



ALEXANDER & BALDWIN

A&B Reports Full Year 1999 Results

January 28, 2000

Excluding One-Time Items, A&B's 1999 EPS 26-Percent Higher

Honolulu (January 28, 2000) -- Alexander & Baldwin, Inc. (NASDAQ:ALEX) today reported that its net income for all of 1999 was \$62,579,000, or \$1.45 per share, versus \$25,142,000, or \$0.56 per share, in 1998. Revenue in 1999 was \$959,272,000, compared with revenue of \$1,311,620,000 in 1998. (The significant decrease in revenue resulted from the December 1998 sale of A&B's majority interest in California and Hawaiian Sugar Company, Inc. (C&H).)

Fourth quarter 1999 net income was \$5,016,000, or \$0.12 per share. In the fourth quarter of 1998, A&B had a net loss of \$15,581,000, or (\$0.35) per share. Revenue in the fourth quarter of 1999 was \$253,083,000, compared with revenue of \$328,026,000 in the fourth quarter of 1998.

Net income in both 1999 and 1998 was reduced by one-time items. A previously announced write-down of assets at A&B's subsidiary, Kauai Coffee Company, Inc., reduced fourth-quarter 1999 after-tax income by \$9.6 million (\$0.22 per share). In 1998, one-time items totaled \$0.77 per share. Excluding all one-time items, A&B's earnings per share in 1999 were \$1.67, versus \$1.33 in 1998, an increase of 26 percent.

1999 PERFORMANCE EXCEEDED TARGET OBJECTIVES

"A&B's performance in 1999 exceeded our target objectives for the year," said W. Allen Doane, president and chief executive officer of A&B. "The 26-percent improvement in earnings per share (before one-time items) also was a major increase over 1998. This was accomplished despite little appreciable improvement in Hawaii's economic condition.

"Matson's results were higher, even after the effects of rapidly rising fuel costs and costly declines in productivity associated with longshore labor negotiations in Hawaii and on the West Coast. The property development and management business again performed well in 1999. Property acquisitions accelerated, with capital commitments of \$86 million during the year--more than two-thirds allocated to Hawaii. Our raw sugar production also was the highest in a decade, making a greater contribution to profits as well.

"Recent economic forecasts for Hawaii are encouraging, with modest growth anticipated after years of little or no growth. Although Hawaii's growth rate still is expected to lag that of the U.S. economy, the gap is beginning to narrow. Our principal concerns for 2000 are with commodity prices for fuel and sugar."

1999 CONSOLIDATED OPERATING PROFIT HIGHER

Consolidated operating profit in 1999 was six-percent higher than in 1998, rising to \$142.9 million, from \$134.6 million. In the fourth quarter of 1999, A&B's consolidated operating profit was \$29.4 million, about five-percent lower than the \$31.1 million in the fourth quarter of 1998. Operating profit was higher in ocean transportation, property leasing and Hawaii agribusiness for all of 1999 and also in the fourth quarter of 1999, but those increases were offset by lower results in sugar refining, due to A&B's lower level of ownership of C&H, and by lower sales of property.

INTEREST EXPENSE LOWER IN SPITE OF HIGHER SHARE REPURCHASES

Interest expense was 28-percent lower in 1999 than in 1998 and 25-percent lower in the fourth quarter of 1999. These reductions were due to lower levels of outstanding debt, in spite of the fact that, during 1999, the Company repurchased nearly 1.6 million shares of its stock for \$34.8 million. In 1998, A&B had repurchased about 1.0 million shares for \$20.8 million. Net proceeds from the sale of A&B's majority interest in C&H contributed most of the reduction in outstanding debt.

The effective tax rate in 1999 was lower than statutory levels. This reduction primarily reflected the favorable settlement of prior years' tax obligations.

HIGHER CONTAINER CARGO AND AUTO VOLUMES BENEFIT MATSON

A&B's ocean transportation segment consists of the operations of Matson Navigation Company, Inc. (Matson). In 1999, Matson's revenue, \$746.7 million, was three-percent higher than in 1998. Matson's operating profit of \$83.8 million was 26-percent higher than the \$66.3 million in 1998. For the year, Matson's total Hawaii container volume was five-percent higher and its total Hawaii automobile volume was 37-percent higher. Both of these increases resulted from competitive gains.

In the fourth quarter of 1999, Matson's revenue was \$204.1 million, 12-percent higher than the \$181.6 million in the fourth quarter of 1998. The increase was due primarily to higher revenue in the Hawaii service. Matson's fourth-quarter 1999 Hawaii service container volume was 11-percent higher and automobile volume 86-percent higher than in the fourth quarter of 1998. Fourth quarter 1999 ocean transportation operating profit rose by 15 percent to \$18.3 million.

REAL ESTATE RESULTS HIGHER: LEASING UP, SALES LOWER IN 1999

A&B's property development & management segment consists of the operations of A&B Properties, Inc. (Properties). For all of 1999, Properties' total operating profit was \$44.9 million, about one-percent higher than the total in 1998. In the fourth quarter of 1999, Properties' total operating profit was up seven percent, to \$7.2 million from \$6.8 million in the fourth quarter of 1998.

For all of 1999, Properties' operating profit from leasing, \$27.5 million, was 21-percent higher than in 1998. Fourth-quarter 1999 property leasing operating profit of \$6.9 million was 29-percent higher than the \$5.4 million in the fourth quarter of 1998. The improvements were due primarily to the contributions from newly acquired properties, as well as higher occupancy rates. The full-year results also benefited from a one-time buyout of a long-term ground lease in the first quarter of 1999.

Occupancy rates for A&B's leased Mainland properties averaged 94 percent during 1999, versus 91 percent in 1998. A&B's leased properties on the Mainland totaled 2.9 million square feet at year-end 1999, versus 2.3 million at year-end 1998. Occupancy levels for Hawaii properties averaged 81 percent in 1999, versus 68 percent in 1998. This improvement resulted from higher occupancy of existing properties and from acquisition of higher-occupancy properties during 1999. A&B owned 1.0 million square feet of leased properties in Hawaii at year-end 1999, versus 0.7 million one year earlier.

For all of 1999, property sales revenue of \$48.0 million was considerably lower than the \$82.4 million in sales recorded in 1998. In context, however, 1998 represented the Company's highest level of property sales since 1989. The largest 1999 sale was an office/research building in Seattle. Operating profit of \$17.4 million from property sales during 1999 was 20-percent lower than the \$21.7 million in 1998.

Fourth-quarter 1999 property sales revenue of \$4.9 million was \$2.7 million lower than the \$7.6 million in sales in the fourth quarter of 1998. Operating profit from property sales in the fourth quarter was \$0.3 million, versus \$1.4 million in the fourth quarter of 1998.

1999 FOOD PRODUCTS RESULTS REFLECT THE PARTIAL SALE OF C&H

For all of 1999, the food products segment had revenue of \$116.4 million, versus \$465.7 million in 1998. Operating profit in 1999 of \$11.3 million was \$10.0 million lower than in 1998. In the fourth quarter of 1999, food products revenue decreased to \$31.3 million from \$128.2 million in the fourth quarter of 1998. Operating profit for the food products segment decreased to \$3.0 million in the fourth quarter of 1999 from \$7.7 million in the fourth quarter of 1998.

In both periods, the reductions in operating profit were due primarily to the December 1998 sale of A&B's majority interest in C&H and operating losses at Kauai Coffee Company, Inc., partially offset by better performance at Hawaiian Commercial & Sugar Company, A&B's raw-sugar producing unit on Maui. The smaller contributions to earnings from the partial sale of C&H also were offset, in part, by lower corporate interest expense.

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation, through its subsidiary, Matson Navigation Company, Inc., in property development and management, through A&B Properties, Inc., and in food products. Additional information about A&B may be found at its web site:

www.alexanderbaldwin.com. *Statements in this press release that are not historical facts are "forward-looking" statements that involve a number of risks and uncertainties described on page 25 of the Company's 1998 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.*





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