ALEXANDER & BALDWIN

# A&B Reports 2001 Earnings Per Share of $2.73; Sale of BancWest Stock Boosts 4th Quarter & Year

January 25, 2002

HONOLULU, Jan 24, 2002 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) today reported that its net income for all of 2001 was $110,628,000, or $2.73 in basic earnings per share. Full-year 2000 net income was $90,574,000, or $2.21 per share. Revenue in 2001 was $1,190,073,000, compared with revenue of $1,068,646,000 in 2000.

Net income in the fourth quarter of 2001 was $46,368,000, or $1.15 per share. Net income in the fourth quarter of 2000 was $14,546,000, or $0.36 per share. Revenue in the fourth quarter of 2001 was $356,056,000, compared with $261,475,000 in the fourth quarter of 2000.

BANK STOCK SALES BOOST INCOME; REAL ESTATE SOLID, SHIPPING LOWER

"It is rewarding to see the benefit of our long-standing investments in two Hawaii banks reflected in 2001 income," said Allen Doane, president and chief executive officer of A&B. "On an after-tax basis, the sale of those stocks -- principally BancWest -- raised A&B's net income by $77.8 million, or $1.92 a share, in an otherwise difficult year.

"As you look more deeply into the 2001 financial results, the effects of 9/11 and a generally weak economic environment are evident. Added to these negative economic influences have been internal operating shortfalls, primarily at Matson, where it was a difficult year in a number of ways. At the same time, A&B's real estate business continued to perform strongly and we are pleased to report that our level of acquisition activity and investment in Hawaii remains high.

"For background, the visitor industry is Hawaii's largest business, affecting about one third of all jobs in the State. Travel during the holidays and subsequently has shown a steady recovery in visitors arriving from the U.S. mainland. The prospects for a comparable recovery in visitors from Japan, however, remains clouded by economic issues affecting that country, as well as by the reduced purchasing power of the yen.

"These external forces directly influence the cargo marketplace for Matson. And, even with continued favorable trends, it would take most of 2002 to regain pre-9/11 levels for the economic measures that influence our businesses most.

"In planning for 2002, we have initiated a number of actions to reduce the effects of the near-term downturn. The most significant is the reduction, from eight to seven, in the number of vessels operating in Matson's Hawaii service. Also targeted is a substantial improvement in productivity and costs at Matson's Honolulu container terminal, where expected benefits from a new container-handling operation, begun in August 2001, will be fully realized.

"In any case, it appears that A&B's earnings from core operations in 2002 will be lower than those in 2001, at least for the first two, and possibly three, quarters.

"In spite of these near-term issues, A&B stands out because of its low debt, the resulting strength of its balance sheet and its high operating cash flow. With those advantages, we remain intent on taking actions that will increase shareholder value."

CONSOLIDATED OPERATING PROFIT HIGHER, REFLECTING STOCK SALES

For all of 2001, A&B's consolidated operating profit was $247.6 million. That was $89.0 million, or 56 percent, higher than the $158.6 million in 2000. The increase resulted primarily from the sale of bank stock holdings and improved results from property leasing and Hawaii agribusiness, offset, in part, by lower results in ocean transportation, in property sales and from a minority-owned investment in a sugar refining business.

In the fourth quarter of 2001, operating profit was $118.5 million, versus $32.2 million in the comparable period of 2000. This substantial increase resulted primarily from the sale of BancWest stock. Real estate results also were higher in the fourth quarter, but ocean transportation, Hawaii agribusiness and sugar-refining results were lower.

Interest expense, both for full-year 2001 and its fourth quarter, was lower than in the corresponding periods in 2000. The decreases reflected both lower debt balances and lower rates.

OCEAN TRANSPORTATION REFLECTS VOLUME, OPERATIONAL FACTORS

For all of 2001, ocean transportation operating profit was $62.3 million. This was a decrease of $31.4 million, or 34 percent, from $93.7 million in 2000. The decrease resulted primarily from lower cargo volume; much higher-than-expected transitional impacts from the terminal improvement project at Sand Island in Honolulu; and substantially lower results from investments in a shipping operation in Puerto Rico and a stevedoring joint venture. These decreases were offset, in part, by a number of cost reduction measures. Matson's total Hawaii service container volume in 2001 was three percent lower than in 2000 and its automobile volume was seven percent lower.

In the fourth quarter of 2001, ocean transportation operating profit was $1.9 million. That was a decrease of $17.9 million, from $19.8 million in the fourth quarter of 2000. The decrease resulted primarily from lower cargo volume, principally due to post-9/11 economic effects on Hawaii, and Sand Island terminal transitional impacts. Fourth quarter 2001 container volume in the Hawaii service was nine percent lower than in the 2000 fourth quarter, and its automobile volume was 22 percent lower.

A&B PROPERTIES' RESULTS SUSTAINED IN A DIFFICULT PERIOD

For full-year 2001, total operating profit from A&B's real estate activities was $52.1 million. This was $2.3 million, or four percent, lower than $54.3 million a year earlier. Property leasing results were higher, but operating profit from the sale of properties was lower. In the fourth quarter of 2001, total operating profit in the real estate business was $10.6 million, an increase of $3.6 million, or 51 percent, from $7.0 million in the fourth quarter of 2000.

In 2001, property leasing activities generated $34.1 million in operating profit. This was $4.0 million, or 13 percent, higher than the $30.1 million in 2000. The increase was due primarily to additions to the leased property portfolio and higher occupancy levels in Hawaii properties. Occupancy levels in 2001 for U. S. mainland properties averaged 93 percent, versus 95 percent in 2000; Hawaii occupancy levels improved to 90 percent, versus 86 percent in 2000.

In the fourth quarter, operating profit from property leasing was $8.0 million. This was $0.1 million, or one percent, higher than $7.9 million in the fourth quarter of 2000.

Property sales revenue totaled $89.2 million in 2001, compared with $46.3 million in 2000. Operating profit resulting from these property sales, however, was $17.9 million, which was $6.3 million, or 26 percent, lower than the ten-year high of $24.2 million in 2000. The mix of sales in 2001 included more lower-margin residential property sales than in 2000. Such variability in sales revenue and operating profit is an inherent characteristic of property sales activity.

Property sales totaling $11.9 million took place in the fourth quarter of 2001, compared with $3.8 million in the fourth quarter of 2000. After allocation of administrative expenses, these sales produced operating profit of $2.6 million, versus an operating loss of $0.9 million in the fourth quarter of 2000.

FOOD PRODUCTS' RESULTS LOWER; DROUGHT REDUCES HARVEST SIZE

For all of 2001, food products' operating profit was $5.7 million, compared with $7.5 million in 2000. In the fourth quarter of 2001, the food products segment had an operating loss of $3.9 million, compared with operating profit of $4.6 million in the fourth quarter of 2000. The benefits of higher domestic raw sugar and molasses prices throughout 2001 were more than offset by a write-off of the residual power generation assets of a sugar mill closed in 2000, by nine percent lower production of raw sugar, due mainly to an extended drought, and by lower results from A&B's minority investment in C&H Sugar Company, Inc.

A&B's consolidated income statement also reflects year-end business revaluations in two areas that are associated with the food products segment. The value of A&B's investment in C&H was reduced from $40.1 to $11.5 million, a $28.6 million pretax change. This impairment reflects C&H's highly leveraged capital structure and the uncertainty of future cash flows required to meet the dividend and redemption requirements of the securities held by A&B. In addition, a panelboard business, Hawaiian DuraGreen, was discontinued in 2001, due to disappointing sales and production problems. The write-down of all of the assets associated with this business is included in the after-tax charge against consolidated earnings of $9.2 million.

THE "OTHER" SEGMENT: BANK STOCK SALES

As announced previously, during 2001, A&B sold all of its holdings in two financial institutions that have historic roots in Hawaii. A stock holding of Pacific Century Financial Corporation (NYSE:BOH) was closed out in the second quarter of the year, and BNP Paribas SA purchased all of the remaining stock of BancWest Corporation (NYSE:BWE) that it did not already own on December 20, 2001. The 749,000 shares of Pacific Century were sold for $16.2 million. The sale generated a pretax gain of $15.1 million. The 3.4 million shares of BancWest were sold for $118.5 million and that sale generated a pretax gain of $110.3 million. On an after-tax basis, these gains totaled $77.8 million, or $1.92 per share.

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. 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.

A&B webcasts live its regular quarterly conference call with financial analysts. Access to the call will be via a link called "4th Quarter and Full-Year 2001 Earnings Call, January 25, 2002, 3:00 p.m. EST" at that date and time on the home page of A&B's Internet site. The webcast and call will feature a brief discussion of the earnings release, followed by questions from professional investors invited to participate in the interactive portion of the discussion. Other parties participating in the webcast will be in a "listen-only" mode.

ALEXANDER & BALDWIN, INC.
2001 and 2000 Fourth-Quarter And Full-Year Results

| | 2001 | 2000 |
|---|---|---|

| | | |
|---|---|---|
| Three Months Ended December 31: | | |
| Revenue | $ 356,056,000 | $ 261,475,000 |
| Income From Continuing Operations | | |
| Before Change In Accounting | $ 54,068,000 | $ 14,546,000 |
| Net Income | $ 46,368,000 | $ 14,546,000 |
| Basic Share Earnings: | | |
| Income From Continuing Operations | | |
| Before Change In Accounting | $ 1.34 | $ 0.36 |
| Net Income | $ 1.15 | $ 0.36 |
| Diluted Earnings Per Share: | $ 1.14 | $ 0.36 |
| Average Shares Outstanding | 40,498,000 | 40,312,000 |
| Year Ended December 31: | | |
| Revenue | $1,190,073,000 | $1,068,646,000 |
| Income From Continuing Operations | | |
| Before Change In Accounting | $ 119,813,000 | $ 78,324,000 |
| Net Income | $ 110,628,000 | $ 90,574,000 |
| Basic Share Earnings: | | |
| Income From Continuing Operations | | |
| Before Change In Accounting | $ 2.96 | $ 1.92 |
| Net Income | $ 2.73 | $ 2.21 |
| Diluted Earnings Per Share: | $ 2.72 | $ 2.21 |
| Average Shares Outstanding | 40,535,000 | 40,898,000 |

Industry Segment Data, Net Income
(In Thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| Revenue: | | | | |
| Ocean Transportation | $ 189,191 | $ 216,124 | $ 796,840 | $ 850,692 |
| Property Devel. & Mgmt | | | | |
| Leasing | 17,996 | 16,778 | 70,685 | 62,105 |
| Sales | 11,854 | 3,848 | 89,156 | 46,322 |
| Food Products | 25,847 | 23,877 | 104,376 | 106,341 |
| Other | 111,168 | 848 | 129,016 | 3,186 |
| Total Revenue | $ 356,056 | $ 261,475 | $1,190,073 | $1,068,646 |
| Operating Profit, Net Income: | | | | |
| Ocean Transportation | $ 1,851 | $ 19,819 | $ 62,264 | $ 93,732 |
| Property Devel. & Mgmt | | | | |
| Leasing | 8,016 | 7,863 | 34,139 | 30,120 |
| Sales | 2,564 | (862) | 17,926 | 24,228 |
| Food Products | (3,886) | 4,613 | 5,660 | 7,522 |
| Other | 109,921 | 756 | 127,635 | 2,974 |
| Total Operating Profit | 118,466 | 32,189 | 247,624 | 158,576 |
| Writedown of Investment in C&H | (28,600) | -- | (28,600) | -- |
| Interest Expense | (3,679) | (6,285) | (18,658) | (24,252) |
| Corporate Expenses | (3,301) | (3,009) | (13,161) | (11,609) |
| Income From Continuing Operations Before Income Taxes and Accounting Change | 82,886 | 22,895 | 187,205 | 122,715 |
| Income Taxes | (28,818) | (8,349) | (67,392) | (44,391) |
| Income From Continuing Operations Before Change In Accounting | 54,068 | 14,546 | 119,813 | 78,324 |
| Discontinued Operation | (7,700) | -- | (9,185) | -- |

| | | | | |
|---|---|---|---|---|
| Accounting Change | -- | -- | -- | 12,250 |
| | --------- | --------- | --------- | --------- |
| Net Income | $ 46,368 | $ 14,546 | $ 110,628 | $ 90,574 |
| | ========= | ========= | ========= | ========= |

Consolidated Balance Sheets
(In Thousands)

| | December 31, 2001 | December 31, 2000 |
|---|---|---|
| | ---------- | ---------- |
| | (Unaudited) | |
| ASSETS | | |
| Current Assets | $ 220,014 | $ 208,867 |
| Investments | 33,021 | 183,141 |
| Real Estate Developments | 47,840 | 62,628 |
| Property, Net | 977,048 | 954,692 |
| Capital Construction Fund | 158,737 | 150,405 |
| Other Assets | 107,759 | 106,279 |
| | ---------- | ---------- |
| Total | $1,544,419 | $1,666,012 |
| | ========== | ========== |
| LIABILITIES & EQUITY | | |
| Current Liabilities | $ 195,569 | $ 153,006 |
| Long-Term Debt | 207,378 | 330,766 |
| Post-Retirement Benefit Obligs. | 42,915 | 44,752 |
| Other Long-Term Liabilities | 49,181 | 56,698 |
| Deferred Income Taxes | 338,709 | 387,139 |
| Shareholders' Equity | 710,667 | 693,651 |
| | ---------- | ---------- |
| Total | $1,544,419 | $1,666,012 |
| | ========== | ========== |

Consolidated Statements of Cash Flows
(In Thousands)

| | Year Ended December 31, 2001 | Year Ended December 31, 2000 |
|---|---|---|
| | ---------- | ---------- |
| | (Unaudited) | |
| Operating Cash Flows | $ 149,161 | $ 104,278 |
| Capital Expenditures | (99,183) | (84,201) |
| CCF Deposits, Net | (7,854) | (3,646) |
| Proceeds From Sale Of Bank Stocks | 134,720 | -- |
| Proceeds From/(Payment of) Debt, Net | (133,988) | 61,000 |
| Repurchases Of Capital Stock | (2,270) | (48,260) |
| Dividends Paid | (36,488) | (36,785) |
| All Other, Net | 11,742 | 7,732 |
| | ---------- | ---------- |
| Increase/(Decrease) In Cash | $ 15,840 | $ 118 |
| | ========== | ========== |
| Depreciation | $ 75,433 | $ 72,304 |
| | ========== | ========== |

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