A&B Reports 1st Quarter 2002 Earnings of $9.8 Million; Hawaii's Improving Outlook Not Yet Reflected In Results

April 18, 2002

HONOLULU, Apr 17, 2002 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) today reported first quarter 2002 net income of $9,807,000, or $0.24 per share. In the first quarter of 2001, the Company reported net income of $22,434,000, or $0.55 per share. Revenue in the first quarter of 2002 was $233,953,000, compared with $274,967,000 in the first quarter of 2001.

1st Quarter Likely the Low Point for `02

"As we anticipated, the first quarter results continued to reflect many of the unfavorable economic and operational factors that depressed A&B's performance in the fourth quarter of 2001," said Allen Doane, president and chief executive officer of A&B. "Matson's performance was very poor, due to the lingering effects of 9/11 on Hawaii's economy and internal operating shortfalls, principally at the Sand Island Terminal in Honolulu. However, our property results held up well in comparison with a strong first quarter last year. And, looking ahead, visitor trends in Hawaii, especially from the U.S. mainland, continue to improve.

"If recent economic projections prove correct, Hawaii soon will see tangible improvement in its economy, which would help support greater demand for ocean cargo. That could boost demand in the State for industrial and commercial properties, adding to the present good level of residential demand -- and benefiting our property results.

"At this point, with economic improvements becoming increasingly likely and various management initiatives gaining strength, we anticipate that our quarterly results will improve, particularly at Matson, as the economy and the year progress."

Matson's Operating Profit Considerably Lower Than in 1st Quarter `01

In the first quarter of 2002, operating profit from ocean transportation was $2.5 million. That was $15.0 million, or 86 percent, lower than the $17.5 million in the first quarter of 2001. Just as in the fourth quarter of 2001, this unusually low level of operating profit was primarily the result of lower cargo volume, caused principally by post-9/11 economic effects and from competitive losses, principally due to service difficulties. First-quarter 2002 Hawaii service container volume was three percent below that of the 2001 first quarter, and automobile volume was 23 percent lower.

Operating costs also were higher, due to ongoing, but moderating, transitional effects of the terminal improvement project in Honolulu, as well as costs incurred to accommodate the drydocking of certain vessels. Results also were lower due to comparatively weaker results from Matson's Guam service.

In anticipation of lower cargo demand, Matson reduced the number of vessels serving Hawaii from eight to seven in January 2002. Matson deferred, however, a general rate increase normally effective early in the year, due to post-9/11 concerns. Subsequently, a 2.75 percent increase was announced, becoming effective on April 14, 2002. Matson also announced earlier today that it would raise its bunker fuel surcharge from the present 3.25 percent level to 4.75 percent, due to recent increases in the prices of bunker fuel. Auto shipments also are expected to improve, as rental car fleets in Hawaii are renewed. Beneficial changes in Matson's stevedoring joint venture are being pursued and other events may improve operating conditions in the Puerto Rico trade, where Matson participates through an investment. Combined with anticipated growing demand in Hawaii, all of these factors should help boost Matson's results in subsequent quarters.

Property Leasing, Sales Hold Up Well

Prior to an accounting change (described below), property leasing operating profit was $8.2 million in the first quarter of 2002. This was $0.5 million, or six percent, lower than the $8.7 million earned in the first quarter of 2001. This small decrease was the net result of property acquisitions and sales, the timing of some expenses and marginally lower occupancies. For the respective first quarters, occupancy levels for U. S. mainland properties averaged 91 percent in 2002, versus 94 percent last year, and for Hawaii properties averaged 87 percent in 2002, versus 89 percent last year.

Prior to the accounting change, property sales revenue totaled $37.3 million in the first quarter of 2002, compared with $43.1 million in the first three months of 2001, and operating profit resulting from those sales was $8.9 million, which was $3.3 million lower than the first quarter 2001 results. Variations in sales activity of this nature reflect the normal episodic nature of real estate transactions. Sales in the first quarter of 2002 included a seven-building distribution complex in Texas, a number of smaller Hawaii properties and residential resort homes. This activity compared with sales of a shopping center and several smaller properties on Bainbridge Island, Wash., and a site for the development of a Wal-Mart store in Kahului, Maui, in the first quarter of 2001.

As a result of the adoption of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," and additional guidance from the February 2002 meeting of the Financial Accounting Standards Board, the sales of certain income-producing assets--even individual buildings within a real estate portfolio--are reported as "discontinued operations" if their earnings and cash flows are separately identifiable and are material. This accounting standard requires A&B to segregate its property sales based on these criteria, which is a change from the Company's long-standing practice. During the first quarter, the sale of the seven-building distribution complex in Texas and the sale of a land parcel subject to a ground lease met the criteria for classification as discontinued operations, despite the fact that the proceeds from these sales were put in escrow for tax-deferred reinvestment in accordance with Section 1031 of the Federal tax code. The after-tax gain on the sales and the earnings of these properties are classified, therefore, under the caption "Discontinued Operations: Properties." As such, revenue and operating profit generated from these properties in prior quarters also are removed from continuing operations and the after-tax operating profit for prior quarters is reclassified as discontinued operations.

Food Products' Results Lower

In the first quarter of 2002, food products' operating profit was $2.1 million, compared with $5.8 million in the first quarter of 2001. In 2001, the segment had benefited from a one-time distribution of $5 million from the sugar transportation cooperative that handles the Hawaii growers' production.

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation, through its subsidiary, Matson Navigation Company, Inc.; property development and management, through A&B Properties, Inc.; and 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 such as those described on page 19 of the Company's Annual Report on Form 10-K, which is incorporated in the Company's 2001 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

ALEXANDER & BALDWIN, INC.
2002 and 2001 First-Quarter Results

	2002	2001
Three Months Ended March 31:		
Revenue	$233,953,000	$274,967,000
Income From Continuing Operations	$5,517,000	$22,739,000
Discontinued Operations: Properties/1	$4,290,000	$141,000
Discontinued Operations: Agriculture/2	--	($446,000)
Net Income	$9,807,000	$22,434,000
Basic Share Earnings		
From Continuing Operations	$0.14	$0.56
Net Income	$0.24	$0.55
Diluted Share Earnings		
From Continuing Operations	$0.13	$0.56
Net Income	$0.24	$0.55
Average Shares Outstanding	40,623,000	40,508,000

/1 Discontinued Operations: Properties consists of buildings and a leased parcel sold

/2 Discontinued Operations: Agriculture consists of an abandoned panel board manufacturing business.

Industry Segment Data, Net Income
(In Thousands)

	Three Months Ended March 31, 2002	2001
Revenue:		
Ocean Transportation	$ 192,744	$ 196,609
Property Development & Management		
Leasing	17,828	17,096
Sales	37,271	43,084
Less Amounts Reported In Discontinued Operations	(30,318)	(864)
Food Products	16,428	18,185
Other	--	857
Total Revenue	$ 233,953	$ 274,967
Operating Profit, Net Income:		
Ocean Transportation	$ 2,507	$ 17,455
Property Development & Management		
Leasing	8,242	8,740
Sales	8,878	12,216
Less Amounts Reported In Discontinued Operations	(6,920)	(227)
Food Products	2,095	5,802
Other	--	840

Total Operating Profit	14,802	44,826
Interest Expense	(2,957)	(5,779)
Corporate Expenses	(2,948)	(3,791)
Income From Continuing Operations Before Income Taxes	8,897	35,256
Income Taxes	(3,380)	(12,517)
Income From Continuing Operations	5,517	22,739
Discontinued Operations: Properties	4,290	141
Discontinued Operations: Agriculture	--	(446)
Net Income	$ 9,807	$ 22,434
Basic Earnings Per Share, Continuing Operations	$ 0.14	$ 0.56
Basic Earnings Per Share, Net Income	$ 0.24	$ 0.55
Diluted Earnings Per Share, Continuing Operations	$ 0.13	$ 0.56
Diluted Earnings Per Share, Net Income	$ 0.24	$ 0.55
Average Shares	40,623	40,508

Consolidated Balance Sheets
(In Thousands)

	March 31, 2002 (Unaudited)	Dec. 31, 2001
ASSETS		
Current Assets	$ 205,328	$ 220,014
Investments	36,324	33,021
Real Estate Developments	47,526	47,840
Property, Net	942,684	977,048
Capital Construction Fund	171,436	158,737
Other Assets	138,727	107,759
Total	$1,542,025	$1,544,419
LIABILITIES & EQUITY		
Current Liabilities	$ 151,463	$ 195,569
Long-Term Debt	240,417	207,378
Post-Retirement Benefit Obligs	43,045	42,915
Other Long-Term Liabilities	45,884	49,181
Deferred Income Taxes	343,017	338,709
Shareholders' Equity	718,199	710,667
Total	$1,542,025	$1,544,419

Consolidated Statements of Cash Flows
(In Thousands)

	Three Months Ended March 31, 2002 (Unaudited)	2001
Operating Cash Flows	$(38,281)	$ 36,584
Capital Expenditures	(8,239)	(25,551)
CCF Deposits, Net	(12,991)	(2,409)
Proceeds From (Payment of) Debt, Net	44,456	(3,500)
Dividends Paid	(9,138)	(9,123)
All Other, Net	17,112	3,859
Increase (Decrease) In Cash	$ (7,081)	$ (140)
Depreciation	$ 17,926	$ 18,030

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