

# ALEXANDER & BALDWIN INC (ALEX)

## 8-K

Current report filing

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

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**FORM 8-K**

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

Date of Report (Date of earliest event reported): April 2, 2012

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

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Hawaii	000-00565	99-0032630
(State or other jurisdiction of incorporation)	(Commission File Number)	(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))
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## Item 8.01. Other Events

### Unaudited Pro Forma Condensed Consolidated Financial Statements

On December 1, 2011, Alexander & Baldwin, Inc. (“A&B” or the “Company”), announced that its Board of Directors unanimously approved a plan to pursue the separation (the “Separation”) of the Company to create two independent, publicly traded companies:

- A Hawaii-based land company with interests in real estate development, commercial real estate and agriculture, which will retain the Alexander & Baldwin, Inc. name (“Alexander & Baldwin”); and
- An ocean transportation company serving the U.S. West Coast, Hawaii, Guam, Micronesia and China, and a domestic logistics company, all under the Matson name (“Matson”).

Attached hereto as Exhibit 99.1 are unaudited pro forma condensed consolidated financial statements that give effect to the Separation. Specifically, the unaudited pro forma condensed consolidated financial statements reflect the real estate development, real estate leasing and agricultural businesses as discontinued operations. Additional information concerning the unaudited pro forma condensed consolidated financial statements is contained in Exhibit 99.1.

### Where to Find Additional Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. Alexander & Baldwin Holdings, Inc. (“Holdings”) filed an amended registration statement that includes a preliminary proxy statement/prospectus and other relevant documents in connection with the proposed reorganization on March 20, 2012. **A&B’s SHAREHOLDERS ARE URGED TO CAREFULLY READ THESE DOCUMENTS AND THE DEFINITIVE PROXY STATEMENT/PROSPECTUS, WHEN FILED AND MAILED, BECAUSE THEY CONTAIN AND WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED REORGANIZATION.** The definitive proxy statement/prospectus will be mailed to A&B shareholders prior to the shareholder meeting. In addition, investors may obtain a free copy of the preliminary proxy statement/prospectus and other filings containing information about A&B, Holdings, and the holding company reorganization, from the SEC at the SEC’s website at <http://www.sec.gov>. In addition, copies of the preliminary proxy statement/prospectus and other filings containing information about A&B, Holdings, and the holding company reorganization can be obtained without charge by sending a request to Alexander & Baldwin, Inc., P.O. Box 3440, Honolulu, Hawaii 96801-3440, Attention: Investor Relations; by calling (808) 525-6611; or by accessing them on A&B’s web site at <http://www.alexanderbaldwin.com>.

### Participants In The Solicitation

A&B, its directors, executive officers, certain other members of management, and employees may be deemed to be participants in the solicitation of proxies from the shareholders of A&B in favor of the proposed holding company reorganization. Additional information regarding the interests of potential participants in the proxy solicitation is included in the preliminary proxy statement/prospectus and will be included in the definitive proxy statement/prospectus and other relevant documents that A&B and Holdings intend to file with the SEC in connection with the annual meeting of shareholders of A&B.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

99.1 Unaudited Pro Forma Condensed Consolidated Financial Statements

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: April 2, 2012

ALEXANDER & BALDWIN, INC.

/s/ Joel M. Wine

Joel M. Wine  
Senior Vice President,  
Chief Financial Officer and Treasurer

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On December 1, 2011, Alexander & Baldwin, Inc. (“A&B” or the “Company”), announced that its Board of Directors unanimously approved a plan to pursue the separation (the “Separation”) of the Company to create two independent, publicly traded companies:

A Hawaii-based land company with interests in real estate development, commercial real estate and agriculture, which will retain the Alexander & Baldwin, Inc. name (“Alexander & Baldwin”); and

An ocean transportation company serving the U.S. West Coast, Hawaii, Guam, Micronesia and China, and a domestic logistics company all under the Matson name (“Matson”).

The separation is expected to be completed in the third quarter of 2012 through a tax-free Spin-off of Alexander & Baldwin from Matson.

On February 13, 2012, A&B entered into an Agreement and Plan of Merger to reorganize itself as a holding company incorporated in Hawaii. The holding company structure will help facilitate the separation by allowing A&B to organize and segregate the assets of its different businesses in an efficient manner prior to the separation and facilitate the third party and governmental consent and approval process. In addition, the holding company reorganization will help preserve A&B’s status as a U.S. citizen under certain U.S. maritime and vessel documentation laws (popularly referred to as the Jones Act) by, among other things, limiting the percentage of outstanding shares of common stock in the holding company that may be owned (of record or beneficially) or controlled in the aggregate by non-U.S. citizens (as defined by the Jones Act) to a maximum permitted percentage of 22%.

Promptly following the holding company merger, the Company will reorganize its assets so that A&B’s real estate development, real estate leasing and agricultural businesses are contributed to a newly formed subsidiary, A&B II, Inc. (“New A&B”). The Company will complete the Separation by distributing to its shareholders, on a pro rata basis, all of the issued and outstanding shares of New A&B common stock. In connection with the Separation, New A&B will file a registration statement on Form 10 with the SEC and, when declared effective, shareholders will receive an information statement with extensive disclosure concerning the Separation, New A&B and the A&B businesses.

The unaudited pro forma condensed consolidated financial statements are derived from the historical consolidated financial statements of A&B. The unaudited pro forma condensed consolidated financial statements are being presented to give effect to the Separation, as a result of which, A&B’s real estate development, real estate leasing and agricultural businesses will be reported as discontinued operations. The remaining company will operate the ocean transportation and logistics businesses and be renamed Matson, Inc. (“Matson”). The following unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Company’s annual reports on Form 10-K and other filings with the Securities and Exchange Commission. The presentation of the unaudited pro forma condensed consolidated financial statements assumes that the Separation occurred on December 31, 2011 for the condensed consolidated balance sheet and at the beginning of the year for the condensed consolidated statement of income for the year ended December 31, 2011. For the years ended December 31, 2010 and 2009 the unaudited pro forma condensed consolidated statements of income give effect to the presentation of Alexander & Baldwin as a discontinued operation. The unaudited pro forma condensed consolidated financial statements are not intended to be a complete presentation of Matson’s financial position or results of operations had the Separation and related transactions contemplated by the Agreement and Plan of Merger and related agreements occurred for the period indicated. In addition, the unaudited pro forma condensed consolidated financial statements are provided for illustrative and informational purposes only and are not necessarily indicative of Matson’s future results of operations or financial condition had the Separation been completed on the dates assumed. The pro forma adjustments are based on available information and assumptions that A&B management believes are reasonable, reflect the impacts of events directly attributable to the Separation, are factually supportable, and for purposes of the statements of income, are expected to have a continuing impact on Matson.

The unaudited pro forma condensed consolidated statement of income reflects Matson’s results as if the Separation and related transactions described below had occurred as of January 1, 2011. The unaudited pro forma condensed consolidated balance sheet as of December 31, 2011 reflects Matson’s results as if the Separation and related transactions described below had occurred on December 31, 2011. The unaudited pro forma condensed consolidated statements of income for the years December 31, 2010 and 2009 reflect the results of Alexander & Baldwin as discontinued operations.

The unaudited pro forma consolidated condensed financial statements give effect to the following:

- the distribution, upon the Separation, of the assets, liabilities and equity of Alexander & Baldwin;
- the issuance of debt, the related debt issuance costs and interest for the period required for the tax-free contribution of cash from Matson to Alexander & Baldwin;
- a tax-free contribution of cash from Matson to Alexander & Baldwin.

Matson estimates that additional administrative expenses, not included in the pro forma financial statements, amounting to approximately \$8 to \$10 million annually will be incurred in future periods related directly to costs associated with operating as a publicly traded company. These costs include incremental employee related costs for additional headcount, higher external audit fees and expenses, Board of Director fees and expenses and other costs required to operate as an independent publicly traded company.

See the notes to the unaudited pro forma consolidated financial information for a more detailed discussion of these transactions.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31, 2011

(in millions, except per share amounts)	Pro forma Adjustments			
	A&B Historical	Distribution of Alexander & Baldwin (a)	Issuance of debt and contribution of cash	Matson Pro forma for the Spin-off
Revenue	\$ 1,722.4	\$ (259.7)	\$ -	\$ 1,462.7
Operating Costs and Expenses:				
Operating costs	1,463.5	(182.1)	-	1,281.4
Equity in income of terminal joint venture	(8.6)	-	-	(8.6)
Selling, general and administrative	154.0	(42.0)	0.2 (b)	112.2
Total operating costs and expenses	1,608.9	(224.1)	0.2	1,385.0
Operating Income	113.5	(35.6)	(0.2)	77.7
Other Income and (Expense):				
Other income and (expense)	(1.5)	2.8	-	1.3
Interest expense	(24.8)	17.1	(7.0)(c)	(14.7)
Income From Continuing Operations Before Income Taxes	87.2	(15.7)	(7.2)	64.3
Income taxes	32.3	(7.2)	(2.8)(d)	22.3
Income From Continuing Operations	54.9	(8.5)	(4.4)	42.0
Income (loss) from discontinued operations, net of income taxes (e)	(20.7)	8.5	-	(12.2)
Net Income	\$ 34.2	\$ -	\$ (4.4)	\$ 29.8
Basic Earnings per Share of Common Stock:				
Continuing operations	\$ 1.32			\$ 1.01
Discontinued operations	(0.50)			(0.29)
Net Income	\$ 0.82			\$ 0.72
Diluted Earnings per Share of Common Stock:				
Continuing operations	\$ 1.31			\$ 1.00
Discontinued operations	(0.50)			(0.29)
Net Income	\$ 0.81			\$ 0.71
Weighted Average Number of Shares Outstanding:				
Basic	41.6			41.6
Diluted	42.0			42.0

YEAR ENDED DECEMBER 31, 2010

Pro forma Adjustments

(in millions, except per share amounts)	A&B Historical	Distribution of Alexander & Baldwin (a)	Matson Pro forma for the Spin- off
Revenue	\$ 1,613.5	\$ (242.9)	\$ 1,370.6
Operating Costs and Expenses:			
Operating costs	1,342.2	(196.1)	1,146.1
Equity in income of terminal joint venture	(12.8)	-	(12.8)
Selling, general and administrative	157.9	(45.1)	112.8
Total operating costs and expenses	<u>1,487.3</u>	<u>(241.2)</u>	<u>1,246.1</u>
Operating Income	126.2	(1.7)	124.5
Other Income and (Expense):			
Other income and (expense)	13.6	(12.1)	1.5
Interest expense	<u>(25.5)</u>	<u>17.3</u>	<u>(8.2)</u>
Income From Continuing Operations Before Income Taxes	114.3	3.5	117.8
Income taxes	<u>44.9</u>	<u>1.8</u>	<u>46.7</u>
Income From Continuing Operations	69.4	1.7	71.1
Income (loss) from discontinued operations, net of income taxes	<u>22.7</u>	<u>(1.7)</u>	<u>21.0</u>
Net Income	<u>\$ 92.1</u>	<u>\$ -</u>	<u>\$ 92.1</u>
Basic Earnings per Share of Common Stock:			
Continuing operations	\$ 1.68		\$ 1.72
Discontinued operations	0.55		0.51
Net Income	<u>\$ 2.23</u>		<u>\$ 2.23</u>
Diluted Earnings per Share of Common Stock:			
Continuing operations	\$ 1.67		\$ 1.71
Discontinued operations	0.55		0.51
Net Income	<u>\$ 2.22</u>		<u>\$ 2.22</u>
Weighted Average Number of Shares Outstanding:			
Basic	41.2		41.2
Diluted	41.5		41.5



**YEAR ENDED DECEMBER 31, 2009**

Pro forma Adjustments

(in millions, except per share amounts)	<u>A&amp;B Historical</u>	<u>Distribution of Alexander &amp; Baldwin (a)</u>	<u>Matson Pro forma for the Spin-off</u>
Revenue	\$ 1,392.4	\$ (183.3)	\$ 1,209.1
Operating Costs and Expenses:			
Operating costs	1,209.5	(172.5)	1,037.0
Equity in income of terminal joint venture	(6.2)	-	(6.2)
Selling, general and administrative	154.2	(40.6)	113.6
Total operating costs and expenses	<u>1,357.5</u>	<u>(213.1)</u>	<u>1,144.4</u>
Operating Income	34.9	29.8	64.7
Other Income and (Expense):			
Other income and (expense)	3.6	(3.2)	0.4
Interest expense	<u>(25.9)</u>	<u>16.8</u>	<u>(9.1)</u>
Income From Continuing Operations Before Income Taxes	12.6	43.4	56.0
Income taxes	<u>5.0</u>	<u>17.5</u>	<u>22.5</u>
Income From Continuing Operations	7.6	25.9	33.5
Income (loss) from discontinued operations, net of income taxes	<u>36.6</u>	<u>(25.9)</u>	<u>10.7</u>
Net Income	<u>\$ 44.2</u>	<u>\$ -</u>	<u>\$ 44.2</u>
Basic Earnings per Share of Common Stock:			
Continuing operations	\$ 0.19		\$ 0.82
Discontinued operations	0.89		0.26
Net Income	<u>\$ 1.08</u>		<u>\$ 1.08</u>
Diluted Earnings per Share of Common Stock:			
Continuing operations	\$ 0.19		\$ 0.82
Discontinued operations	0.89		0.26
Net Income	<u>\$ 1.08</u>		<u>\$ 1.08</u>
Weighted Average Number of Shares Outstanding:			
Basic	41.0		41.0
Diluted	41.1		41.1

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

**YEAR ENDED DECEMBER 31, 2011**

(in millions)	Pro forma Adjustments			Matson Pro forma for the Spin-off
	A&B Historical	Distribution of Alexander & Baldwin (a)	Issuance of debt and contribution of cash	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 21.5	\$ (11.7)	(2.3)(f) \$	7.5
Accounts and note receivable	173.2	(5.5)	-	167.7
Inventories	40.5	(36.3)	-	4.2
Real Estate held for sale	2.8	(2.8)	-	-
Deferred income taxes	5.3	(4.0)	-	1.3
Prepaid expense and other current assets	31.7	(4.5)	-	27.2
Total current assets	<u>275.0</u>	<u>(64.8)</u>	<u>(2.3)</u>	<u>207.9</u>
Investments in Affiliates	347.3	(290.8)	-	56.5
Real Estate Developments	143.3	(143.3)	-	-
Property - net	1,633.7	(833.2)	-	800.5
Employee Benefit Plan Assets	1.4	(1.4)	-	-
Other Assets	143.6	(48.4)	2.1 (g)	97.3
Total	<u>\$ 2,544.3</u>	<u>\$ (1,381.9)</u>	<u>\$ (0.2)</u>	<u>\$ 1,162.2</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Assets</b>				
Notes payable and current portion of long-term debt	\$ 51.9	\$ (34.4)	-	\$ 17.5
Accounts payable	156.2	(20.7)	-	135.5
Payroll and vacation benefits	19.8	(3.8)	-	16.0
Uninsured claims	8.1	(1.5)	-	6.6
Due to affiliate	-	2.2	-	2.2
Accrued and other liabilities	42.7	(28.9)	-	13.8
Total current liabilities	<u>278.7</u>	<u>(87.1)</u>	-	<u>191.6</u>
<b>Long-term Liabilities</b>				
Long-term debt	507.3	(327.2)	160.0 (h)	340.1
Deferred income taxes	417.6	(162.5)	-	255.1
Employee benefit plans	167.6	(54.6)	-	113.0
Due to affiliate	-	0.5	-	0.5
Uninsured claims and other liabilities	50.6	(26.3)	-	24.3
Total long-term liabilities	<u>1,143.1</u>	<u>(570.1)</u>	<u>160.0</u>	<u>733.0</u>
<b>Total Shareholders' Equity</b>	<u>1,122.5</u>	<u>(724.7)</u>	<u>(160.2)(i)</u>	<u>237.6</u>
Total	<u>\$ 2,544.3</u>	<u>\$ (1,381.9)</u>	<u>\$ (0.2)</u>	<u>\$ 1,162.2</u>

## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

- (a) Reflects the operations, assets, liabilities and equity of Alexander & Baldwin which are expected to be distributed to shareholders upon Separation in the third quarter.
- (b) Represents \$0.2 million of expensed debt issuance costs related to the new credit facilities as discussed in note (h) below.
- (c) Reflects increased annual interest expense of \$6.8 million on borrowings under the new credit facilities and \$0.2 million of amortization for the expected issuance costs of debt related to the new credit facilities as discussed in note (h) below. Based on the estimated borrowings and interest rate in note (h) a 0.125% increase in interest rates would increase pro forma interest expense by \$0.2 million.
- (d) The effective tax rate is estimated to be 38.8%.
- (e) The income (loss) from discontinued operations, net of income taxes, excludes \$7.1 million in shutdown expenses related to Matson's second China Service which did not qualify for discontinued operations treatment.
- (f) The amount includes cash debt issuance costs amounting to \$2.3 million associated with the new credit facilities discussed in note (h) below.
- (g) The amount includes the capitalized debt issuance costs of \$2.1 million associated with the new credit facilities discussed in note (h) below.
- (h) Reflects \$160.0 million in long-term borrowings under the new credit facilities and new fixed long-term debt. Matson expects to execute a new revolving credit facility and issue fixed long-term debt with an anticipated interest rate estimated to be approximately 4.25%. The cash received from the issuance debt will be utilized for the tax-free contribution of cash from Matson to A&B as discuss in note (i).
- (i) Reflects the expected tax-free contribution of cash from Matson to A&B amounting to \$160.0 million and the expensed debt issuance as discussed in note (b) above.