expenditures for environmental remediation. It is the Company's policy, as part of its due diligence process for all acquisitions, to use third-party environmental consultants to investigate the environmental risks and to require disclosure from land sellers of known environmental risks. Despite these precautions, there can be no assurance that the Company will avoid material liabilities relating to environmental matters affecting properties currently or previously owned by the Company. No estimate of such potential liabilities can be made although the Company may, from time to time, purchase property which requires modest environmental clean-up costs after appropriate due diligence. In such instances, the Company takes steps prior to acquisition to gain assurance as to the precise scope of work required and costs associated with removal, site restoration or monitoring, using detailed investigations by environmental consultants. The Company believes that based on all information available to it, the Company is in compliance, in all material respects, with applicable environmental laws and regulations.

In late 2003, the Company paid $1.6 million to settle a claim for payment of environmental remediation costs incurred by the current owner of a sugar refinery site in Hawaii that previously was sold by the Company in 1994. In connection with this settlement, the Company assumed responsibility to remediate certain parcels of the site and accrued an obligation of approximately $2 million for the estimated remediation costs. The commencement of environmental cleanup is dependent upon studies to be approved by the Department of Health of the State of Hawaii, which has not occurred as of December 31, 2010.

Other Contingencies: A&B owns 16,000 acres of watershed lands in East Maui that supply a significant portion of the irrigation water used by HC&S. A&B also held four water licenses to another 30,000 acres owned by the State of Hawaii in East Maui, which over the last ten years have supplied approximately 58 percent of the irrigation water used by HC&S. The last of these water license agreements expired in 1986, and all four agreements were then extended as revocable permits that were renewed annually. In 2001, a request was made to the State Board of Land and Natural Resources (the "BLNR") to replace these revocable permits with a long-term water lease. Pending the conclusion by the BLNR of this contested case hearing on the request for the long-term lease, the BLNR has renewed the existing permits on a holdover basis. If the Company is not permitted to utilize sufficient quantities of stream waters from State lands in East Maui, it could have a material adverse effect on the Company's sugar-growing operations.

In addition, on May 24, 2001, petitions were filed by a third party, requesting that the Commission on Water Resource Management of the State of Hawaii ("Water Commission") establish interim instream flow standards ("IIFS") in 27 East Maui streams that feed the Company's irrigation system. On September 25, 2008, the Water Commission took action on eight of the petitions, resulting in some quantity of water being returned to the streams rather than being utilized for irrigation purposes. In May 2010, the Water Commission took action on the remaining 19 petitions resulting in additional water being returned to the streams. A petition requesting a contested case hearing to challenge the Water Commission's decisions was filed with the Commission by the opposing third party. On October 18, 2010, the Water Commission denied the petitioner's request for a contested case hearing. On November 17, 2010, the petitioner filed an appeal of the Commission's denial.

On June 25, 2004, two organizations filed with the Water Commission a petition to establish IIFS for four streams in West Maui to increase the amount of water to be returned to these streams. The West Maui irrigation system provided approximately 15 percent of the irrigation water used by HC&S over the last ten years. The Water Commission issued a decision in June 2010, which required the return of water in two of the four streams. In July 2010, the two organizations appealed the Water Commission's decision to the Hawaii Intermediate Court of Appeals.

The loss of East Maui and West Maui water as a result of the Water Commission's decisions will impose challenges to the Company's sugar growing operations. While the resulting water loss does not immediately threaten near-term sugar production, it will result in a future suppression of sugar yields and will have an impact on the Company that will only be quantifiable over time. Accordingly, the Company is unable to predict, at this time, the outcome or financial impact of the water proceedings.

On April 21, 2008, Matson was served with a grand jury subpoena from the U.S. District Court for the Middle District of Florida for documents and information relating to water carriage in connection with the Department of Justice's investigation into the pricing and other competitive practices of carriers operating in the domestic trades. Matson understands that while the investigation currently is focused on the Puerto Rico trade, it also includes pricing and other competitive practices in connection with all domestic trades, including the Alaska, Hawaii and Guam trades. Matson does not operate vessels in the Puerto Rico and Alaska trades. It does operate vessels in the Hawaii and Guam trades. Matson has cooperated, and will continue to cooperate, fully with the Department of Justice. If the Department of Justice believes that any violations have occurred on the part of Matson or the Company, it could seek civil or criminal sanctions, including monetary fines. The Company is unable to predict, at this time, the outcome or financial impact, if any, of this investigation.

The Company and Matson were named as defendants in a consolidated civil lawsuit purporting to be a class action in the U.S. District Court for the Western District of Washington in Seattle. The lawsuit alleged violations of the antitrust laws and also named as a defendant Horizon Lines, Inc., another domestic shipping carrier operating in the Hawaii and Guam trades. On August 18, 2009, the court granted the defendants' motion to dismiss the complaint with leave to amend the complaint to allege claims consistent with the court's order. On May 28, 2010, the plaintiffs filed a second amended complaint. On November 30, 2010, the judge dismissed the complaint with prejudice. On December 22, 2010, the plaintiffs filed an appeal to the Ninth Circuit Court of Appeals. The Company and Matson will continue to vigorously defend themselves in this lawsuit. The Company is unable to predict, at this time, the outcome or financial impact, if any, of this lawsuit if an amended complaint is filed.

In February 2011, the Environmental Protection Agency ("EPA") issued nationwide standards for controlling hazardous air pollutant emissions from industrial, commercial, institutional boilers and process heaters, which would apply to Hawaiian Commercial & Sugar Company's three boilers. The standards require that prescribed emissions be reduced to allowable levels as detailed in the final regulations. The Company is currently evaluating the impact of the new standards, which require compliance by early 2014. Given the Company's continuing evaluation of alternative operating models for its sugar business and the requirement to perform a thorough analysis of the new standards, the Company is unable to predict at this time, the financial impact of the regulations.

The Company is subject to possible climate change legislation, regulation and international accords. Numerous bills related to climate change, such as limiting and reducing greenhouse gas emissions through a "cap and trade" system of allowances and credits, have been introduced in the U.S. Congress. In addition, the EPA is in the process of adopting and implementing regulations limiting greenhouse gas emissions in lieu of Congressional action. If enacted, these regulations could impose significant additional costs on the Company, including increased energy costs, higher material prices, and costly mandatory vessel and equipment modifications. The Company is unable to predict, at this time, the outcome or financial impact, if any, of future climate change related legislation.

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.

14. INDUSTRY SEGMENTS

Operating segments are components of an enterprise that engage in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company's chief operating decision maker is its Chief Executive Officer. Based on the foregoing, the Company has five segments that operate in three industries: Transportation, Real Estate and Agribusiness.

The Transportation Industry consists of two segments. Ocean Transportation carries freight between various U.S. Pacific Coast, major Hawaii ports, Guam, China and other Pacific ports and provides terminal, stevedoring and container equipment management services in Hawaii. Additionally, the Ocean Transportation segment has a 35 percent interest in an entity that provides terminal and stevedoring services at U.S. Pacific Coast facilities. Logistics Services arranges domestic and international rail intermodal service, long-haul and regional highway brokerage, specialized hauling, flat-bed and project work, less-than-truckload, expedited freight services, and warehousing and distribution services.

The Real Estate Industry consists of two segments. The Real Estate Sales segment generates its revenues through the development and sale of land, commercial and residential properties. The Real Estate Leasing segment owns, operates, and manages retail, office, and industrial properties. When property that was previously leased is sold, the sales revenue and operating profit are included with the Real Estate Sales segment.

Agribusiness, which consists of one segment, grows sugar cane and coffee; produces bulk raw sugar, specialty food-grade sugars, molasses, green coffee and roasted coffee; markets and distributes roasted coffee, green coffee and specialty food-grade sugars; provides general trucking services, mobile equipment maintenance and repair services in Hawaii; and generates and sells, to the extent not used in the Company's operations, electricity.

The accounting policies of the operating segments are described in the summary of significant accounting policies. Reportable segments are measured based on operating profit, exclusive of interest expense, general corporate expenses, and income taxes.

Industry segment information for 2010, 2009, and 2008 is summarized below (in millions):

For the Year	**2010**	2009	2008
Revenue:			
Transportation:			
Ocean transportation	**$ 1,045.0**	$ 888.6	$ 1,023.7
Logistics services	**355.6**	320.9	436.0
Less amounts reported in discontinued operations[1]	**(28.5)**	--	--
Real Estate:			
Leasing	**94.4**	103.2	107.8
Sales	**136.1**	125.6	350.2
Less amounts reported in discontinued operations[1]	**(126.7)**	(136.6)	(164.6)
Agribusiness[5]	**163.9**	107.0	124.3
Reconciling Items [2]	**(26.3)**	(16.3)	(10.7)
Total revenue	**$ 1,613.5**	$ 1,392.4	$ 1,866.7
Operating Profit:			
Transportation:			
Ocean transportation[3]	**$ 99.4**	$ 58.3	$ 105.8
Logistics services	**7.2**	6.7	18.5
Less amounts reported in discontinued operations[1]	**19.3**	--	--
Real Estate:			
Leasing	**35.3**	43.2	47.8
Sales[3]	**50.1**	39.1	95.6
Less amounts reported in discontinued operations[1]	**(54.5)**	(59.2)	(77.1)
Agribusiness[5]	**6.1**	(27.8)	(12.9)
Total operating profit	**162.9**	60.3	177.7
Interest expense, net[4]	**(25.5)**	(25.9)	(23.7)
General corporate expenses	**(23.3)**	(21.8)	(21.0)
Income from continuing operations before income taxes	**114.1**	12.6	133.0
Income taxes	**44.7**	5.0	48.2
Income from continuing operations	**69.4**	7.6	84.8
Discontinued operations	**22.7**	36.6	47.6
Net income	**$ 92.1**	$ 44.2	$ 132.4

1 Prior year amounts restated for amounts treated as discontinued operations. See Notes 1 and 2 for additional information.

2 Includes inter-segment revenue, interest income, and other income classified as revenue for segment reporting purposes.

3 The Ocean Transportation segment includes approximately $12.8 million, $6.2 million, and $5.2 million of equity in earnings from its investment in SSAT for 2010, 2009, and 2008, respectively. Matson's CLX2 service was terminated in the third quarter of 2011 and is reflected as discontinued operations. The losses from CLX2 shown as discontinued operations were $19.3 million in 2010. The Real Estate Sales segment includes approximately $2.0 million and $9.0 million in equity in earnings from its various real estate joint ventures for 2010 and 2008, respectively. Equity in earnings from joint ventures in 2009 was negligible.

4 Includes Ocean Transportation interest expense of $8.2 million for 2010, $9.0 million for 2009, and $11.6 million for 2008. Substantially all other interest expense was at the parent company.

5 Includes a $4.9 million gain in 2010 related to a crop disaster relief payment for drought experienced in prior years and a $5.4 million gain recorded upon consolidation of HS&TC in 2009.

INDUSTRY SEGMENTS (CONTINUED)

As of December 31:	2010	2009	2008
Identifiable Assets:			
Ocean transportation[6]	**$ 1,095.5**	$ 1,095.2	$ 1,153.9
Logistics services	**73.8**	72.4	74.2
Real estate leasing	**739.4**	627.4	590.2
Real estate sales[6]	**420.8**	415.6	344.6
Agribusiness	**150.3**	156.8	172.2
Other	**14.8**	12.2	15.1
Total assets	**$ 2,494.6**	$ 2,379.6	$ 2,350.2
Capital Expenditures:			
Ocean transportation	**$ 69.4**	$ 12.7	$ 35.5
Logistics services[7]	**1.8**	0.6	2.4
Real estate leasing[8]	**164.7**	108.8	100.2
Real estate sales[9]	**0.1**	0.1	0.6
Agribusiness	**6.8**	3.4	15.2
Other	**0.3**	0.3	0.8
Total capital expenditures	**$ 243.1**	$ 125.9	$ 154.7
Depreciation and Amortization:			
Ocean transportation	**$ 69.0**	$ 67.1	$ 66.1
Logistics services	**3.2**	3.5	2.3
Real estate leasing[1]	**20.0**	17.5	13.4
Real estate sales	**0.2**	0.3	0.2
Agribusiness	**12.7**	11.9	11.5
Other	**2.2**	5.1	7.2
Total depreciation and amortization	**$ 107.3**	$ 105.4	$ 100.7

[6] The Ocean Transportation segment includes approximately $52.9 million, $47.2 million, and $44.6 million related to its investment in SSAT as of December 31, 2010, 2009, and 2008, respectively. The Real Estate Sales segment includes approximately $274.8 million, $193.3 million, and $162.1 million related to its investment in various real estate joint ventures as of December 31, 2010, 2009, and 2008, respectively.

[7] Excludes expenditures related to Matson Integrated Logistics' acquisitions, which are classified as acquisition of businesses in Cash Flows from Investing Activities within the Consolidated Statements of Cash Flows.

[8] Represents gross capital additions to the leasing portfolio, including gross tax-deferred property purchases that are reflected as non-cash transactions in the Consolidated Statements of Cash Flows.

[9] Excludes expenditures for real estate developments held for sale which are classified as Cash Flows from Operating Activities within the Consolidated Statements of Cash Flows. Operating cash flows for expenditures related to real estate developments were $22 million, $6 million, and $39 million for 2010, 2009, and 2008, respectively.

15. QUARTERLY INFORMATION (Unaudited)

Segment results by quarter for 2010 are listed below (in millions, except per-share amounts):

	2010			
	Q1	Q2	Q3	Q4
Revenue:				
Transportation:				
Ocean transportation	$ 229.5	$ 257.2	$ 267.5	$ 290.8
Logistics services	77.1	88.6	92.4	97.5
Less amounts reported in discontinued operations [1]	--	--	(5.7)	(22.8)
Real Estate:				
Leasing	23.6	23.2	24.4	23.2
Sales	60.3	22.0	4.3	49.5
Less amounts reported in discontinued operations [1]	(58.4)	(20.7)	(3.3)	(44.3)
Agribusiness[2]	14.2	29.8	60.4	59.5
Reconciling Items [3]	(4.2)	(3.6)	(2.7)	(15.8)
Total revenue	$ 342.1	$ 396.5	$ 437.3	$ 437.6
Operating Profit (Loss):				
Transportation:				
Ocean transportation[4]	$ 10.4	$ 37.0	$ 40.4	$ 11.6
Logistics services	1.9	1.5	1.8	2.0
Less amounts reported in discontinued operations [1]	--	--	2.1	17.2
Real Estate:				
Leasing	9.1	8.5	9.3	8.4
Sales	21.4	8.0	2.9	17.8
Less amounts reported in discontinued operations[1]	(22.8)	(10.6)	(2.1)	(19.0)
Agribusiness[2]	(1.1)	1.8	0.8	4.6
Total operating profit	18.9	46.2	55.2	42.6
Interest Expense	(6.5)	(6.5)	(6.3)	(6.2)
General Corporate Expenses	(6.6)	(4.5)	(7.7)	(4.5)
Income From Continuing Operations before Income Taxes	5.8	35.2	41.2	31.9
Income taxes	3.0	13.1	15.5	13.1
Income From Continuing Operations	2.8	22.1	25.7	18.8
Discontinued Operations[1]	14.5	6.8	--	1.4
Net Income	$ 17.3	$ 28.9	$ 25.7	$ 20.2
Earnings Per Share:				
Basic	$ 0.42	$ 0.70	$ 0.62	$ 0.49
Diluted	$ 0.42	$ 0.70	$ 0.62	$ 0.48

1 See Note 2 for discussion of discontinued operations.

2 Includes a $4.9 million gain in the fourth quarter of 2010 related to a crop disaster relief payment for drought experienced in prior years.

3 Includes inter-segment revenue, interest income, and other income classified as revenue for segment reporting purposes.

4 Matson's CLX2 service was terminated in the third quarter of 2011 and is reflected as discontinued operations. The losses from CLX2 shown as discontinued operations were $2.1 million and $17.2 million in the third and fourth quarter of 2010, respectively.

Segment results by quarter for 2009 are listed below (in millions, except per-share amounts):

	2009			
	Q1	Q2	Q3	Q4
Revenue:				
Transportation:				
Ocean transportation	$ 201.1	$ 218.5	$ 234.2	$ 234.8
Logistics services	76.2	80.3	82.3	82.1
Real Estate:				
Leasing	27.2	25.9	25.2	24.9
Sales	25.2	21.3	14.9	64.2
Less amounts reported in discontinued operations [1]	(33.0)	(23.9)	(16.5)	(63.2)
Agribusiness [2]	17.7	29.2	32.5	27.6
Reconciling Items [3]	(2.3)	(2.8)	(3.0)	(8.2)
Total revenue	$ 312.1	$ 348.5	$ 369.6	$ 362.2
Operating Profit (Loss):				
Transportation:				
Ocean transportation	$ (0.5)	$ 21.1	$ 24.2	$ 13.5
Logistics services	1.5	1.8	2.2	1.2
Real Estate:				
Leasing	12.0	11.0	10.2	10.0
Sales	5.6	9.6	3.5	20.4
Less amounts reported in discontinued operations[1]	(13.3)	(13.7)	(7.3)	(24.9)
Agribusiness	(1.9)	(11.3)	(13.8)	(0.8)
Total operating profit	3.4	18.5	19.0	19.4
Interest Expense	(5.6)	(6.9)	(6.7)	(6.7)
General Corporate Expenses	(6.1)	(4.5)	(4.9)	(6.3)
Income From Continuing Operations before Income Taxes	(8.3)	7.1	7.4	6.4
Income taxes (benefit)	(3.1)	3.0	3.4	1.7
Income From Continuing Operations	(5.2)	4.1	4.0	4.7
Discontinued Operations[1]	8.2	8.5	4.5	15.4
Net Income	$ 3.0	$ 12.6	$ 8.5	$ 20.1
Earnings Per Share:				
Basic	$ 0.07	$ 0.31	$ 0.21	$ 0.49
Diluted	$ 0.07	$ 0.31	$ 0.21	$ 0.49

1 See Note 2 for discussion of discontinued operations.

2 Includes a $5.4 million gain recorded upon consolidation of HS&TC in the fourth quarter of 2009.

3 Includes inter-segment revenue, interest income, and other income classified as revenue for segment reporting purposes.

16. PARENT COMPANY CONDENSED FINANCIAL INFORMATION

Set forth below are the unconsolidated condensed financial statements of Alexander & Baldwin, Inc. ("Parent Company"). The significant accounting policies used in preparing these financial statements are substantially the same as those used in the preparation of the consolidated financial statements as described in Note 1, except that, for purposes of the tables presented in this footnote, subsidiaries are carried under the equity method.

The following table presents the Parent Company's condensed balance sheets as of December 31, 2010 and 2009 (in millions):

	2010	2009
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ -**	$ 1
Accounts and other receivables, net	**5**	12
Inventories	**16**	15
Real estate held for sale	**3**	7
Prepaid expenses and other	**6**	6
Total current assets	**30**	41
Investments:		
Subsidiaries consolidated, at equity	**1,299**	1,210
Property, at Cost	**501**	455
Less accumulated depreciation and amortization	**225**	226
Property -- net	**276**	229
Other Assets	**17**	32
Total	**$ 1,622**	$ 1,512
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	**$ 108**	$ 40
Accounts payable	**8**	10
Income taxes payable	**2**	24
Non-qualified benefit plans	**1**	17
Other	**17**	15
Total current liabilities	**136**	106
Long-term Debt	**230**	239
Employee Benefit Plans	**27**	22
Non-qualified Benefit Plans	**10**	8
Other Long-term Liabilities	**11**	4
Deferred Income Taxes	**50**	42
Due to Subsidiaries	**22**	6
Shareholders' Equity:		
Capital stock	**34**	33
Additional capital	**223**	210
Accumulated other comprehensive loss	**(82)**	(81)
Retained earnings	**972**	934
Cost of treasury stock	**(11)**	(11)
Total shareholders' equity	**1,136**	1,085
Total	**$ 1,622**	$ 1,512

The following table presents the Parent Company's condensed statements of income for the years ended December 31, 2010, 2009 and 2008 (in millions):

	2010	2009	2008
Revenue:			
Agribusiness	**$ 117**	$ 73	$ 91
Real estate leasing	**16**	13	10
Real estate sales	**2**	8	6
Interest and other	**6**	2	3
Total revenue	**141**	96	110
Costs and Expenses:			
Cost of agribusiness goods and services	**114**	109	110
Cost of real estate sales and leasing	**11**	9	8
Selling, general and administrative	**24**	21	21
Interest and other	**16**	16	14
Income tax benefit	**(13)**	(22)	(18)
Total costs and expenses	**153**	133	135
Loss from Continuing Operations	**(12)**	(37)	(25)
Discontinued Operations, net of income taxes	**24**	11	21
Income (Loss) Before Equity in Income of Subsidiaries Consolidated	**12**	(26)	(4)
Equity in Income from Continuing Operations of Subsidiaries Consolidated	**81**	44	109
Equity in Income (Loss) from Discontinued Operations of Subsidiaries Consolidated	**(1)**	26	27
Net Income	**92**	44	132
Other Comprehensive Income (Loss), net of income taxes	**(1)**	15	(91)
Comprehensive Income	**$ 91**	$ 59	$ 41

The following table presents the Parent Company's condensed statements of cash flows for the years ended December 31, 2010, 2009 and 2008 (in millions):

	2010	2009	2008
Cash Flows from Operations (including dividends received from subsidiaries)	**$ 37**	$ 90	$ 144
Cash Flows from Investing Activities:			
Capital expenditures	**(14)**	(6)	(16)
Purchase of investments	**(67)**	(96)	(12)
Proceeds from disposal of property and sale of investments	**36**	28	9
Net cash used in investing activities	**(45)**	(74)	(19)
Cash Flows from Financing Activities:			
Change in intercompany payables/receivables	**--**	(13)	(4)
Proceeds from (repayments of) long-term debt, net	**52**	51	(16)
Proceeds from issuance of capital stock and other	**7**	(1)	2
Repurchases of capital stock	**--**	--	(59)
Dividends paid	**(52)**	(52)	(51)
Net cash used in financing activities	**7**	(15)	(128)
Cash and Cash Equivalents:			
Net increase (decrease) for the year	**(1)**	1	(3)
Balance, beginning of year	**1**	--	3
Balance, end of year	**$ --**	$ 1	$ --
Other Cash Flow Information:			
Interest paid	**$ (15)**	$ (13)	$ (13)
Income taxes paid, net of refunds	**$ (46)**	$ (38)	$ (63)
Other Non-cash Information:			
Depreciation expense	**$ 16**	$ 17	$ 15
Tax-deferred property sales	**$ 65**	$ 29	$ 60
Tax-deferred property purchases	**$ (78)**	$ (40)	$ (5)

General Information: The Parent Company is headquartered in Honolulu, Hawaii and is engaged in the operations that are generally described in Note 14, "Industry Segments." Additional information related to the Parent Company is described in the foregoing notes to the consolidated financial statements.

Long-term Debt: At December 31, 2010 and 2009, long-term debt consisted of the following (in millions):

	2010	2009
Revolving Credit loans (0.57% for 2010 and 0.76% for 2009)	**$ 93**	$ 24
Term Loans:		
6.90%, payable through 2020	**100**	100
5.53%, payable through 2016	**50**	50
5.55%, payable through 2017	**50**	50
5.56%, payable through 2016	**25**	25
4.10%, payable through 2012	**12**	25
6.20%, payable through 2013	**2**	2
5.50%, payable through 2014	**6**	--
7.42%, payable through 2010	--	3
Total	**338**	279
Less current portion	**(108)**	(40)
Long-term debt	**$ 230**	$ 239

Long-term Debt Maturities: At December 31, 2010, maturities of all long-term debt during the next five years are $108 million in 2011, $28 million in 2012, $26 million in 2013, $39 million in 2014, $33 million in 2015, and $104 million thereafter.

Revolving Credit Facilities: The Parent Company has a revolving senior credit facility with six commercial banks that expires in December 2011. The revolving credit facility provides for a commitment of $225 million. Amounts drawn under the facility bear interest at London Interbank Offered Rate ("LIBOR") plus a spread ranging from 0.225 percent to 0.475 percent based on the Company's S&P rating. The agreement contains certain restrictive covenants, the most significant of which require the maintenance of minimum shareholders' equity levels, minimum unencumbered property investment values, and a maximum ratio of total debt to earnings before interest, depreciation, amortization, and taxes. At December 31, 2010, $92 million was outstanding and classified as current, $11 million in letters of credit had been issued against the facility, and $122 million remained available for borrowing.

The Company has a replenishing $400 million three-year unsecured note purchase and private shelf agreement with Prudential Investment Management, Inc. and its affiliates (collectively, "Prudential") under which the Company may issue notes in an aggregate amount up to $400 million, less the sum of all principal amounts then outstanding on any notes issued by the Company or any of its subsidiaries to Prudential and the amount of any notes that are committed under the note purchase agreement. The Prudential agreement contains certain restrictive covenants that are substantially the same as the covenants contained in the Company's revolving senior credit facility. The ability to draw additional amounts under the Prudential facility expires on April 19, 2012 and borrowings under the shelf facility bear interest at rates that are determined at the time of the borrowing. At December 31, 2010, $97 million was available under the facility.

Real Estate Secured Term Debt: In October 2010, the Parent Company assumed approximately $6 million of secured debt in connection with its purchase of Little Cottonwood Center, a retail center in Sandy, Utah. At December 31, 2010, the note had an outstanding amount of $6 million, carries interest at 5.5 percent and matures in November 2014.

In June 2005, the Parent Company, together with its real-estate subsidiaries, purchased an office building in Phoenix, Arizona, and assumed $11 million of mortgage-secured debt. A&B owns approximately 25 percent of the Phoenix office building. At December 31, 2010, the Parent Company's share of the remaining balance of the debt was approximately $2 million, consistent with its share of ownership of the property. The property is jointly and severally owned by three subsidiaries of the Company.

Dividends from Subsidiaries: The Company received cash dividends from Matson totaling approximately $45 million for 2010, and $60 million for each of the last two years ended December 31, 2009, and 2008.