A&B Reports 2nd Quarter 2002 Earnings of $13.2 Million; Quarter-To-Quarter Improvement in 2002

July 18, 2002

HONOLULU, Jul 17, 2002 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) today reported second quarter 2002 net income of $13,197,000, or $0.32 per share. Net income in the second quarter of 2001 was $24,514,000, or $0.61 per share, including a one-time gain of $0.23 per share on the sale of marketable bank securities. Revenue in the second quarter of 2002 was $279,185,000, compared with revenue of $293,012,000 in the second quarter of 2001.

Net income for the first half of 2002 was $23,004,000, or $0.56 per share. For the first half of 2001, the Company reported net income of $46,948,000, or $1.16 per share. Revenue in the first half of 2002 was $512,972,000, compared with $567,793,000 in the first half of 2001.

Second Quarter Results

"We were pleased to see the second quarter results above the first, as we had anticipated," said Allen Doane, president and chief executive officer of A&B. "Year-to-date operating comparisons with 2001 are, however, unfavorable, mostly as a result of economic conditions precipitated by the events of September 11, 2001 and lower productivity at Matson's Sand Island container terminal.

"In the second quarter of 2001, the Company sold 749,000 shares of stock in Pacific Century Financial Corp. (NYSE:BOH) for a gain of $9.4 million, or $0.23 a share. We had no comparable transaction this year.

"Recently, domestic travelers have helped to boost total visitor arrivals to Hawaii close to those of comparable periods in 2001. Also aiding the local economy, the strength of the yen versus the U.S. dollar has raised the purchasing power of visitors to Hawaii from Japan. Low interest rates continue to stimulate an active market in the state for residential properties.

"Challenges to earnings growth include the present contract negotiations with longshore labor now taking place on the West Coast and in Hawaii, our continuing efforts to reach target levels of productivity at our container terminal in Hawaii, as well as broader concerns over the effects on consumer spending and travel that might result from the recent slump in the U.S. financial markets.

"Among the highlights of the second quarter were: the first quarterly increase in Matson's westbound Hawaii container volume since the events of 9/11; the announced decision to proceed with a $220 million commitment to construct two replacement vessels for Matson's fleet; the restructuring of minority investments in two Matson affiliates; an announced joint venture partnership with DMB Associates, Inc. for the development of our 1,045 acre project, Kukui'Ula, in the Poipu resort area of Kauai; and the purchase of shopping centers in Long Beach, California, and in Mililani, here on Oahu, for an aggregate investment of $50 million."

Ocean Transportation Segment Results Improve Versus 1st Quarter

In the second quarter of 2002, ocean transportation operating profit was $14.8 million. That was a decrease of $3.9 million, or 21 percent, from $18.7 million in the second quarter of 2001. The decrease in operating profit resulted primarily from continuing unfavorable year-to-year comparisons in stevedoring performance at the Sand Island terminal in Honolulu, offset to some extent by lower expenses from operating seven ships in the Hawaii trade, versus eight a year ago. The quarter's results, however, were substantially better than Matson's operating profit in the first quarter of this year, which were just $2.5 million.

Second quarter 2002 Hawaii service container volume was seven-percent higher than in the second quarter of 2001; automobile volume was eight-percent lower. The improvement in container volume was due to a combination of contract-carriage volume and apparent strengthening in some segments of Hawaii's economy. Some portion of that freight increase also is attributable to shipments in advance of the June 30 expiration date of the West Coast longshore contract.

In the first half of 2002, ocean transportation operating profit was $17.3 million. This was a decrease of $18.9 million, or 52 percent, from $36.2 million in the first half of 2001. The decrease resulted primarily from post 9/11 economic effects and from lower productivity at Sand Island.

Real Estate Results Lower in 2nd Quarter

Prior to excluding a real estate sale that was treated as a discontinued operation (described further below), operating profit from property leasing activities in the second quarter of 2002 was $7.6 million. This was $1.1 million, or 13-percent, lower than the $8.7 million in the second quarter of 2001. The decrease was due primarily to modestly lower occupancy levels.

In the first half of 2002, and prior to excluding several real estate sales that were treated as discontinued operations, property leasing operating profit was $15.9 million. This was $1.5 million, or nine-percent, lower than the $17.4 million earned in the first half of 2001. Year-to-date 2002 occupancy levels for Mainland properties averaged 91 percent, versus 93 percent in the first half of 2001. Average occupancy levels for Hawaii properties eased to 87 percent, versus 90 percent in the comparable period of 2001.

Prior to treating one sale as a discontinued operation, property sales revenue totaled $16.6 million in the second quarter of 2002, compared with $29.2 million in the second quarter of 2001. In the second quarter of 2002, operating profit resulting from property sales was $3.0 million, versus operating profit of $3.6 million in the second quarter of 2001. Results for the second quarter of 2001 included a larger number of home sales in residential developments, transactions that generally have lower profit margins. Among the sale transactions in the second quarter of 2002 were a small shopping center in Greeley, Colorado, and an 85-acre parcel in upcountry Maui. Variability in sales revenue and operating profit is an inherent characteristic of property sales activity.

Property sales revenue totaled $53.9 million in the first half of 2002, compared with $72.2 million in the first half of 2001. In the first half of 2002, operating profit resulting from property sales was $11.9 million. This was $3.9 million, or 25-percent, lower than the $15.8 million in the first half of 2001.

As a result of the adoption by A&B of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" in 2001, and additional guidance from the February 2002 meeting of the Financial Accounting Standards Board, the sales of certain income-producing assets--even individual buildings within a real estate portfolio--are now reported as "discontinued operations" if their earnings and cash flows are separately identifiable and are material.

During the second quarter, the sale of a shopping center met the criteria for classification as a discontinued operation and, in the first quarter of 2002, the sale of several buildings in Texas and of a land parcel subject to a ground lease also met these criteria. The after-tax gains on the sales, and the current and historical earnings of all of these properties are classified, therefore, in the financial statements under the caption "Discontinued Operations: Properties."

Sugar Harvest Volume, Prices Trim Food Products Results

In the second quarter of 2002, the food products segment had an operating profit of $1.0 million, compared with an operating profit of $1.5 million in the second quarter of 2001. The decline was due to lower production volumes of sugar and molasses, and lower sugar prices.

In the first half of 2002, food products had an operating profit of $3.1 million, compared with operating profit of $7.3 million in the first half of 2001. The latter profit was buoyed by a one-time distribution of $5 million from the sugar transportation cooperative that handles Hawaii growers' production.

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation, through its subsidiary, Matson Navigation Company, Inc.; property development and management, through A&B Properties, Inc.; and in food products, through Hawaiian Commercial & Sugar Company and Kauai Coffee Company, Inc. Additional information about A&B may be found at its web site: www.alexanderbaldwin.com. Statements in this press release that are not historical facts are "forward-looking" statements that involve a number of risks and uncertainties described on page 19 of the Company's Annual Report on Form 10-K, which is included in the Company's 2001 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

ALEXANDER & BALDWIN, INC.
2002 and 2001 Second-Quarter And First-Half Results
(Unaudited)

	2002	2001
Three Months Ended June 30:		
Revenue	$279,185,000	$293,012,000
Income From Continuing Operations	$12,524,000	$24,635,000
Discontinued Operations: Properties/1	$673,000	$367,000
Discontinued Operations: Agriculture/2	--	($488,000)
Net Income	$13,197,000	$24,514,000
Basic Share Earnings		
Continuing Operations	$0.31	$0.61
Net Income	$0.32	$0.61
Diluted Share Earnings		
Continuing Operations	$0.30	$0.61
Net Income	$0.32	$0.60
Average Shares Outstanding	41,033,000	40,568,000
Six Months Ended June 30:		
Revenue	$512,972,000	$567,793,000
Income From Continuing Operations	$17,838,000	$47,279,000
Discontinued Operations: Properties/1	$5,166,000	$603,000
Discontinued Operations: Agriculture/2	--	($934,000)
Net Income	$23,004,000	$46,948,000
Basic Share Earnings		
Continuing Operations	$0.44	$1.17
Net Income	$0.56	$1.16
Diluted Share Earnings		

Continuing Operations	$0.43	$1.16
Net Income	$0.56	$1.15
Average Shares Outstanding	40,829,000	40,538,000

/1 "Discontinued Operations: Properties" consists of sales of certain lands and buildings that are material and have separately identifiable earnings and cash flows.

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

Industry Segment Data, Net Income
(In Thousands, Unaudited)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Revenue:				
Ocean Transportation	$ 223,074	$ 203,212	$ 415,818	$ 399,821
Property Development & Management				
Leasing	17,392	17,490	35,220	34,586
Sales	16,636	29,155	53,907	72,239
Less Amounts Reported In Discontinued Operations	(5,440)	(1,109)	(35,924)	(2,159)
Food Products	27,523	28,076	43,951	46,261
Other	--	16,188	--	17,045
Total Revenue	$ 279,185	$ 293,012	$ 512,972	$ 567,793
Operating Profit, Net Income:				
Ocean Transportation	$ 14,818	$ 18,713	$ 17,325	$ 36,168
Property Development & Management				
Leasing	7,616	8,679	15,858	17,419
Sales	2,974	3,551	11,852	15,767
Less Amounts Reported In Discontinued Operations	(1,051)	(573)	(8,075)	(943)
Food Products	1,033	1,509	3,128	7,311
Other	--	16,107	--	16,947
Total Operating Profit	25,390	47,986	40,088	92,669
Interest Expense	(3,060)	(4,870)	(6,017)	(10,649)
Corporate Expenses	(3,256)	(3,191)	(6,204)	(6,982)
Income From Continuing Operations Before Income Taxes	19,074	39,925	27,867	75,038
Income Taxes	(6,550)	(15,290)	(10,029)	(27,759)
Income From Continuing Operations	12,524	24,635	17,838	47,279
Discontinued Operations: Properties	673	367	5,166	603
Discontinued Operations: Agriculture	--	(488)	--	(934)
Net Income	$ 13,197	$ 24,514	$ 23,004	$ 46,948
Basic Earnings Per Share, Continuing Operations	$ 0.31	$ 0.61	$ 0.44	$ 1.17
Basic Earnings Per Share, Net Income	$ 0.32	$ 0.61	$ 0.56	$ 1.16
Average Shares	41,033	40,568	40,829	40,538

Consolidated Balance Sheets
(In Thousands)

	June 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS		
Current Assets	$ 206,563	$ 220,014
Investments	35,033	33,021
Real Estate Developments	51,545	47,840
Property, Net	975,999	977,048
Capital Construction Fund	175,335	158,737
Other Assets	114,021	107,759
Total	$1,558,496	$1,544,419
LIABILITIES & EQUITY		
Current Liabilities	$ 171,662	$ 195,569
Long-Term Debt	233,378	207,378
Post-Retirement Benefit Obligs	42,696	42,915
Other Long-Term Liabilities	46,667	49,181
Deferred Income Taxes	344,094	338,709
Shareholders' Equity	719,999	710,667
Total	$1,558,496	$1,544,419

Consolidated Statements of Cash Flows
(In Thousands)

	Six Months Ended June 30, 2002	2001
	(Unaudited)	
Operating Cash Flows	$ (7,496)	$ 76,929
Capital Expenditures	(26,340)	(63,363)
CCF Withdrawals (Deposits), Net	(16,598)	358
Proceeds From Sale of Bank Stock	--	16,217
Proceeds From (Payment of) Debt, Net	33,700	(20,000)
Dividends Paid	(18,365)	(18,252)
All Other, Net	24,636	4,968
Increase (Decrease) In Cash	$(10,463)	$ (3,143)
Depreciation	$ 35,457	$ 36,310

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