



ALEXANDER & BALDWIN

A&B Elects to Increase Its Ownership Interest in Kukui'ula

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HONOLULU, Aug 31, 2004 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) announced today that it is increasing its equity investment and ownership in the Kukui'ula project, a 1,000-acre master-planned residential resort community that was successfully re-entitled in July. A&B currently anticipates investing between \$50 and \$75 million in Kukui'ula over the next three to four years, after which the project's capital needs are expected to be funded by cash flows from property sales.

Kukui'ula is located on the southern coast of Kauai, nestled between Poipu and the Lawai Valley. The project is zoned for the development of up to 1,500 units, an 18-hole golf course and commercial uses. Kukui'ula is expected to be developed over a ten to fifteen-year timeframe, with marketing and infrastructure construction for the initial phase projected to begin by mid-2005. In April 2002, A&B, which owned the 1,000 acres, entered into a joint venture with DMB -- a Scottsdale, Arizona-based developer of large residential and resort communities in the western United States -- for the joint development of the project.

"Together, A&B and DMB are committed to creating an exceptional residential resort community, unlike any other in Hawaii," said A&B President and CEO Allen Doane. "Kauai is an extraordinary destination for visitors and homebuyers, and Kukui'ula, with its sunny weather and proximity to great beaches, is a unique location. DMB usually teams with landowners who contribute only the land to the venture but, because of our confidence in both the project and our partner, and with Hawaii's resort residential market expected to continue to perform strongly, A&B elected to increase its equity participation and ownership interest in the project."

"The joint venture will continue to work diligently with the community and the County as we proceed with development," said DMB Associates, Inc. President Drew Brown, "and we want to thank everyone who has taken the time to participate in our planning efforts. A&B has proven to be an excellent partner, and its desire to increase its ownership in the project is a continuing reflection of its commitment to Hawaii."

Kukui'ula has long been designated for residential resort development on Kauai's land use plans, and is one of the few fully-entitled large resort projects available for development in Hawaii. Its low-density land use plan anticipates the development of approximately 1,500 residential units, comprising a mix of single-family homes, custom home lots, and multi-family units, most of which will have sweeping ocean views. Kukui'ula's residents will have access to a variety of resort amenities, including a Tom Weiskopf-designed championship golf course, clubhouse, dining, spa and beach club facilities, and offsite hiking, boating and beach activities. Seventeen miles of walking and biking paths will link the residences to each other and to the project's amenities.

Kukui'ula also will provide a number of major community benefits, including a 20-acre active public community park, employee housing, dedication of land fronting Kukui'ula Bay for public recreational use, funding for various regional traffic and recreational improvements, and public hiking and biking trail systems.

A&B's landholdings include a total of over 90,000 acres in Hawaii -- making it the state's fourth largest private landowner -- and an income property portfolio comprising over five million square feet of leasable space in 18 Mainland and 23 Hawaii office, industrial and retail properties.

Besides focusing on the development and management of these core real estate holdings, in recent years A&B has embarked on a strategy of expanding beyond its historical land holdings. Including its 2003 Wailea acquisition, A&B has, in the past five years alone, announced 21 Hawaii real estate investments outside of its core landholdings, representing a total capital investment of over \$400 million. A&B development projects are ongoing now in various locations on Maui, Oahu, Kauai and the Big Island.

Alexander & Baldwin, Inc. (A&B), headquartered in Honolulu, is engaged in real property development and management through its subsidiary A&B Properties, Inc.; in transportation through its subsidiaries Matson Navigation Company, Inc. and Matson Integrated Logistics, Inc.; and in food products through Hawaiian Commercial & Sugar Company and Kauai Coffee Company, Inc. Additional information about A&B may be found at its web site: www.alexanderbaldwin.com.

DMB Associates, Inc. is a diversified investment and development firm specializing in large-scale residential communities and commercial properties that redefine the concepts of community and lifestyle. Founded in 1984, DMB's name is synonymous with signature developments that include resort/recreational and primary home communities, private golf clubs and spas, health clubs and mixed use properties in Arizona, California, Hawaii and Utah. Community development is the central focus of DMB which offers a range of innovative communities including Lahontan in Lake Tahoe, DC Ranch, Silverleaf and Verrado in Arizona; Ladera in Orange County and Santaluz in San Diego, California and Glenwild in Park City, Utah.

Statements in this press release that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Factors that could cause actual results to differ materially from those contemplated in the statements include, without limitation, overall economic conditions, failure to satisfy the closing conditions set forth in the definitive agreement and other risks associated generally with acquisitions and developments. These forward-looking statements are not guarantees of future performance. This release should be

read in conjunction with our Annual Report on Form 10-K and our other filings with the SEC through the date of this release, which identify important factors that could affect the forward-looking statements in this release.

SOURCE: Alexander & Baldwin, Inc.

CONTACT:

A&B

Meredith J. Ching, 808-525-6669

mching@abinc.com

or

KDC

Dick Holtzman, 808-742-6304

dholtzman@dmbinc.com