



# ALEXANDER & BALDWIN

## A&B Earnings Outlook

December 21, 2001

HONOLULU, Dec 20, 2001 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) today indicated that the Company's expectation for its financial performance in the fiscal fourth quarter, ending December 31, 2001, is consistent with the guidance it provided previously in the release of its third quarter results in October.

Following recent approval by the Federal Reserve, the purchase by BNP Paribas SA of the remaining stock of BancWest Corporation (NYSE:BWE) has been completed today. The sale of A&B's 3.4 million share holding of BWE results in a gain of \$68.4 million, or \$1.69 per A&B share. Cash proceeds after tax will be approximately \$77 million.

"A&B's investment in First Hawaiian Bank and, more recently, in BancWest Corporation, as a result of a merger with First Hawaiian, has been a good one for A&B shareholders. We are pleased with the financial result, but also believe that Hawaii's banking community will be strengthened by BNP Paribas SA's ownership of First Hawaiian," noted W. Allen Doane, president and chief executive officer of Alexander & Baldwin, Inc.

"As anticipated, a decline in Hawaii's tourism-based economy, resulting from the events of 9/11, is occurring. This decline will depress the operating results of Matson Navigation Company significantly, compared with the fourth quarter of 2000, because of lower cargo demand and higher transitional costs at the Sand Island, Hawaii, container terminal, as a result of implementing a new operating system. The Company's real estate operations are not affected as directly by short-term changes in tourism, and will outperform the fourth quarter of 2000. The Food Products core operations will improve, but reported earnings will reflect the write-down of the remaining assets related to a sugar mill closed in 2000 and of a panelboard production facility that used sugarcane waste as a feedstock. In addition, at year-end A&B will reduce the carrying value of its minority investment in C&H Sugar Company, Inc., as a result of adverse conditions experienced by this sugarcane refiner. The combined effect of these actions is estimated to reduce A&B's net income by approximately \$28 million, or \$0.70 per share, but will result in a small positive impact on the Company's cash flow in 2002.

"As we expected, and discussed previously, the fourth quarter of this year will be very difficult," said Doane. "With the exception of the BWE transaction, the period clearly reflects the immediate, short-term impact of 9/11 on Hawaii and on our operations. We also are dealing with various investments and assets in the Food Products segment.

"At present, Hawaii's visitor industry is showing positive signs on the domestic front, but weak ones for the Japanese market. As we look ahead to 2002, our earlier comments still apply. That is, with strong monetary and potential fiscal actions, the U.S. economy appears to be headed for recovery. In Hawaii, focused marketing efforts are starting to pay off in the visitor industry, but the recovery of Hawaii's economy will be more gradual. At A&B, our immediate cost-saving steps are offsetting a portion of the operating declines in our shipping business.

"In the absence of other unexpected major events, however, it is likely that A&B's 2002 financial results will be lower than in 2001. The first quarter of 2002 is close enough at hand to know at a high level of certainty that early 2002 results will continue to be poor. As the year progresses, improvement in results should follow with Hawaii's economic recovery."

Said Doane, "The proceeds from the BWE transaction will strengthen A&B's already strong financial condition. We plan to continue to employ that financial strength to grow A&B's core real estate and transportation businesses. We are confident that the current economic environment is temporary and that conditions will improve. In the meantime, we will do all that we can to reduce their effects while, at the same time, making investments that target growth in earnings."

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, 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](http://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 related to the economic and political effects of the events of September 11, 2001 as well as those described on page 31 of the Company's 2000 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

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