FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)
/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended MARCH 31, 1999

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______________ to ______________

Commission file number 0-565

ALEXANDER & BALDWIN, INC.

(Exact name of registrant as specified in its charter)

HAWAII	99-0032630
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. BOX 3440, HONOLULU, HAWAII	96801
822 BISHOP STREET, HONOLULU, HAWAII	96813
(Address of principal executive offices)	(Zip Code)

(808) 525-6611

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Number of shares of common stock outstanding as of March 31, 1999: 43,317,456

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed financial statements and notes for the first quarter of 1999 are presented below.

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF INCOME
(In thousands except per share amounts)

	Three Months Ended March 31 1999	1998
	(unaudited)	
Revenue:		
Net sales, revenue from services and rentals	$191,018	$284,267
Interest, dividends and other	6,424	7,140
Total revenue	197,442	291,407
Costs and Expenses:		
Costs of goods sold, services and rentals	144,649	237,208
Selling, general and administrative	23,125	26,081
Interest	4,527	6,080
Income taxes	9,303	8,264
Total costs and expenses	181,604	277,633
Income before cumulative effect of change in accounting method	15,838	13,774
Cumulative effect of change in accounting method for insurance-related assessments (net of income taxes of $3,481)	--	(5,801)
Net Income	$ 15,838	$ 7,973
Basic and Diluted Earnings Per Share	$ 0.36	$ 0.18
Dividends Per Share	$ 0.225	$ 0.225
Average Number of Shares Outstanding	43,559	44,842

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
INDUSTRY SEGMENT DATA
(In thousands)

	Three Months Ended March 31	
	1999	1998
	(unaudited)	
Revenue:		
Ocean Transportation	$169,195	$178,800
Property Development and Management:		
Leasing	11,587	9,235
Sales	7,932	7,781
Food Products	8,002	94,874
Other	726	717
Total Revenue	$197,442	$291,407
Operating Profit:		
Ocean Transportation	$ 18,265	$ 17,370
Property Development and Management:		
Leasing	7,622	5,899
Sales	5,540	4,642
Food Products	1,471	2,998
Other	650	678
Total Operating Profit	$ 33,548	$ 31,587

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
CONDENSED BALANCE SHEETS
(In thousands)

	MARCH 31 1999 (UNAUDITED)	December 31 1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 17,484	$ 86,818
Accounts and notes receivable, net	119,244	129,808
Inventories	36,868	19,772
Real estate held for sale	15,468	8,535
Deferred income taxes	10,844	9,524
Prepaid expenses and other assets	10,137	9,407
Accrued deposits to Capital Construction Fund	(10,000)	(9,070)
Total current assets	200,045	254,794
Investments	146,085	159,068
Real Estate Developments	50,623	57,690
Property, at cost	1,793,957	1,787,424
Less accumulated depreciation and amortization	853,556	837,704
Property - net	940,401	949,720
Capital Construction Fund	145,068	143,303
Other Assets	51,319	41,065
Total	$1,533,541	$1,605,640
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 37,339	$ 45,533
Short-term commercial paper borrowings	--	42,000
Accounts payable	41,364	37,781
Other	66,975	62,367
Total current liabilities	145,678	187,681
Long-term Liabilities:		
Long-term debt	245,659	255,766
Post-retirement benefit obligations	62,065	61,929
Other	52,150	52,593
Total long-term liabilities	359,874	370,288
Deferred Income Taxes	350,471	353,029
Shareholders' Equity:		
Capital stock	35,527	36,098
Additional capital	52,918	51,946
Unrealized holding gains on securities	54,831	63,329
Retained earnings	546,647	555,820
Cost of treasury stock	(12,405)	(12,551)
Total shareholders' equity	677,518	694,642
Total	$1,533,541	$1,605,640

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31 1999	1998
	(unaudited)	
Cash Flows from Operating Activities	$ 29,250	$ 17,104
Cash Flows from Investing Activities:		
Capital expenditures	(13,412)	(27,838)
Proceeds from disposal of property, investments and other assets	2,198	2
Deposits into Capital Construction Fund	(1,765)	--
Withdrawals from Capital Construction Fund	930	--
Increase in investments, net	(810)	(468)
Net cash used in investing activities	(12,859)	(28,304)
Cash Flows from Financing Activities:		
Proceeds from issuances of long-term debt	5,000	11,500
Payments of long-term debt	(18,195)	(10,079)
Proceeds (payments) on short-term commercial paper borrowings, net	(47,000)	11,000
Proceeds from issuances of capital stock	54	543
Repurchases of capital stock	(15,792)	(2,250)
Dividends paid	(9,792)	(10,092)
Net cash provided by (used in) financing activities	(85,725)	622
Decrease in Cash and Cash Equivalents	$(69,334)	$(10,578)
Other Cash Flow Information:		
Interest paid, net of amounts capitalized	$ 4,446	$ 7,103
Income taxes paid, net of refunds	962	4,311
Other Non-Cash Information:		
Accrued deposits to Capital Construction Fund, net	930	--
Depreciation	19,630	21,951
Tax-deferred property sales	5,768	4,279
Change in unrealized holding gains	(8,498)	(789)

FINANCIAL NOTES
(Unaudited)

(a) The condensed balance sheet as of March 31, 1999 and the condensed statements of income and the condensed statements of cash flows for the three months ended March 31, 1999 and 1998 are unaudited. Because of the nature of the Company's operations, the results for interim periods are not necessarily indicative of results to be expected for the year, but in the opinion of management, all material adjustments necessary for the fair presentation of interim period results have been included in the interim financial statements.

(b) Estimated effective annual income tax rates differ from statutory rates, primarily due to the dividends-received deduction and various tax credits.

(c) The Company's total non-owner changes in shareholders' equity consist of net income plus unrealized holding gains on securities (comprehensive income). On this basis, comprehensive income for the three months ended March 31, 1999 and 1998 was $7.3 million and $7.2 million, respectively.

(d) Certain amounts have been reclassified to conform with the current year's presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FIRST QUARTER EVENTS:

OPERATING RESULTS: Net income for the first quarter of 1999 was $15,838,000, or $0.36 per share. Income before the cumulative effect of an accounting change for the comparable period of 1998 was $13,774,000, or $0.31 per share. The accounting change resulted in a one-time, non-cash charge to 1998 first-quarter earnings of $5,801,000, or $0.13 per share. After reflecting that charge, net income in the first quarter of 1998 was $7,973,000, or $0.18 per share.

Revenue in the first quarter of 1999 was $197,442,000, compared with revenue of $291,407,000 in the first quarter of 1998. The sizeable decrease in revenue resulted primarily from the sale in December 1998 of a majority interest in A&B's sugar refining and marketing business.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal liquid resources, comprising cash and cash equivalents, receivables, sugar and coffee inventories and unused lines of credit, less accrued deposits to the Capital Construction Fund (CCF), totaled $363,608,000 at March 31, 1999, a decrease of $1,785,000 from December 31, 1998. This decrease was due primarily to lower cash and receivables, substantially offset by an increase in sugar and coffee inventories and in amounts available under lines of credit. Cash decreased $69,334,000, primarily due to the proceeds from the 1998 sale of the sugar refining business, which were used to repay debt in 1999. The $10,564,000 decrease in receivables was due mostly to the timing of the sugar-harvesting season and to lower revenue at Matson Navigation Company, Inc. (Matson). Amounts available under lines of credit increased $62,500,000, primarily due to an increase in credit facilities. Sugar and coffee inventories increased $16,543,000, primarily due to the timing of the sugar-harvesting season. Accrued deposits to the CCF increased $930,000.

Working capital was $54,367,000 at March 31, 1999, a decrease of $12,746,000 from the amount at the end of 1998. This was due primarily to decreases in cash, short-term debt and receivables, partially offset by increases in sugar and coffee inventories, real estate held for sale and accounts payable.

RESULTS OF SEGMENT OPERATIONS -
FIRST QUARTER 1999 COMPARED WITH THE FIRST QUARTER 1998

OCEAN TRANSPORTATION revenue of $169,195,000 for the first quarter of 1999 was five-percent less than the 1998 first-quarter revenue. However, operating profit increased five percent, to $18,265,000, from $17,370,000 in the first quarter of 1998. The improvement was due primarily to lower operating expenses. Vessel operating expenses were reduced by a fleet schedule change implemented in September 1998, lower fuel prices and the full impact of a revised agreement with American President Lines, Ltd., which commenced in February 1998. Matson's first-quarter 1999 Hawaii service container volume was four-percent lower than in the 1998 first quarter, while Hawaii automobile volume was 10-percent lower.

PROPERTY DEVELOPMENT AND MANAGEMENT - LEASING revenue of $11,587,000 for the first quarter of 1999 was 25-percent higher than the first quarter 1998 revenue, and operating profit of $7,622,000 was 29 percent above that of the first quarter of 1998. The increases primarily reflected a one-time buyout of a long-term ground lease and the contribution of new properties added to the portfolio after the 1998 first quarter. First quarter 1999 occupancy levels for Mainland properties averaged 92 percent, versus 96 percent in the first quarter of 1998. The decrease was due primarily to an increase in the number of new, multi-tenant properties in the portfolio. Occupancy levels for Hawaii properties averaged 72 percent in the first quarter of 1999, versus 65 percent in the comparable period of 1998. That increase was due primarily to higher tenancy in retail properties.

PROPERTY DEVELOPMENT AND MANAGEMENT - SALES revenue of $7,932,000 in the first quarter of 1999 was virtually the same as the $7,781,000 recorded in the first quarter of 1998. Sales in the first quarter of 1999 included three business parcels and eight residential properties. Sales activity in the first quarter of 1998 was nearly the same: three business parcels and nine residential properties. However, operating profit from property sales in the first quarter of 1999 was $5,540,000, versus $4,642,000 in the same period in 1998. The 19-percent increase was due to higher margins in the mix of business parcels sold in 1999's first quarter. Four of the 1999 sales and three of the 1998 sales were completed on a tax-deferred basis.

The mix of property transactions in any year can be diverse. Sales can include property sold under threat of condemnation, developed residential real estate, commercial properties, developable subdivision lots and undeveloped land. The sales of undeveloped land and subdivision lots generally provide a greater contribution margin than the sales of developed and commercial property, due to the low historical-cost basis of the Company's Hawaii land, which averages approximately $150 per acre. Consequently, historical property sales and the amount of real estate held for sale currently on the balance sheets do not necessarily indicate future profitability trends for this segment. Because the Company sells a significant amount of property on a tax-deferred basis, the proceeds of which must be reinvested in similar property within time periods specified by the Internal Revenue Code, property sales may not necessarily be indicative of cash flows.

FOOD PRODUCTS revenue of $8,002,000 for the first quarter of 1999 was significantly lower than the revenue reported for the comparable period of 1998. Operating profit also decreased from $2,998,000 in the first quarter of 1998 to $1,471,000 in the first quarter of 1999. Both reductions were primarily the direct result of the partial sale of California and Hawaiian Sugar Company, Inc. (C&H).

OTHER MATTERS

C&H RECAPITALIZATION AND PARTIAL SALE: On December 24, 1998, the Company recapitalized and sold a majority of its equity in C&H. The recapitalization and partial sale of C&H allows the Company to focus capital and management attention better on its core businesses. At the same time, C&H, with its new majority owner, is well positioned to pursue new opportunities to grow its business. C&H is included in the consolidated results and in the Food Products Segment of the Company up to the date of sale. Effective December 24, 1998, the Company began accounting for its investment in C&H under the equity method.

TAX-DEFERRED REAL ESTATE EXCHANGES: In the first quarter of 1999, the Company sold four parcels of land for $5,768,000. The proceeds from these sales are reflected in the Statements of Cash Flows under the caption "Other Non-Cash Information."

SHARE REPURCHASES: During the first quarter of 1999, the Company repurchased 764,000 shares of its common stock for an aggregate of about $15,792,000 (average of $20.67 per share). On March 1, 1999, the Board of Directors authorized the repurchase of up to 2,000,000 additional shares of the Company's stock.

ENVIRONMENTAL MATTERS: As with most industrial and land-development companies of its size, the Company's operations have certain risks, which could result in expenditures for environmental remediation. The Company believes that it is in compliance, in all material respects, with applicable environmental laws and regulations, and works proactively to identify potential environmental concerns. Management believes that appropriate liabilities have been accrued for environmental matters.

ECONOMIC CONDITIONS: The outlook for 1999 is for continued weak economic growth for the state of Hawaii. Most published estimates are for about a 1.5% rise in real gross state product. Modest growth in visitor arrivals, totaling about one percent, is the anticipated net result of continued growth in the number of arrivals from the U.S. mainland and of no growth, at best, in eastbound arrivals. Private-sector construction activity continues to be a drag on the economy, with construction industry employment still down and new-construction authorizations remaining at or near a low point. Personal income and price levels are modest positives, with continued low growth expected in the former and declines in the latter. The total number of jobs is not expected to grow, however, on a year-to-year basis, until the year 2000.

YEAR 2000

State of Year 2000 Readiness
- ----------------------------

In 1995, the Company and its subsidiaries (collectively, the "Company") commenced an evaluation of their computer systems and applications to prepare for the year 2000 ("Y2K"). Following this evaluation, implementation plans for all business segments were prepared and currently are being executed. The Y2K initiative is proceeding with the direction of the Board of Directors, which receives regular progress reports.

The Company's Y2K readiness project addresses risks in the following three primary areas:

1. the Company's information systems, including hardware and software;
2. the Company's embedded systems, including computers and software that control machinery, telephone systems, and environmental systems; and
3. third parties with whom the Company does business.

The approach to making the information and embedded systems Y2K ready consists of five phases: awareness, assessment, remediation, testing and installation. The awareness phase consists of investigating the nature of the Y2K problem and educating the Company about the risk. The assessment phase consists of taking an inventory of the Company's computers and software, and determining which are Y2K ready and which require remediation or replacement. The remediation phase consists of fixing or replacing computer software and hardware identified as not 2K ready during the assessment phase. The testing phase involves testing whether the software and hardware will work properly before, on and after December 31, 1999. The installation phase involves placing the Y2K-ready components into production.

Company information systems: Company personnel and outside consultants have assessed the Y2K readiness of the Company's information systems. Certain information systems that were not Y2K ready and which had a significant impact on the Company's operations were identified as mission critical. The awareness and assessment phases are complete. The remediation and testing of those mission critical information systems also are complete. The installation of those mission critical systems, and of all other information systems affected by the Y2K problem, is expected to be complete by August 31, 1999.

Company embedded systems: Company personnel were assisted by outside consultants in assessing the embedded systems in our factories, buildings, ships, shoreside facilities, heavy equipment, etc. The embedded systems with Y2K problems were evaluated in terms of their impact on operations and safety. The remediation, testing and installation of all mission critical embedded systems are complete. A few non-critical embedded systems with minor operational impact and no impact on safety will be replaced before the end of 1999.

Third parties: In 1998, the Company identified and prioritized the third party vendors, customers and associates that could impact Company operations. Those third parties were contacted to assess their Y2K readiness. Additionally, Company employees conducted in-depth assessments, including face-to-face meetings, with third parties having the potential to affect materially the Company. Follow-up contacts will be made during the third quarter of 1999, which is when most third parties have advised the Company that they will be substantially complete with their Y2K projects.

Costs
- -----

The implementation plans, which consist of upgrading, modifying, or replacing various systems, are expected to cost approximately $6,000,000 to $8,000,000, including a contingency of $2,000,000. At the end of April 1999, the Company had expended approximately $4,100,000 for this work, of which $3,400,000 was expended in 1998. A total of $1,200,000 is budgeted for 1999, most of which will have been utilized in the first half of 1999. Y2K costs for 1998 represented about eighteen percent of the Company's total information technology budget. The 1999 costs are expected to be about seven percent of the budget. The internal and external costs of the Y2K work are being expensed as incurred, unless a computer system is being replaced for operating reasons as well as Y2K compliance, in which case the costs are being capitalized. Cash generated from operations is funding all of the Y2K costs; however, the Company has ample resources from unused credit facilities, if needed. No major internal systems projects have been delayed as a result of the Y2K work.

Risks
- -----

Company information and embedded systems: The Company believes that the Y2K risks associated with the failure of its information and embedded systems will be low, due to its Y2K readiness preparations. However, despite the preparations being taken by the Company to ensure that its information and embedded systems are Y2K ready, there may be risks due to unforeseen circumstances.

Third parties: Failure of third parties may affect materially the Company's operations; however, the seriousness of this risk depends on the nature and duration of the failure. The most serious impact on the Company's operations from third parties would result if basic services, such as telecommunications, electric power, and other basic infrastructure services, were disrupted. Some public disclosure about readiness preparation among third-party suppliers is now available; however, the Company is unable to estimate the likelihood of significant third-party disruptions. The only risk largely under the Company's control is preparing its internal operations for the Y2K.

As such, the most reasonably likely worst case scenario could result from third-party failures, such as temporary short-term disruptions in customer services and product deliveries, temporary billing and collection delays, and temporary delays in payrolls and vendor payments. If the most reasonably likely worst case scenario occurred, it could have a material adverse impact on the Company's results of operations, liquidity and financial condition. Details of the Company's plans for dealing with potential problems will be included in its contingency plans.

Contingency Plans

The Company's approach to Y2K contingency planning is to complement disaster plans that already are in effect for the Company. The disaster plans provide operating procedures for unanticipated outages of electricity, communications or other essential services, such as those disruptions which might occur due to a hurricane or tsunami. The Y2K contingency plans will address Y2K-specific issues that are not covered in the existing disaster plans.

The contingency plans will detail procedures and strategies for each business unit for dealing with potential problems before, on and after December 31, 1999. These preparations include ensuring that adequate levels of essential fuel, materials and supplies are available, and completing certain critical administrative procedures before the end of 1999.

Y2K contingency plans will be completed by June 30, 1999. They will be reviewed and refined through the end of 1999, as appropriate.

Summary

Although there can be no absolute assurance that the Company will be successful in identifying and avoiding all possible problems, the Company continues to identify and address potential negative consequences which may result from not being Y2K ready. In particular, there can be no assurance that the Company will not be affected adversely by the failure of a vendor, customer, or other third party to address the Y2K issue adequately. However, in the context of the uncertainties inherent in dealing with the Y2K issue, the Company believes, based on available information, that the impact of the Y2K issue and its associated costs will not have a material impact on the results of operations, liquidity and financial condition. This disclosure is a Year 2000 Readiness Disclosure, pursuant to the Year 2000 Information and Readiness Disclosure Act.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Company, from time to time, may make or may have made certain forward-looking statements, whether orally or in writing, such as forecasts and projections of the Company's future performance or statements of management's plans and objectives. Such forward-looking statements may be contained in, among other things, Securities and Exchange Commission (SEC) filings, such as the Forms 10-K, press releases made by the Company and oral statements made by the officers of the Company. Except for historical information contained in these written or oral communications, such communications contain forward-looking statements. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to: (1) economic conditions in Hawaii and elsewhere; (2) market demand; (3) competitive factors and pricing pressures in the Company's primary markets; (4) legislative and regulatory environments at the federal, state and local levels, such as government rate regulations, land-use regulations, government administration of the U.S. sugar program, and modifications to or retention of cabotage laws; (5) dependence on third-party suppliers; (6) fuel prices; (7) labor relations; (8) the ability to locate and correct or replace, on a timely basis, all relevant computer codes prior to the year 2000; and (9) other risk factors described elsewhere in these communications and from time to time in the Company's filings with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning market risk is incorporated herein by reference to Item 7A of the Company's Form 10-K for the fiscal year ended December 31, 1998. There has been no material change in the quantitative and qualitative disclosure about market risk since December 31, 1998.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10. Material contracts.

    10.b.1.(xxxvii) Agreement between Alexander & Baldwin, Inc. and Miles B. King, dated February 24, 1999.

11. Statement re computation of per share earnings.

27. Financial Data Schedule.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of l934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALEXANDER & BALDWIN, INC.
(Registrant)

Date: May 14, 1999

/s/ Glenn R. Rogers
Glenn R. Rogers
Executive Vice President and
Chief Financial Officer

Date: May 14, 1999

/s/ Thomas A. Wellman
Thomas A. Wellman
Controller

EXHIBIT INDEX

10. Material contracts.

    10.b.1.(xxxvii) Agreement between Alexander & Baldwin, Inc. and Miles B. King, dated as of February 24, 1999.

11. Statement re computation of per share earnings.

27. Financial Data Schedule.

February 24, 1999

Miles B. King
c/o Alexander & Baldwin, Inc.
333 Market Street
P. O. Box 7452
San Francisco, CA 94120

Dear Miles:

This letter sets forth the agreement between Alexander & Baldwin, Inc. and all of its subsidiaries (the "Company") and you in connection with your resignation from the Company and your general release of claims.

1. TERMINATION OF ACTIVE SERVICES. Your active services for the Company will terminate on February 28, 1999.

2. CONTINUED PASSIVE EMPLOYMENT. The Company will continue to employ you through August 31, 2000, or until you obtain other employment, whichever occurs first. It is understood that your active employment with the Company will cease on February 28, 1999, and your employment from March 1, 1999 through August 31, 2000 will be for all purposes a passive employment, and therefore, you will not receive any promotions, salary increases, accrued vacation, bonus, or employment benefits, other than those enumerated in this letter agreement, and you will not be required to maintain an office or report to the Company or perform any work assignments.

3. TITLE. During your passive employment, you may retain the title of Vice President and Chief Administrative Officer, but your only responsibility will be to seek new employment.

4. COMPENSATION. You will remain on the payroll at your current base salary, and during the period of passive employment, you will be paid, by direct deposit, your current monthly base salary, less appropriate withholdings and deductions through August 31, 2000. These payments will include all vacation pay, accrued through February 28, 1999. If you find other employment before August 31, 2000, the Company will pay to you a one-time severance payment equal to the remaining salary payments through August 31, 2000. If you should die prior to August 31, 2000, the Company will pay to your designated beneficiary an amount equal to the remaining salary payments through August 31, 2000.

You acknowledge that the payments set forth above constitute payments in excess of any obligation of the Company to pay you any separation or severance payment to you and that such excess payments are made to you as an accommodation to you as partial consideration for promises you are making under this agreement regarding your separation from the Company. You acknowledge that except for the payments set forth above, you are not entitled to any other severance pay under any Company separation or severance policies and no other severance or separation pay will be paid to you.

5. VACATION. You will accrue vacation benefits through February 28, 1999. Thereafter, you will not accrue further vacation benefits. You shall be deemed scheduled on vacation from March 31, 1999 to April 21, 1999 (38 days). Thereafter, you will not earn, become entitled to, or receive any other vacation pay.

6. PARKING. The Company will provide you with parking for one automobile at the parking facility at the 333 Market Street Building, San Francisco, California, through the earlier of August 31, 1999, or the date you find other employment.

7. CAR ALLOWANCE. The Company will continue to pay to you a car allowance in the same amount as your existing car allowance through August 31, 2000 or until you find other employment.

8. OFFICE AND SECRETARIAL SERVICES. The Company will provide you with an office at 333 Market Street, San Francisco, California, and secretarial services through the earlier of August 31, 1999 or the date you find other employment.

9. PIIP. The Company will pay to you the amounts of $156,000 and $122,000 in full and complete satisfaction of any and all amounts owed to you under the 1999 One-Year Performance Improvement Incentive Plan and the 1997-1999, 1998-2000, and 1999-2001 cycles under the Three-Year Performance Improvement Incentive Plan, respectively. With these payments, you will have no claim to any other amounts owed under these plans. The Company will pay you the above sums on or before that date which is thirty (30) days after the Company receives from you this agreement executed by you.

10. NONQUALIFIED PLANS. In lieu of any benefit to which you otherwise would be entitled under the provisions of the A&B Excess Benefits Plan, the A&B 1985 Supplemental Executive Retirement Plan and the A&B Executive Survivor/Retirement Plan (collectively, the "A&B Non-Qualified Plans"), A&B will pay a single lump sum payment to you as soon as practicable after August 31, 2000 equal to the sum of the amounts defined in paragraphs (b), (c) and (d) which follow, using the assumptions stated in subparagraph (a) which follows:

(a) Solely for the purposes of the calculations in subparagraphs (b), (c) and (d), it shall be deemed that (i) your service with A&B continued until August 31, 2000, at which time you would be deemed to be involuntarily terminated, (ii) from March 1, 1999 through and including August 31, 2000, your annual base compensation shall be deemed to be $245,000, and (iii) your annualized award under the One-Year Performance Improvement Incentive Plan shall be deemed to be the average of your awards for 1996, 1997 and 1998, rounded to the nearest thousand, which average is $104,000, further provided that to the extent that your benefit under the A&B Retirement Plan for Salaried Employees is a factor taken into consideration in determining your benefit under any A&B Non-Qualified Plan, the calculation of your benefit under the A&B Retirement Plan for Salaried Employees shall be based on your actual service, termination date and compensation and shall not be affected by any of the assumptions contained in this agreement.

(b) The amount determined under this subparagraph (b) shall be the amount that would be payable by the A&B Excess Benefits Plan to you on August 31, 2000 using the assumptions in paragraph (a) and based on the terms of such plan as in effect on the date this agreement is executed, such terms to include the after-tax discount rate, which is 2.50% and all other actuarial factors specified in the plan.

(c) The amount determined under this subparagraph (c) shall be the amount that would be payable by the A&B Supplemental Executive Retirement Plan to you on August 31, 2000 using the assumptions in paragraph (a) and based on the terms of such plan as in effect on the date this agreement is executed, such terms to include the discount rate, which is 2.5%, and all other actuarial factors specified in the plan, and further specifying that an Approved Early Retirement Date is not approved by the Committee as that term is defined in such plan.

(d) The amount determined under this subparagraph (d) shall be the amount that would be payable by the A&B Executive Survivor/Retirement Benefit Plan to you on August 31, 2000 using the assumptions in paragraph (a) and based on the terms of such plan as in effect on the date this agreement is executed, such terms to include a determination of any discount rate or other actuarial factors by applying the terms of such plan as in effect on the date this agreement is executed.

11. <u>VESTING IN PIIP STOCK PROGRAM</u>. With regard to awards granted under the Performance Improvement Incentive Plans, effective as of March 1, 1999, you will be fully vested in and the Company will waive its repurchase rights in (1) all base and bonus shares of Company common stock issued under the A&B Restricted Stock Bonus Plan and (2) all common stock-equivalent units credited under the A&B Deferred Compensation Plan.

12. <u>STOCK OPTION</u>. Effective as of March 1, 1999, The Nonqualified Stock Option Agreement dated January 27, 1999, between you and the Company pursuant to the Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan and all Stock Option Agreements between you and the Company pursuant to the Alexander & Baldwin, Inc. 1989 Stock Option/Stock Incentive Plan (collectively the "Stock Agreements") shall be amended to provide for the immediate exercisability of all Option Shares covered thereby and the continued exercisability of all Option Shares (as that term is defined in the Stock Agreements) for a period of up to one (1) year after March 1, 1999, provided that no option exercise shall be extended to a date beyond the expiration of the option term. You will not be entitled to receive any stock options for 1999 and thereafter.

13. <u>SEVERANCE AGREEMENT</u>. The Severance Agreement/Change of Control Agreement dated October 1, 1992, as it may have been amended and restated, is terminated as of February 28, 1999.

14. <u>BENEFITS</u>. Until the earlier of either August 31, 2000 or that date upon which you obtain coverage through another source, you will participate under all insured and self-insured benefit plans in which you are currently participating to the extent coverage or benefits are provided by these plans, with one exception. Because you will be on paid leave, you will not be covered by the sick leave policy. If after August 31, 2000, you have not obtained health insurance coverage, you will be eligible to continue to receive health insurance benefits for a period of up to eighteen months pursuant to the so-called "COBRA" law at the Company's current cost. You will be required to complete the COBRA form and pay the insurance premium and a small service fee.

15. <u>401(K)</u>. Your investment in the Company's 401(k) Plan, less the balance of any outstanding loans, may, at your option, be left in the Plan or distributed to you in a lump sum. You should consult with your tax advisor to discuss the tax consequences of the option chosen.

16. <u>CAREER CONTINUATION SERVICES</u>. To assist you in continuing your career, the Company will, at its expense, provide to you, certain outplacement and counseling services through an executive outplacement firm which you may select, subject to the Company's prior written approval. You may decline such services. However, if you wish to avail yourself to these services, we can assist you in coordinating such services.

17. <u>CONFIDENTIALITY</u>. You acknowledge that by reason of your position as Vice President, Chief Administrative Officer, you have had access to information of a confidential or sensitive nature. You represent that you have held all such information confidential and will continue to do so, except as required by subpoena or court process, provided that you give the Company sufficient notice to contest a subpoena or court process.

It is understood that, with the exception of the announcement of your separation from employment and sharing of this letter with any outplacement service firm (should you decide to avail yourself to the services offered to you in Section 16), the parties hereto will keep the terms of this agreement confidential. Without limiting the generality of the foregoing, you specifically agree that you will not disclose information regarding this agreement to any person other than your legal counsel or financial advisor, except as required by subpoena or court process. You acknowledge that this agreement of confidentiality is a material reason for the Company to enter into this agreement.

18. <u>RETURN OF COMPANY MATERIALS AND PROPERTY</u>. You understand and agree that you will turn over to John F. Gasher all Company files, memoranda, records and other documents, physical or personal property and keys which you have in your possession by March 31, 1999, except for keys to the office the Company will provide to you at 333 Market Street, San Francisco, California, which you must return when you vacate the office.

19. <u>COMPLETE RELEASE</u>. As a material inducement to the Company to enter into this agreement, you hereby irrevocably and unconditionally release, acquit and discharge the Company and each of the Company's stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, parent companies, divisions, subsidiaries, affiliates (and agents, directors, officers, employees, representatives and attorneys of such parent companies, divisions, subsidiaries, affiliates) (collectively "Releasees"), or any of them, from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent ("Claim" or "Claims") which you now have, own, hold, or claim to have, claim to own, or claim to hold, or which you at any time heretofore had, owned, held or claimed to have, claimed to own, or claimed to hold, or which you at any time hereafter may have, own, hold or claim to have, claim to own, or claim to hold, against each or any of the Releasees, including, but not limited to, any arising out of your employment with and/or separation from the Company, out of an alleged violation of an alleged employment agreement, express or implied, any covenants of good faith and fair dealing, express or implied, or any tort, or any legal restrictions on the Company's right to terminate employees, or any federal, state or other governmental statute, regulation or ordinance, including, without limitation: (1) Title VII of the Civil Rights At of 1964 (race, color,

religion, sex and national origin discrimination); (2) 42 U.S.C. S1981 (discrimination); (3) 42 U.S.C. SS621-634 (age discrimination); and (4) 29 U.S.C. S206(d)(1) (equal pay); (5) the Americans with Disabilities Act, 42 U.S.C. S12101, et seq.; and (6) the California Fair Employment and Housing Act, California Government Code Sections 12900, et seq. (race, color, religion, sex, national origin, disability).

20. <u>AGE RELEASE</u>. You will not institute, cause, authorize or participate in any legal action, lawsuit or complaint against the Company on your own behalf or on behalf of others, and no such action will be taken by your spouse, children, heirs or personal representatives, arising directly or indirectly out of your employment with the Company or the actions of its employees, officers, directors, and all other persons, firms and corporations, and their respective heirs, successors, successor corporations, and assigns. All such persons and entitles are released from any and all liabilities for any and all Claims, actions, and damages, whether or not now known or existing, arising out of your employment and your retirement from your employment by the Company. This release includes, but is not limited to, Claims under all State and Federal laws, and Company policies and documents other than this agreement. Claims under the Federal Age Discrimination in Employment Act, 29 U.S.C. Sec. 621 et sq., as amended, are expressly waived.

a. Nothing herein waives any claims or rights which may arise after the date of execution hereof. The consideration for this release and waiver is agreed to be in addition to anything of value to which you are already entitled;

b. You have twenty-one (21) days within which to review and consider this letter. You may sign this agreement prior to the expiration of the twenty-one (21) day period and, if you do so, you should only do so if the Company has not induced you to waive this period by fraud, misrepresentation, threat to withdraw or alter the offer prior to the expiration of the twenty-one (21) day period or by providing different terms to employees who sign this release prior to the expiration of the twenty-one (21) day period.

c. For seven (7) days following the execution of the agreement you have the right to revoke this agreement, and this agreement shall not be effective until that period has expired;

d. You have been advised prior to executing the agreement to consult an attorney of your choice and otherwise fully consider the agreement, and acknowledge that you have had ample time to do so.

21. <u>RELEASE</u>. It is expressly agreed that your acceptance of the terms of this letter agreement shall constitute your acknowledgment of the Company's full satisfaction of all of your claims, known or unknown, against the Company and your express release of the Company with respect to such Claims, whether arising out of the terms of your employment or otherwise, BY SIGNING THIS LETTER OF AGREEMENT, YOU ARE EXPRESSLY WAIVING ANY AND ALL RIGHTS YOU MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 1542 WHICH STATES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Notwithstanding the provisions of Section 1542 of the Civil Code, and for the purpose of effectuating this agreement, you understand and agree that you are releasing the Company and its officers, agents, employees, insurers, and any other entity or person operating on its behalf of all actions, causes of action, Claims, or obligations whether known or unknown, and that you cannot hereinafter institute or maintain any action, suit or Claim against the Company for anything arising out of your employment, the termination of your employment, or arising out of any incident, matter or conduct in any way pertaining to the Company occurring at any time up to and including the date of the signing of this agreement.

22. <u>NO ADMISSION</u>. In connection with all matters relating to this letter agreement, neither party admits that it has acted in any way unlawfully as to the other party. The releases are given for the purpose of making a full, final and amicable resolution of each party's obligations to the other.

23. <u>ARBITRATION</u>. Any dispute regarding any aspect of this agreement or any act which allegedly has or would violate any provision of this agreement ("arbitrable dispute") will be submitted to arbitration in Hawaii, before an experienced employment arbitrator licensed to practice law in Hawaii and selected in accordance with the rules of the American Arbitration Association as the exclusive remedy for such claim or dispute. Should any party to this agreement hereafter institute any legal action or administrative proceeding against the other with respect to any Claim waived by this agreement or to pursue any arbitrable dispute by any method other than said arbitration, the responding party shall be entitled to recover from the initiating party all damages, costs, expenses, and attorneys' fees incurred as a result of such action.

24. <u>SEVERABILITY, INTEGRATION AND MODIFICATION</u>. Should any of the provisions herein be determined to be invalid, it is agreed that this shall not affect the enforceability of other provisions herein. This agreement is fully integrated, represents the entire understanding of the parties, and there are no other agreements, representations, promises or negotiations which have not been expressly embodied herein. The parties agree that this agreement may not be amended or modified except by a signed written document.

25. <u>ATTORNEYS FEES</u>. Should either party institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this agreement, or for a declaration of such party's rights or obligations hereunder or to set aside any provision hereof, or for any other judicial remedy, the non-breaching party shall be entitled to be reimbursed for all costs and expenses incurred thereby, including, but not limited to, such amount as the court may adjudge to be reasonable attorneys' fees for the services rendered in such action or proceeding.

26. <u>SUCCESSORS</u>. This agreement shall be binding upon the Company, its successors and/or assigns, and upon you and upon your respective heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of each and all of the Releasees, and to their heirs, representatives, executors, administrator, successors and assigns.

27. <u>NONADMISSIONS CLAUSE</u>. It is understood and agreed by the parties hereto that this agreement represents a compromise and settlement between the parties hereto, and that nothing contained herein shall be construed as an admission of liability by or on behalf of either party, by whom liability is expressly denied. The covenants and releases and payments under this Agreement

should therefore not be construed as an admission of any negligence, strict liability, willful conduct, breach of warranty, breach of contract, liability or fault of any kind whatsoever by the Company or you.

28. VIOLATION OF AGREEMENT. In the event you willfully violate any provision of this agreement which causes the Company to suffer harm, the Company will have the right to terminate the agreement without any obligation to make further payment to you.

29. ENTIRE AGREEMENT. This agreement contains the entire understanding between you and the Company and fully supersedes any and all prior agreements or understandings pertaining to the subject matter of this Release. Each of the parties hereto acknowledges that no party or agent of any party has made any promise, representation or warranty whatsoever, either express or implied, not contained in this agreement concerning the subject matter hereof to induce any other party to execute this agreement and each of the parties hereto acknowledges that it has not executed this agreement in reliance of any such promises, representations or warranties not specifically contained in this agreement.

30. EXECUTION REQUIRED. This agreement shall not be effective unless and until you execute and return one of the two originals hereof executed by the Company. We may revoke the offers contained in this letter agreement and any or all of the terms hereof by a writing delivered to you any time prior to the time you execute and deliver this agreement.

31. GOVERNING LAW. This agreement shall be deemed to have been entered into in the State of Hawaii and shall be construed and interpreted in accordance with the laws of the State of Hawaii.

32. ACKNOWLEDGMENT. You acknowledge that you have read the terms of this agreement, that you fully understand its terms and language, that you fully understand the provisions, that you have been granted adequate time to review and consider this agreement with the aid of your personal attorney if you so desire, and that you have signed this agreement as your own free and knowing act. YOU UNDERSTAND AND AGREE THAT THIS AGREEMENT CONTAINS A BROAD GENERAL UNEQUIVOCAL RELEASE.

If the above agreement is satisfactory to you, please sign and return the original of this letter to me. The time limit for acceptance of this agreement is twenty-one (21) days from the date of this letter or, in other words, by March 17, 1999. A duplicate original of this letter is enclosed for your records.

Sincerely,

/s/ W. Allen Doane
President & Chief Executive Officer

I HAVE READ AND I UNDERSTAND THE TERMS OF THIS LETTER AGREEMENT. I HAVE HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL. I AGREE AND ACCEPT THE TERMS OF THIS AGREEMENT AND UNDERSTAND THAT I AM WAIVING IMPORTANT RIGHTS. I HAVE SIGNED THIS AGREEMENT OF MY OWN FREE WILL.

/s/ Miles B. King
Miles B. King

Date: February 26, 1999

EXHIBIT 11

ALEXANDER & BALDWIN, INC.
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(In thousands, except per share amounts)

	1999	1998
Basic Earnings Per Share		
Net income	$15,838	$ 7,973
Average number of shares outstanding	43,559	44,842
Basic earnings per share	$ 0.36	$ 0.18
Diluted Earnings Per Share		
Net income	$15,838	$ 7,973
Average number of shares outstanding	43,559	44,842
Effect of assumed exercise of outstanding stock options	--	289
Average number of shares outstanding after assumed exercise of outstanding stock options	43,559	45,131
Diluted earnings per share	$ 0.36	$ 0.18

The schedule contains summary financial information extracted from the condensed balance sheet as of March 31, 1999 and the condensed statement of income for the three months ended March 31, 1999 and is qualified in its entirety by reference to such financial statements.

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3-MOS
DEC-31-1999
MAR-31-1999
984
16,500
126,135
6,891
36,868
200,045
1,793,957
853,556
1,533,541
145,678
245,659
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0
35,527
641,991
1,533,541
191,018
197,442
144,649
144,649
0
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4,527
25,141
9,303
15,838
0
0
0
15,838
0.36
0.36