

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 14, 2006

ALEXANDER & BALDWIN, INC.
(Exact name of registrant as specified in its charter)

Hawaii ----- (State or other jurisdiction of ----- incorporation) -----	0-565 ----- (Commission File Number) -----	99-0032630 ----- (I.R.S. Employer ----- Identification No.) -----
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822 Bishop Street, P. O. Box 3440
Honolulu, Hawaii 96801

(Address of principal executive office and zip code)

(808) 525-6611

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

The information set forth below in Item 2.03 is incorporated into this Item 1.01 by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an

Off-Balance Sheet Arrangement of a Registrant.

On June 14, 2006, Alexander & Baldwin, Inc. ("A&B"), Kukui'ula Development Company (Hawaii), LLC ("Kukui'ula"), DMB Kukui'ula LLC, DMB Communities LLC (the preceding two entities, jointly and severally, "DMB"), collectively, the "Indemnitors," entered into a General Contract of Indemnity ("Indemnity") in favor of Travelers Casualty and Surety Company of America ("Travelers"). The Indemnity was entered into in connection with Travelers' execution of an agreement with Kukui'ula for the delivery of one or more bonds. Kukui'ula is a real-estate development joint venture (in which A&B is a member

and has a 50 percent voting interest) that is developing 1,000 acres of land on the South Shore of Kauai. The joint venture is more fully described in Note 6 of the Notes to Consolidated Financial Statements in A&B's most recently filed Form 10-K. The bonds are being issued to secure final subdivision approvals, which will allow for closing of the Kukui'ula lots to take place, and will cover various construction activities at Kukui'ula, such as project amenities, roads, utilities and other infrastructure, and subdivision improvements.

Under the Indemnity, the Indemnitors, jointly and severally, agree to indemnify and exonerate Travelers from all loss, cost, and expense of any kind or nature, including unpaid premiums, interest, court costs, and attorneys' and other professional fees (collectively, "Loss"), which Travelers incurs in connection with any of the bond(s) issued. In the event of default under the bond agreement between Kukui'ula and Travelers, Indemnitors agree to promptly reimburse Travelers for all sums paid on account of such Loss and/or to deposit with Travelers, on demand, a reserve against such Loss. An event of default includes, among others, failure to perform work of the bonded contracts in a timely and proper fashion, a declaration of default by any bonded contract owner, the sustaining of Loss by Travelers, and the establishment by Travelers of reserves against Loss in connection with the bonds.

Under the Indemnity, the Indemnitors shall have no rights of indemnity, contribution, or right to seek collection of any other outstanding obligation against any other indemnitor or their property until the obligations of the Indemnitors to Travelers have been satisfied in full. However, in connection with the Indemnity, Kukui'ula, A&B and DMB have separately entered into a Mutual Indemnification Agreement ("Agreement") under which the parties agree that they shall each be proportionately liable (60% for DMB and 40% for A&B) for all payments required to be made under the Indemnity. Under the Indemnity, the maximum potential amount of aggregate future payments is a function of the amount covered by outstanding bond(s) at the time of default, reduced by the amount of work completed. Bonds with an aggregate value of \$250 million are expected to be issued and retired over a six-year period ending in 2012. However, the total amount of bonds outstanding at any point in time is generally limited to approximately \$200 million. In other words, assuming an event of default where the maximum amount of bonds are issued and no work is completed, the maximum potential amount of aggregate future payments under the Indemnity is approximately \$200 million. Including amounts recoverable from DMB under the Agreement, the maximum potential amount of aggregate future payments for A&B under the Indemnity is approximately \$80 million.

The foregoing description of the Indemnity and Agreement is qualified in its entirety by the terms of the Indemnity and Agreement, which are filed hereto as Exhibits 10.1 and 10.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 General Contract of Indemnity, among Alexander & Baldwin, Inc., Kukui'ula Development Company (Hawaii), LLC, DMB Kukui'ula LLC, and DMB Communities LLC, in favor of Travelers Casualty and Surety Company of America, dated June 13, 2006.
- 10.2 Mutual Indemnification Agreement, among Kukui'ula Development Company (Hawaii), LLC, DMB Kukui'ula LLC, DMB Communities LLC, and Alexander & Baldwin, Inc., dated June 14, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date June 15, 2006

ALEXANDER & BALDWIN, INC.

/s/ Christopher J. Benjamin

Christopher J. Benjamin
Senior Vice President,
Chief Financial Officer and
Treasurer

We, the undersigned, hereinafter referred to, individually and/or collectively, as "Indemnitors," hereby request, have requested and/or will request TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, ST. PAUL FIRE AND MARINE INSURANCE COMPANY, any of their present or future direct or indirect parent companies, any of the respective present or future direct or indirect affiliates or subsidiaries of such companies and parent companies, and/or any of the aforementioned entities' successors or assigns, hereinafter referred to, individually and/or collectively, as "Company," to furnish bonds, undertakings, guarantees, and/or contractual obligations, including renewals and extensions thereof, executed or procured by Company, whether before or after the date of this Agreement, and bonds and undertakings for which Company has obligations as a result of an asset purchase, acquisition, merger or like transaction, hereinafter referred to, individually and/or collectively, as "Bond(s)." As an inducement therefore we make the following representations of fact, promises and agreements:

REPRESENTATIONS OF FACT:

1. In the transaction of business one, some or all of the Indemnitors are required, or may desire to give such Bond(s).
2. Indemnitors have a substantial, material and beneficial interest (a) in the obtaining of Bond(s) by any of the Indemnitors and (b) in the transaction(s) for which any other Indemnitor has applied or will apply to Company for Bond(s) pursuant to this General Contract of Indemnity, hereinafter referred to as "Agreement." It is understood that the purpose of this Agreement is to induce Company to furnish Bond(s); however, Company is under no obligation to furnish Bond(s) to Indemnitors.
3. Indemnitors have the full power and authority to execute, deliver and perform this Agreement and to carry out the obligations stated herein. Indemnitors further acknowledge and agree that (a) the execution, delivery and performance of this Agreement by such Indemnitors, (b) the compliance with the terms and provisions hereof, and (c) the carrying out of the obligations contemplated herein, do not, and will not, conflict with and will not result in a breach or violation of any terms, conditions or provisions of the charter documents or bylaws of such Indemnitors, or any law, governmental rule or regulation, or any applicable order, writ, injunction, judgment or decree of any court or governmental authority against Indemnitors, or any other agreement binding upon Indemnitors, or constitute a default thereunder.

PROMISES AND AGREEMENTS: In consideration of the furnishing of any such Bond, the forbearance of cancellation of any existing Bond(s) by Company, the assumption of obligations by Company of any Bond, and for other valuable consideration, Indemnitors hereby jointly and severally promise and agree as follows:

1. To pay all premiums for each Bond, as they fall due, until Company has been provided with competent legal evidence that the Bond has been duly discharged.
2. To indemnify and exonerate Company from and against any and all loss, cost and expense of whatever kind, including unpaid premiums, interest, court costs and counsel fees, as well as any expense incurred or sustained by reason of making any investigation which it may incur or sustain as a result of or in connection with the furnishing of Bond(s), the assumption of obligations of Company of Bond(s), and/or the enforcement of this Agreement, hereinafter referred to as "Loss." To this end Indemnitors promise:
 - (a) To promptly reimburse Company for all sums paid on account of such Loss and it is agreed that (1) originals or photocopies of claim drafts, or of payment records, kept in the ordinary course of business, including computer printouts, verified by affidavit, shall be prima facie evidence of the fact and amount of such Loss, (2) Company shall be entitled to reimbursement for any and all disbursements made by it, under the belief that it was liable, or that such disbursement was necessary or expedient.
 - (b) To deposit with Company, on demand, the amount of any reserve against such Loss which Company is required, or deems it prudent to establish whether on account of an actual liability or one which is, or may be, asserted against it and whether or not any payment for such Loss has

been made.

3. This Agreement shall apply to any and all Bond(s) furnished as follows:
 - (a) If Company executes the Bond(s), procures the execution of Bond(s) by other sureties, executes Bond(s) with co-sureties and/or obtains reinsurance;
 - (b) For or on behalf of any or all of the following:
 - (1) Kukui'ula Development Company (Hawaii), LLC.
4. (a) The validity and effect of this Agreement shall not be impaired by and Company shall incur no liability on account of, and Indemnitors need not be notified of:
 - (1) Company's failure or refusal to furnish Bond(s), including but not limited to final Bond(s) where Company has furnished a bid Bond.
 - (2) Company's consent or failure to consent to changes in the terms and provisions of any Bond, or the obligation or performance secured by any Bond.
 - (3) The taking, failing to take, or release of security, collateral, assignment, indemnity agreements and the like, as to any Bond.
 - (4) The release by Company, on terms satisfactory to it, of any Indemnitors.
 - (5) Information which may come to the attention of Company which affects or might affect its rights and liabilities or those of any of the Indemnitors.

(b) The validity and effect of this Agreement shall not be impaired by and Company shall incur no liability on account of the cancellation or termination of any Bond(s).
5. Indemnitors shall have no rights of indemnity, contribution or right to seek collection of any other outstanding obligation against any other Indemnitors or their property until the obligations of the Indemnitors to Company under this Agreement have been satisfied in full.
6. Company shall have the right, in its sole discretion, (a) to deem this Agreement breached should any Indemnitors become involved in any agreement or proceeding of liquidation, receivership, bankruptcy, insolvency or creditor assignment, whether voluntarily or involuntarily, or should any Indemnitors, if an individual, die, or be convicted of a felony, become a fugitive from justice, or for any reason disappear and cannot immediately be found by Company by use of usual methods, and (b) to adjust, settle, compromise or defend any claim, demand, suit or judgment upon any Bond(s).
7. If Company has or obtains collateral or letters of credit, Company shall not have any obligations to release collateral or letters of credit or turn over the proceeds thereof until it shall have received a written release in form and substance satisfactory to Company with respect to each and every Bond. Any collateral or letters of credit provided to Company by any Indemnitor or any third party, or the proceeds thereof, may be applied to any Loss.
8. Indemnitors also understand and agree that their obligations remain in full force and effect for any Bond(s) issued pursuant to this Agreement, notwithstanding that the entity on whose behalf Bond(s) were issued has been sold, dissolved or whose ownership has been otherwise altered in any way.
9. This Agreement shall remain in full force and effect until terminated. Indemnitors may only terminate participation in this Agreement by providing written notice to the Company of Indemnitors' intent to terminate. Such notice shall be addressed to St. Paul Travelers Bond, Attention: Senior Vice President Commercial Surety, One Tower Square, Hartford, Connecticut 06183. Such notice of termination shall become effective thirty (30) days after Company's receipt of the same. The obligations and liability of Indemnitors giving such notice shall thereafter be limited to Bond(s) furnished before the effective date of the notice, which liability shall include any Bond(s) which were originally issued prior to the effective date of notice and renewed or otherwise extended subsequent to the notice or effective date of termination.
10. (a) As security for their obligations hereunder, Indemnitors grant to

Company a security interest in the following properties, assets and rights of the Indemnitors (if any), wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof:

- (1) Any goods (including equipment and inventory) needed to complete any Bonded Contract;
- (2) Any general intangibles (including proprietary software) needed to complete any Bonded Contract;
- (3) All sums which are or may become payable in connection with any Bonded Contract.

(b) For purposes of this agreement, "Bonded Contract" means an agreement of Kukui'ula Development Company (Hawaii), LLC for which Company executes a Bond, procures a Bond, assumes the obligations of a Bond, or has guaranteed performance.

11. This Agreement shall for all purposes constitute a Security Agreement for the benefit of Company in accordance with the Uniform Commercial Code ("UCC") and all similar statutes. In the event there is an act of default under any Bonded Contract, Indemnitors hereby irrevocably authorize Company, without notice to any Indemnitor, to perfect the security interest granted herein by filing either (a) this Agreement or a copy or other reproduction of this Agreement, and/or (b) any initial financing statements or amendments thereto that describe the collateral referred to in paragraph 10, and that contain any other information relating to any Indemnitor required by Part 5 of Article 9 of the UCC for the jurisdiction where such financing statement or amendment is filed. Company may add schedules or other documents to this agreement as necessary to perfect its rights. The failure to file or record this Agreement or any financing statement shall not release or excuse any of the obligations of Indemnitors under this Agreement.

12. Indemnitors agree that any of the following shall constitute an act of default:

- (a) Failure to perform the work of Bonded Contracts in timely and proper fashion, or to make payment when due of bills in connection therewith;
- (b) A declaration of default by any Bonded Contract owner;
- (c) Indemnitors become the subject of any agreement or proceeding of liquidation, receivership, bankruptcy, insolvency or creditor assignment, whether voluntarily or involuntarily;
- (d) Indemnitors, if an individual, die, or be convicted of a felony, become a fugitive from justice, or for any reason disappear and cannot immediately be found by the Company by use of usual methods;
- (e) The sustaining of Loss by Company under Bond(s); and/or
- (f) The establishment by Company of reserves against Loss in connection with Bond(s).

13. Whereas, the obligee or beneficiary under certain Bond(s) may make a demand for payment ("Demand") against the Bond(s). When such Demand is made, Company must pay the amount of the Demand, not to exceed the penal sum of the Bond(s), as well as all necessary fees, within the time period required by the Demand. Under such Bond(s), Company, with the knowledge and consent of the Indemnitors, has expressly waived all defenses to making such payment. If the Indemnitors receive notice from Company that a Demand has been made against the Bond(s) by the obligee or beneficiary, Indemnitors will, at least three (3) business days before payment of such Demand is due the obligee, pay Company the full amount of the Demand, which amount shall not exceed the penal sum of the Bond, as well as all necessary fees. Such payment will be made by wire transfer or otherwise in immediately available funds to the bank account specified in the notice provided to the Indemnitors by Company. The Indemnitors waive, to the fullest extent permitted by applicable law, each and every right which they may have to contest such payment. Failure to make payment to Company as herein provided shall cause the Indemnitors to be additionally liable for any and all costs and expenses, including but not limited to attorney's fees, incurred by Company in enforcing this Agreement, together with interest on unpaid amounts due Company. Interest shall accrue, commencing the date Company pays the amount of the Demand, at 110% of the prime rate of interest in effect on December 31 of the previous calendar year as published in the Wall Street Journal. Indemnitors stipulate and agree that the Company will suffer immediate irreparable harm and will have no adequate remedy at law should Indemnitors fail to perform this obligation, and therefore Company

shall be entitled to specific performance of this obligation.

14. Indemnitors hereby expressly authorize Company to access credit records and to make such pertinent inquiries as may be necessary from third party sources for underwriting purposes, claim purposes and/or debt collection. To the extent required by law, Company will, upon request, provide notice whether or not a consumer report has been requested by Company, and if so, the name and address of the consumer reporting agency furnishing the report.
15. In the event of a claim or notice of a potential claim, Company shall have the right, at all times, to reasonable access to the books, records, and accounts of the Indemnitors for the purpose of examining the same.
16. Company may furnish copies of any and all statements, agreements, financial statements and any information which it now has or may hereafter obtain concerning Indemnitors, to other persons or companies for the purpose of procuring co-suretyship or reinsurance.
17. A duplicate or facsimile copy or electronic reproduction of the original document shall have the same force and effect as the original.
18. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.
19. If any provision or portion of this Agreement shall be unenforceable, this Agreement shall not be void, but shall be construed and enforced with the same effect as though such provision or portion were omitted.
20. This Agreement is in addition to and not in lieu of any other agreements and obligations undertaken in favor of Company, whether now existing or entered into hereafter.
21. The rights and remedies afforded to Company by the terms of this Agreement can only be impaired by a written rider to this Agreement signed by an authorized employee of the Company.
22. Company's failure to act to enforce any or all of its rights under this Agreement shall not be construed as a waiver of these rights.
23. The date of this agreement shall be the earliest date any Indemnitor executes this Agreement.
24. Special Provisions: Any suit on this Agreement shall be brought in a court of competent jurisdiction in Honolulu, Hawaii, and indemnitors consent to such venue and jurisdiction and agree that the laws of the State of Hawaii, exclusive of its conflict of laws principles, shall govern such litigation.

WE HAVE READ THIS CONTRACT OF INDEMNITY CAREFULLY. THERE ARE NO SEPARATE AGREEMENTS OR UNDERSTANDINGS WHICH IN ANY WAY LESSEN OUR OBLIGATIONS AS ABOVE SET FORTH. IN TESTIMONY HEREOF, THE INDEMNITORS HAVE SET THEIR HANDS AND FIXED THEIR SEALS AS SET FORTH BELOW.

 If Indemnitor a Corporation, Limited Liability Company, Partnership,
 or Trust sign below:

Instructions: All signatures must be notarized. If the entity is: 1) a Corporation, the Secretary and an Authorized Officer should sign on behalf of the Corporation; 2) a Limited Liability Company, the Manager or Member(s) should sign on behalf of the LLC; 3) a Partnership, the Partner(s) should sign on behalf of the Partnership; or 4) a Trust, all Trustees should sign. Two signatures are required for all entities except where otherwise instructed by Company.

Each of the undersigned hereby affirms to Company as follows: I am a secretary or a duly authorized officer, manager or official of the business entity Indemnitor on whose behalf I am executing this Agreement. In such capacity I am familiar with all of the documents which set forth and establish the rights which govern the affairs, power and authority of such business entity including, to the extent applicable, the certificate or articles of incorporation, bylaws, corporate resolutions, and partnership, operating or limited liability

agreements of such business entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, I hereby affirm that such entity has the power and authority to enter into this Agreement and that I am duly authorized to execute this Agreement on behalf of said entity.

Kukui'Ula Development Company (Hawaii), LLC 71-0883454

Indemnitor - Corporation, Limited Liability Company, Partnership, or Trust (circle one) (Federal Tax ID) Month/Day/Year

By: DMB Kukui'Ula, LLC, an Arizona limited liability company, Member
By: DMB Communities, LLC, an Arizona limited liability company, its Sole Member
By: DMB Associates, Inc., an Arizona Corporation, its manager

By
(Seal) /s/ Andrew Beams

(Signature of Authorized Officer)

By
(Seal) /s/ Mary S. Alexander

(Signature of Authorized Officer)

Andrew Beams, Vice President

(Print or Type Name and Title)
7600 East Double Tree Ranch Road
Suite 300,
Scottsdale, AZ 85258

Mary S. Alexander, Vice President

(Print or Type Name and Title)
Arizona

(Address)

(State of Incorporation/Formation)

ACKNOWLEDGEMENT
STATE OF ARIZONA County of MARICOPA

On this 14th day of June, 2006, before me personally appeared Andrew Beams, known or proven to me to be the Vice President of the (Corporation, Limited Liability Company, Partnership, or Trust (circle one)); hereinafter referred to as "Entity") and Mary Alexander, known or proven to me to be the Vice President of the Entity executing the above instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Entity, for the uses and purposes therein mentioned and on oath stated that the seal affixed is the seal of said Entity and that it was affixed and that they executed said instrument by authority of said Entity. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my OFFICIAL SEAL the day and year first above written.

/s/ Vanessa Muir

Notary Public (signature)

Vanessa Muir

Notary Public (print or type)

Notary Public residing at: Maricopa County, AZ

Commission expires: August 10, 2007

DMB Kukui'Ula LLC, an Arizona limited liability company

86-0877780

Indemnitor - Corporation, Limited Liability Company, Partnership, or Trust (circle one)

(Federal Tax ID) Month/Day/Year

By: DMB Communities LLC, an Arizona liability company, its sole Member
By: DMB Associates, Inc., an Arizona Corporation, its manager

By (Seal) /s/ Andrew Beams

(Signature of Authorized Officer)

By (Seal) /s/ Mary S. Alexander

(Signature of Authorized Officer)

Andrew Beams, Vice President

(Print or Type Name and Title)
7600 East Double Tree Ranch Road
Suite 300,
Scottsdale, AZ 85258

(Address)

Mary S. Alexander, Vice President

(Print or Type Name and Title)
Arizona

(State of Incorporation/Formation)

ACKNOWLEDGEMENT
STATE OF ARIZONA County of MARICOPA

On this 14th day of June, 2006, before me personally appeared Andrew Beams, known or proven to me to be the Vice President of the (Corporation, Limited Liability Company, Partnership, or Trust (circle one)); hereinafter referred to as "Entity") and Mary Alexander, known or proven to me to be the Vice President of the Entity executing the above instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Entity, for the uses and purposes therein mentioned and on oath stated that the seal affixed is the seal of said Entity and that it was affixed and that they executed said instrument by authority of said Entity. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my OFFICIAL SEAL the day and year first above written.

/s/ Vanessa Muir

Notary Public (signature)

Vanessa Muir

Notary Public (print or type)

Notary Public residing at: Maricopa County, AZ

Commission expires: August 10, 2007

DMB Communities LLC, an Arizona limited liability company

86-087780

Indemnitor - Corporation, Limited Liability Company, Partnership, or Trust (circle one)

(Federal Tax ID) Month/Day/Year

By: DMB Associates, Inc., an Arizona Corporation, its manager

By (Seal) /s/ Andrew Beams

By (Seal) /s/ Mary S. Alexander

(Signature of Authorized Officer)

(Signature of Authorized Officer)

Andrew Beams, Vice President

Mary S. Alexander, Vice President

(Print or Type Name and Title)

(Print or Type Name and Title)

7600 East Double Tree Ranch Road Suite 300, Scottsdale, AZ 85258

Arizona

(Address)

(State of Incorporation/Formation)

ACKNOWLEDGEMENT

STATE OF ARIZONA

County of MARICOPA

On this 14th day of June, 2006, before me personally appeared Andrew Beams, known or proven to me to be the Vice President of the (Corporation, Limited Liability Company, Partnership, or Trust (circle one)); hereinafter referred to as "Entity") and Mary Alexander, known or proven to me to be the Vice President of the Entity executing the above instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Entity, for the uses and purposes therein mentioned and on oath stated that the seal affixed is the seal of said Entity and that it was affixed and that they executed said instrument by authority of said Entity. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my OFFICIAL SEAL the day and year first above written.

/s/ Vanessa Muir

Notary Public (signature)

Vanessa Muir

Notary Public (print or type)

Notary Public residing at: Maricopa County, AZ

Commission expires: August 10, 2007

Alexander & Baldwin, Inc.	99-0032630
-----	-----
Indemnitor - Corporation, Limited Liability Company, Partnership, or Trust (circle one)	(Federal Tax ID) Month/Day/Year
By (Seal) /s/ Nelson N. S. Chun	By (Seal) /s/ Alyson J. Nakamura
-----	-----
(Signature of Authorized Officer)	(Signature of Authorized Officer)
Nelson N. S. Chun Senior Vice President	Alyson J. Nakamura Secretary
-----	-----
(Print or Type Name and Title)	(Print or Type Name and Title)
822 Bishop Street, Honolulu, HI 96813	Hawaii
-----	-----
(Address)	(State of Incorporation/Formation)

ACKNOWLEDGEMENT
STATE OF HAWAII City and County of Honolulu

On this 13th day of June, 2006, before me personally appeared Nelson N. S. Chun, known or proven to me to be the Senior Vice President of the (Corporation, Limited Liability Company, Partnership, or Trust (circle one)); hereinafter referred to as "Entity") and alyson J. Nakamura, known or proven to me to be the Secretary of the Entity executing the above instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Entity, for the uses and purposes therein mentioned and on oath stated that the seal affixed is the seal of said Entity and that it was affixed and that they executed said instrument by authority of said Entity. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my OFFICIAL SEAL the day and year first above written.

/s/ Patricia M. Kono

Notary Public (signature)

Patricia M. Kono

Notary Public (print or type)

Notary Public residing at: Honolulu, Hawaii

Commission expires: 10/1/08

MUTUAL INDEMNIFICATION AGREEMENT

(KDCH, DMB and A&B)

This Mutual Indemnification Agreement (the "Agreement") is made as of June 14, 2006, by and among (a) KUKUI`ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawaii limited liability company (the "KDCH Guarantor"), (b) DMB KUKUI`ULA LLC, an Arizona limited liability company, and DMB COMMUNITIES LLC, an Arizona limited liability company (jointly and severally, the "DMB Guarantors"), and (c) ALEXANDER & BALDWIN, INC., a Hawaii corporation (the "A&B Guarantor"). The KDCH Guarantor, the DMB Guarantors, and the A&B Guarantor, are each referred to herein as a "party", and collectively as the "parties" or the "Guarantors."

RECITALS:

A. KDCH Guarantor is planning, developing, permitting, subdividing, and constructing on approximately 1,000 acres of real property situated at Koloa, County and Island of Kauai, State of Hawaii, a mixed use resort community known as "KUKUI`ULA", and in connection with the planning, development, permitting, subdivision, construction, and sales of certain planned improvements at Kukui`ula the KDCH Guarantor has requested that TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, ST. PAUL FIRE AND MARINE INSURANCE COMPANY, and any of their present or future direct or indirect parent companies, and any of the respective present or future direct or indirect affiliates or subsidiaries of such companies and parent companies (collectively herein called the "Sureties") furnish certain bonds, undertakings, guaranties and/or contractual obligations in connection with the planning, development, permitting, subdivision, construction, and sales of Kukui`ula (collectively called the "Bonds").

B. DMB Kukui`ula LLC, an Arizona limited liability company ("DMB Kukui`ula"), is the managing member of KDCH Guarantor.

C. DMB Communities II LLC, an Arizona limited liability company, is the sole member of DMB Kukui`ula.

D. DMB Communities LLC, an Arizona limited liability company ("DMB Communities" is the majority member of DMB Communities II LLC.

E. A&B Guarantor is the ultimate parent company of KDC, LLC, a Hawaii limited liability company, who is a member of KDCH Guarantor holding a 50% membership interest therein.

F. As an inducement for and as a condition of Sureties' agreement to issue the requested Bonds to KDCH Guarantor, the Sureties have required and the KDCH Guarantor, the DMB Guarantors, and the A&B Guarantor have each executed that certain General Contract of Indemnity (Commercial Contract - Form B) dated as of June 13, 2006, in favor of Sureties (the "Contract of Indemnity").

G. By virtue of the Contract of Indemnity, the Guarantors have jointly and severally promised the Sureties, that (1) all premiums for each of the Bonds issued by Sureties will be paid as such premium falls due (collectively the "Premiums"), and (2) to indemnify and exonerate Sureties from and against any and all loss, costs and expense of whatever kind, including unpaid premiums, interest, court costs and counsel fees, as well as any expense incurred or sustained by reason of making any investigation which it may incur or sustain as a result of or in connection with the furnishing of the Bonds, the assumption of obligations of the Sureties and/or the enforcement of the Contract of Indemnity (collectively called a "Loss").

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this Agreement, the KDCH Guarantors, the DMB Guarantors, and the A&B Guarantor each covenants and agrees as follows:

AGREEMENT:

1. Agreement Among Guarantors. The KDCH Guarantor, the DMB Guarantors

and the A&B Guarantor agree among themselves that:

a. the KDCH Guarantor shall at all times remain fully liable for 100% of all payments required to be made to the Sureties under the Contract of Indemnity on account of the Premiums and/or any Loss, irrespective of the amounts actually paid by any of the Guarantors to the Sureties or of any amounts recovered by the Sureties from any of the Guarantors (subject to and except as provided otherwise in this Agreement); and

b. the DMB Guarantors and the A&B Guarantor shall each be proportionately liable (60% for the DMB Guarantors, 40% for the A&B Guarantor (respectively, a "Pro Rata Obligation")) for all payments required to be made to the Sureties under the Contract of Indemnity if KDCH fails to timely pay the same to Sureties, irrespective of the amounts actually paid by any of the

Guarantors to the Sureties or of any amounts recovered by the Sureties from any of the Guarantors (subject to and except as provided otherwise in this Agreement).

The Guarantors desire through this Agreement to protect themselves against any event or circumstance which results in any Guarantor paying or becoming obligated to pay to the Sureties more than its respective Pro Rata Obligation in relation to the overall amounts paid or owed to the Sureties under the Contract of Indemnity.

2. Payment to the Sureties. If demand is made by the Sureties upon any

or all parties pursuant to the Contract of Indemnity, then subject to and except as otherwise provided in this Agreement:

a. the KDCH Guarantor shall pay to the Sureties 100% of the aggregate amount being demanded by the Sureties within five (5) business days after any such demand; and

b. in the event that the KDCH Guarantor fails to pay such demand in its entirety within said 5-business day period, then the DMB Guarantors and the A&B Guarantor shall concurrently pay the aggregate amount so demanded in the following proportions: The DMB Guarantors shall pay for 60% of the total amount to be paid, and the A&B Guarantor shall pay for 40% of the total amount to be paid.

The foregoing obligations shall not preclude any party from negotiating with the Sureties in an attempt to reduce the payment to be made by such party, on the express and continuing conditions that such reduction does not result in any other party being required to pay more than such party would have been obligated to pay had such separate negotiation not occurred. In the event any of the parties is successful with such negotiation, the amount payable to the Sureties shall be reduced and each party shall pay only its Pro-Rata Obligation of the total reduced amount to be paid to the Sureties.

3. Indemnification.

a. Subject to Section 2 above and Section 4 below, the KDCH Guarantor shall indemnify and hold harmless the DMB Guarantors and the A&B Guarantor to the extent that the DMB Guarantors and/or the A&B Guarantor pays any portion of the aggregate amounts owed by the Guarantors collectively to the Sureties as described in Section 2 above.

b. Subject to Section 2 above and Section 4 below, the DMB Guarantors shall indemnify and hold harmless the A&B Guarantor to the extent that the A&B Guarantor pays more than 40% of the aggregate amounts owed by the Guarantors collectively to the Sureties as described in Section 2 above.

c. Subject to Section 2 above and Section 4 below, the A&B Guarantor shall indemnify and hold harmless the DMB Guarantors to the extent that the DMB Guarantors pay more than 60% of the aggregate amounts owed by the Guarantors collectively to the Sureties as described in Section 2 above.

d. Any amounts payable by the KDCH Guarantor, the DMB Guarantors or the A&B Guarantor to any other party pursuant to this Section 3 shall be paid within ten (10) business days after the delivery of written demand therefor by such other party. Any party making any payment directly to the Sureties pursuant to this Section 3 shall send proof of such payment to the other parties. Any payment not made within said ten (10) business day period shall bear interest at the rate of 15% per annum, accruing from the date of demand until the date paid.

4. Excluded Obligations. The obligations of the parties under Section 3

above shall be subject to the following: In no event shall any party be liable for any liability to the Sureties resulting from any breach by any of the other parties under the Contract of Indemnity.

5. Term of Agreement. This Agreement shall continue in force so long as

the Contract of Indemnity remains in existence and any Bonds issued pursuant thereto have not been fully discharged.

6. Joint and Several Liability of the DMB Guarantors. The obligations

of each of the DMB Guarantors hereunder shall be joint and several.

7. Hawaii Law. This Agreement shall be governed by and construed under

the laws of the State of Hawaii.

8. No Waiver. The waiver by one party of the performance of any

condition or promise shall not be considered a waiver by such party of any other condition or promise under this Agreement. The waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any other act or the same act required to be performed at a later time.

9. Attorneys' Fees. The prevailing party in any action brought by one

party against another shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in enforcing any of the terms and provisions of this Agreement.

10. Interpretation of Agreement. This Agreement has been reviewed by

counsel to each of the parties. No negotiations concerning or modifications made to prior drafts of this Agreement shall be construed in any manner to limit, reduce or impair the rights, remedies, duties and obligations of the parties under this Agreement or to restrict or expand the meaning of any of the provisions of this Agreement or to construe any of the provisions of this Agreement in any party's favor.

11. Partial Invalidity. If any provision hereof is held invalid or not

enforceable to its fullest extent, such provision shall be enforced to the extent permitted by law, and the validity of the remaining provisions hereof shall not be affected thereby.

12. Assignees. This Agreement shall be binding upon and inure to the

benefit of the KDCH Guarantor, the DMB Guarantors, and the A&B Guarantor and each of their respective successors and assigns; provided that no such assignment shall relieve any party of any liability under this Agreement.

13. Amendments. No amendment to this Agreement shall be valid unless

made in writing and signed by or on behalf of the KDCH Guarantor, the DMB Guarantors, and the A&B Guarantor.

14. Counterparts. This Agreement may be executed in two or more

counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, and in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

15. Notices. All notices, requests, demands or documents which are

required or permitted to be given or served hereunder shall be in writing and sent by registered or certified mail, postage prepaid, or by courier service, addressed as stated next to the signature of each party below. Such addresses may be changed from time to time by the addressee by serving notice as heretofore provided. Service of such notice or demand shall be deemed complete on the date of actual delivery (or on the date of attempted delivery if undeliverable or if delivery is refused).

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the KDCH Guarantor, the DMB Guarantors, and the A&B Guarantor have executed this Agreement as of the day and year first above written.

KDCH Guarantor:

KUKUI`ULA DEVELOPMENT COMPANY
(HAWAII), LLC, a Hawaii limited liability company

BY: DMB KUKUI`ULA LLC, an Arizona limited liability company
Its Managing Member

BY: DMB COMMUNITIES II LLC, an Arizona limited liability company
Its Sole member

BY: DMB ASSOCIATES, INC., an

Arizona corporation
Its Manager

By /s/ Andrew Beams

Name: Andrew Beams

Title: VP

Address for Notices:

7600 East Doubletree Ranch Road
Scottsdale, Arizona 85258
Attn: General Counsel
Fax No. (480) 367-9788

DMB Guarantors:

DMB Kukui`ula: DMB KUKUI`ULA LLC, an Arizona limited liability company

BY: DMB COMMUNITIES II LLC, an Arizona limited liability company
Its Sole member

BY: DMB ASSOCIATES, INC., an Arizona corporation
Its Manager

By /s/ Andrew Beams

Name: Andrew Beams

Title: VP

Address for Notices:

7600 East Doubletree Ranch Road
Scottsdale, Arizona 85258
Attn: General Counsel
Fax No. (480) 367-9788

DMB Communities: DMB COMMUNITIES, LLC, an Arizona limited liability company

BY: DMB ASSOCIATES, INC., an Arizona corporation,
Its Manager

By /s/ Andrew Beams

Name: Andrew Beams

Title: VP

Address for Notices:

7600 East Doubletree Ranch Road
Scottsdale, Arizona 85258
Attn: General Counsel
Fax No. (480) 367-9788

A&B Guarantor:

ALEXANDER & BALDWIN, INC.
a Hawaii corporation

By /s/ Nelson N. S. Chun

Name: Nelson N. S. Chun

Title: Senior Vice President

By /s/ Alyson J. Nakamura

Name: Alyson J. Nakamura

Title: Secretary

Address for Notices:

822 Bishop Street
Honolulu, HI 96813
Attn: Chief Legal Officer
Fax No. (808) 525-6678