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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Alexander & Baldwin, Inc. Separation Plan Announcement webcast. My name is Deanna and I'll be the operator for today. At this time all participants are in a listen-only mode. Later we will conduct a question-and-answer session. (Operator Instructions). As a reminder, today's conference is being recorded for replay purposes. I would now like to turn the call over to your host, Ms. Suzy Hollinger, Director, Investor Relations. Please proceed, ma'am.

Suzy Hollinger - *Alexander & Baldwin, Inc. - Director of IR*

Thank you, operator. Aloha and welcome to Alexander & Baldwin's call to discuss our plans to separate our land and transportation company. On the call with me today are Stan Kuriyama, Alexander & Baldwin President and CEO; Joel Wine, CFO; Chris Benjamin, President of Alexander & Baldwin Land Group; and Matt Cox, President of Matson Navigation Company.

Before we commence please note that statements in this call and presentation that set forth expectations or predictions are based on facts and situations that are known to us as of today, December 2, 2011. Actual results may differ materially due to risks and uncertainties such as those described in our December 1 press release announcing the separation plans and on pages 17 through 25 of our 2010 Form 10-K and our other subsequent filings with the SEC.

Statements in this call and presentation are not guarantees of future performance and we do not undertake any obligation to update our forward-looking statements. Slides from this presentation are available for your download at our website, www.AlexanderBaldwin.com. You'll see an icon at the top of the website to direct you to the appropriate section for download. I'll turn the presentation now over to Stan who'll begin the formal presentation.

Stan Kuriyama - *Alexander & Baldwin, Inc. - President & CEO*

Good morning, everyone, and thank you for joining our call. We're excited to announce today a new chapter in Alexander & Baldwin's 140-year history. After many years of periodically evaluating A&B's structure, our Board of Directors has decided that the time is now right to separate the Company into two independent public companies, one focused on real estate and agriculture and the other on transportation.

In the past our real estate business has benefited from the steady financial contribution from Matson. Over the past decade, however, we have succeeded in growing our real estate business to the point where it is roughly equal in asset size and earnings with our transportation business.

Most importantly, we have doubled the size of our commercial portfolio where we now have nearly 8 million square feet of quality office, industrial and retail properties which produce a significant and reliable source of income for our real estate business. We've also invested heavily in our development business to create a robust pipeline of residential and commercial projects across the state of Hawaii.

Last but not least, we have restored our agricultural operations to stability and profitability. In short we have created a much larger and stronger real estate company that is not only capable of standing on its own, but is poised for growth and success as we continue to identify good near-term investment opportunities in Hawaii, and as our real estate markets begin to recover over the longer term.

We've also strengthened our transportation companies over this same period of time. Matson has expanded its reach from its core Hawaii and Guam services to establish a successful premium service in China. We have invested over a half billion dollars in building four container ships which gives us the youngest average vessel age among the Jones Act carriers. And, we have built a top 10 logistics company with nationwide service which will serve as another platform for growth in future years.

There are a number benefits to the separation including the two fundamental ones, greater focus for each company's operations and greater clarity for each company's investors and analysts. Separation will allow each company to focus solely on its own strategies, opportunities and challenges.

And, given the very different characteristics of our two businesses, separation will allow analysts and investors to obtain a better understanding of each company allowing us to develop a shareholder base that is more attractive to and better aligned with each respective business.

In this morning's presentation Joel and I will provide you with some historical context, a summary of the transaction and the rationale supporting separation. Chris and Matt will then give an overview of the two companies and their strategic outlooks. We'll conclude with closing remarks and Q&A.

From a historical perspective the ownership of these two very distinct operations made sense. A&B of course started as a sugar plantation, one of a number of plantations throughout the state, in order to ship the state's raw sugar to the West Coast for refining and sale, a co-op of the sugar plantations owned to Matson. It was not until 1969, however, that the Company bought out the interests of the other sugar plantations and Matson became a wholly owned subsidiary.

In the meantime, beginning with the construction of homes for its sugar workers, A&B expanded into the real estate development business and, primarily through the use of 1031 exchanges, began to assemble a portfolio of commercial properties in Hawaii and on the Mainland.

The land business will continue to carry the Alexander & Baldwin name and will consist of our real estate leasing, real estate sales and Agribusiness segments. Throughout this presentation we'll refer to this new company as A&B. The transportation company will continue to operate under the Matson brand and will consist of our ocean transportation and logistics segments.

Post-separation the companies will each own over $1 billion of assets and will each employ 1,000 or more employees. On a trailing 12-month basis segments comprising A&B had revenues of $371 million and operating profit of $102 million. Matson's ocean transportation and logistics segments had combined revenues of $1.5 billion and $104 million of operating profit excluding results for Matson's second China Long Beach service which was discontinued in the third quarter.

It should be noted that these figures exclude corporate expenses. Upon separation I will become A&B's Chairman and Chief Executive Officer. Chris Benjamin, who recently became head of the Company's Land Group, will serve as A&B's President and Chief Operating Officer. And Paul Ito, currently Alexander & Baldwin's Controller, will become our Chief Financial Officer.

Matson's Board will be chaired by Walter Dods, who is currently Chair of the Alexander & Baldwin Board. Matt Cox, Matson's President, will also become Matson's Chief Executive Officer, and Joel Wine will be Matson's Chief Financial Officer.

The rest of the management team at both companies is expected to remain unchanged. Each company will therefore enjoy continuity of leadership and a strong Hawaii presence and be led by very experienced, highly capable individuals.

At this point let me turn the presentation over to Joel to discuss in more detail the rationale supporting our planned separation.

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Thank you, Stan. As shown on slide 7, both the real estate and transportation businesses have significantly grown their profit bases over the last 15 years. The chart on the upper left shows that average annual operating profit from our real estate operations has increased by 62% over the last five years versus the '96 to 2000 timeframe. Over this same comparison period the Matson businesses grew operating profit by 41%.

The real estate growth was the direct result of over $800 million invested in development projects and another $850 million invested in the acquisition of commercial properties over the last decade. The Matson growth resulted from the successful expansion of our core Hawaii service to Guam and China and our Matson Logistics business growing to become the 10th largest freight brokerage business in the country.

Over this period Matson also invested substantially in its asset infrastructure including over $500 million invested on vessel modernization alone. So the key point is that both the land and transportation businesses have grown to a critical size, asset scale and core level of profitability to thrive as independent companies.

Turning to slide 8, the core strategic rationale for the separation decision lies primarily in three categories of benefits highlighted here. The first is greater focus, the second is greater flexibility, and the third is better alignment.

Starting with focus, we believe each company will have a higher degree of strategic and operational focus as stand-alone companies. Focus will be greater in areas such as capital allocation, day-to-day focus of senior management on the core operational and financial drivers of each of our individual businesses, and the prioritization and pursuit of business level specific strategic initiatives. So operationally, our overall decision-making will be more streamlined and simplified with this greater focus.

In terms of flexibility, each company will also have more degrees of freedom and flexibility to customize decision-making in a number of areas such as capital structure, dividend policy and separate stock currencies to facilitate both growth/acquisition opportunities and equity-based compensation arrangements. We believe this additional flexibility will benefit each company's execution of its value enhancing growth strategies.

Turning to the third category I mentioned of better alignment, the operational and financial performance of the independent companies will be more transparent and streamlined and thus should attract a more focused and aligned investor base.

Additionally, each company will likely garner expanded analyst research coverage which will also help increase transparency. Employee incentives will also be more directly aligned with the performance of the individual businesses. And shareholders will benefit from being able to more easily compare operational performance, financial performance, capital structure and overall financial policy to a universe of more direct industry peers.

Overall, we believe these benefits are substantial and add up to a better structural position for both companies to execute their individual strategies and create shareholder value in the future.

Finally, now is the right time to affect this transaction as we believe each business has reached a relatively stable point in their investment cycles and business outlooks such that separating into two businesses at this time is the right strategy to best enhance long-term shareholder value.

Now shifting from strategic rationale and turning to page 9, a large part of the reason we're excited about this transaction is that both companies are endowed with highly valuable irreplaceable assets unlike any other publicly traded company in our respective markets.

A&B's substantial asset base includes over 88,000 acres in Hawaii making it the fourth largest private landowner in the state; nearly 8 million square feet of commercial income properties in Hawaii and on the Mainland; and a development portfolio encompassing resort, primary residential and commercial projects across Hawaii.

A&B also owns and operates HC&S, the largest agricultural operation in Hawaii, and will continue to be a major provider of renewable energy on the islands of Maui and Kauai.

On the Matson side, the Company is the market leading carrier of containerized freight and automobiles from the West Coast to Hawaii, Guam and the mid-Pacific. Matson's strong asset base includes 17 Jones Act vessels; over 47,000 company-owned containers and equipment; dedicated marine terminal facilities in Hawaii; a 35% ownership stake in SSAT Terminals, which is one of the largest terminal operators on the US West Coast and also Matson Logistics.

So overall both companies have strong asset bases and market positions today which we believe provides a solid foundation for future success as independent companies.

Before turning the presentation over to Chris and Matt to talk about each individual business it's important to note on page 10 that both companies will continue to be deeply rooted in the Hawaii economy. Economic performance of Hawaii will continue to be a major driver for both companies.

As we look forward there are emerging positive economic trends in the state which are expected to support future growth for both A&B and Matson. Visitor expenditures have been strong all year and were up nearly 15% through September compared to the same period in 2010. Hawaii tourism officials continue to forecast $12.6 billion in visitor expenditures for this year which will make 2011 the second best year ever in tourism spend, only slightly behind 2007's level of $12.8 billion.

International tourism, particularly from China and Korea, presents a huge opportunity of growth. Even a small share of the China tourism market would have a significant impact on Hawaii's tourism industry and the Hawaii economy in general. In addition, the expansion of Hawaii's construction industry resulting from new infrastructure investments like the planned $5 billion rail project for Honolulu, are expected to drive future economic growth in the state.

So overall we are proud of how we've grown our businesses over the years and are looking forward to capitalizing on the wide range of opportunities we foresee for these independent companies going forward. Now let me turn the call over to Chris to discuss A&B followed by Matt who will discuss Matson.

Chris Benjamin - *Alexander & Baldwin, Inc. - President A&B Land Group*

Thank you, Joel. As I describe the new A&B I'd like to focus on our competitive positioning and the keys to how we will create value. But first I want to expand a bit on Joel's comments with respect to Hawaii.

We're increasingly bullish on Hawaii. It's a spectacular place that's poised for a recovery and an accelerating pace of growth. Locally driven demand remains strong, but Hawaii is also increasingly attractive to a number of other key audiences. To the US military, Hawaii is a strategic advance position for Asia which will continue to benefit from significant military investment and activity.

To the domestic tourist and second home buyer Hawaii is exotic yet safe; importantly, a dollar is still worth a dollar for the domestic traveler. For the International traveler, especially from Asia, Hawaii is an increasingly affordable paradise with a mixed culture which is familiar and accepting.

Already we're seeing a recovery in the tourism and residential markets in Hawaii and as this recovery accelerates A&B is positioned to benefit disproportionately. As Hawaii's premier publicly held land company we understand this market, have tremendous deal flow and have a history of identifying and executing across a broad opportunity set from highly successful land acquisitions to office condo conversions to complex entitlement efforts to renewable energy development and on and on.

The capabilities that enable the success will survive and thrive in the new A&B. These include our management team and employee base, our land and real estate assets, our irreplaceable Maui farming operation, our understanding of the Hawaii market and the communities we serve and our strong balance sheet which enables us to seize opportunities. We'll become more nimble in this new focused structure and better able to leverage these strategies -- these strengths.

Slide 11 summarizes our key strategies for creating value at A&B. The theme that runs through the strategy is Hawaii; we're going to invest in the market we know best and find new ways to create value for shareholders. We'll do this first by focusing on our core landholdings and by pursuing appropriate entitlement and development activities. But we hope to accelerate our pace of investment in assets and markets within Hawaii that are complementary to our current portfolio and pipeline.

We'll continue to pursue joint ventures in order to supplement our in-house capabilities, access third-party capital and/or gain access to new segments of the Hawaii market. We see growth opportunities in our Hawaii farming and energy operations and we'll continue to benefit from our significant commercial real estate portfolio which provides stable earnings and cash flow to support the more cyclical development business.

Having referenced our strong track record of creating shareholder value. Let me offer a couple examples of how we've done this. At the Wailea Resort on Maui we conceptualized and entitled this land in the early 1970s and developed it into Hawaii's premier master-planned resort destination. In 1989, we sold Wailea to a Japanese firm.

In 2003, leveraging in our Hawaiian market knowledge, our balance sheet strength and our relationships, we repurchased all of the remaining 270 acres of developable property at Wailea for a fraction of what we had sold it for. Since then we've sold or developed roughly 100 acres of Wailea, more than recovering our full investment. Today we have 170 spectacular acres remaining of which 27 are under active development.

On the other end of the spectrum we've successfully executed shorter-term projects on purchased or joint ventured fully entitled parcels primarily on Oahu, including three high rise condominium projects featured on this slide. Through these projects -- I'm sorry, though these projects were similar in type; they targeted very different market segments.

Lanikea in Waikiki targeted offshore buyers; Keola La'i targeted the local residential market; and Hokua, developed in a joint venture with two prominent local development partners, targeted luxury condo market. Our next high rise development condominium project, Waihonua, is well located near the Ala Moana shopping center and is targeted at both local and offshore buyers.

Residential development on Oahu is an area where we see incremental opportunities that will nicely complement our significant Maui and Kauai presence. These examples evidence the Company's successful development track record across a broad range of product types in Hawaii. They show how we leverage our unique land assets and balance sheet strength with local market expertise and relationships to move opportunistically yet decisively to meet Hawaii's needs.

We have a robust development pipeline of over a dozen Hawaii projects, some with ready inventory including Wailea and Kukui'ula, the largest resort residential project in the state; Maui Business Park II, the largest commercial project on Maui, and Waihonua, as described earlier. Our development pipeline of projects is more fully described in our real estate supplement and on the A&B properties website.

In the end though it all comes down to results. An important benefit of our enhanced focused will be better transparency and alignment of incentives. Historically the Company as a conglomerate has been measured primarily on earnings per share, which is not necessarily an optimal measure of long-term value creation in our real estate businesses.

Proper decision-making depends on striving for the right goal and this slide summarizes the key metrics that we will use to evaluate and measure our performance in each of our lines of business going forward. Compensation will be aligned with results on these measures.

In closing let me reiterate that we will focus on the Hawaii market seeking growth opportunities across a wide range of asset classes within the state. We retain the financial strength and flexibility to finance our projects through the real estate market cycles. We will continue to work with our communities to pursue responsible development that will help shape the future of our state while creating substantial value for our shareholders. Now let me ask Matt to discuss Matson.

Matt Cox - *Alexander & Baldwin, Inc. - President of Matson Navigation Co.*

Thanks, Chris, and good morning to everyone. Matson is the preeminent shipping company in the Pacific with a leading market share in our core trade lanes of Hawaii, Guam and Micronesia. Matson has been long recognized for industry-leading on-time arrival performance and award winning customer service.

In 2006, Matson expanded from our core Hawaii and Guam services to encompass China in which Matson operates a premium expedited service from Shanghai to Long Beach. Matson's shoreside operations in Hawaii and our dedicated terminals on the West Coast are integral to providing the high-quality reliable customer service.

So what's our strategy? In our core services we continue to position ourselves to benefit from a recovering Hawaii economy and the expected increases in cargo to Guam as the US military executes its relocation and expansion strategy in the Pacific. We also intend to leverage our knowledge and expertise in serving island communities to services in other Pacific island trades.

We continue to be interested in expansion opportunities in other Jones Act markets such as Alaska. We also plan to grow in the International trade segment through our 35% ownership interest in SSAT, one of the largest terminal operators on the US West Coast.

On the logistics side our focus will be on the organic expansion of our highway brokerage business, our intermodal rail and warehousing services and also in the development of International freight forwarding and consolidation offerings, including leveraging our Shanghai presence for incremental growth in freight forwarding and consolidation in the China ports we serve.

The map on slide 17 shows Matson -- how we leverage our two key aspects of our business to drive shareholder value and the first is our ability to combine the Jones Act services to Hawaii and Guam with an eastbound head haul in the highly competitive transpacific trade which enables us to deliver profitable cargo in both customers both directions. And our fleet of 17 Jones Act vessels provides adequate capacity to meet Hawaii's market needs as they expand over time.

Slide 18 lays out our key metrics and those that we focus on in managing the performance of our business and compensation will be aligned with the results on these key measures.

So to sum up for Matson on slide 19, we are excited about Matson's growth prospects and the future value creation opportunities. We have an extensive physical asset base which is enhanced by an unparalleled level of customer service and a premium brand with 17 Jones Act vessels and barges and 47,000 pieces of owned containers and equipment and modern terminal facilities both in Hawaii and on the West Coast.

We have a strong balance sheet and credit profile which will enable us to expand into other Jones Act markets and also to expand into niche services in other Pacific island trades and also to leverage our strategically located terminals and logistics capabilities to take advantage of the growing International trade.

Matson will pay a dividend to complement our core business growth resulting in what we believe to be an attractive long-term total return to shareholders. And with that I will now turn the call back over to Joel.

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Thanks, Matt. On slide 20, the separation will be accomplished through a tax-free spin-off after which shareholders will own one share in each of A&B and Matson for each share they own today in Alexander & Baldwin.

Executing a transaction of this nature requires more detailed internal work on a number of items such as organizational structure, transition service agreements between each company, governance and other matters.

The high-level key external steps that need to be addressed to execute the separation include the receipt of a favorable IRS ruling on the tax-free nature of the spin-off; and secondly, the effectiveness of an SEC registration statement for the new common equity shares that will be issued to shareholders at the time of the spin-off.

We expect these steps to be completed such that our Board will be in a position to approve the final separation plan and for the spin-off to be executed sometime in the next six to nine months.

From a financial and capital structure point of view each company will be adequately capitalized to maintain strong balance sheets that will provide the financial flexibility necessary to pursue future growth opportunities for both companies.

We expect to allocate our existing debt 40% to A&B and 60% to Matson and there is no additional leverage contemplated in this transaction. The exact amount of debt allocated to each company will be determined closer to the point of separation and will mostly be dependent upon our free cash flow generation and the normal fluctuations in our debt balances between now and then.

We have also had detailed discussions with our lead lenders and we are confident that the capitalization plans for each company are sound and financeable.

With respect to dividend policies, Matson is expected to pay an attractive dividend at or above market averages and we currently project that to be in the range of $0.50 to $0.70 per share annually. A&B will not pay a dividend initially as we think retaining cash flow for investing in new high returning real estate opportunities is the best shareholder maximizing strategy.

With respect to our regular quarterly dividend, the Company expects to maintain it until the separation is completed.

While we'll be busy moving forward with our separation plans, we expect the day-to-day business impact from the transaction to be insignificant. There will be no interruptions in our operations or the people we do business with. And as has been mentioned earlier on this call, both companies will remain very significant corporations in the Hawaii economy and business environment.

Lastly as both A&B and Matson already perform most day-to-day functions independently, elimination of workforce staff is not a driving force to the separation decision and we expect no net job losses as a result of this transaction. Nor do we expect any material increases in corporate overhead expenses in aggregate. Let me now turn the presentation over to Stan for some closing remarks.

Stan Kuriyama - *Alexander & Baldwin, Inc. - President & CEO*

Thank you, Joel. Separation of our land and transport businesses is a major milestone in Alexander and Baldwin's long history. We firmly believe that in this process we are creating two strong, more focused companies that will be better able to pursue strategies to enhance shareholder value going forward than if we had remained together.

We are eager to complete this separation transaction, but there is a lot to be done over the next several months to bring it to a close and we will, of course, keep you posted on our progress. That concludes our presentation this morning, we'd be happy to now take your questions.

Suzy Hollinger - *Alexander & Baldwin, Inc. - Director of IR*

Deanna, (inaudible) for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Jack Atkins, Stephens.

Jack Atkins - *Stephens, Inc. - Analyst*

My first question for you this morning -- it relates to the time line for this process. You laid out the steps that need to be taken over the next six to nine months, but could you give us some milestone dates that we should be looking for, just sort of ball park it for us, what should we be thinking about? As this process moves along -- how should we be thinking about the time line of events here?

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Sure, Jack, it's Joel. I mentioned the two biggest pacing items are the IRS ruling request and the filing of the SEC registration statement. So you should look for news on both of those fronts.

Generally our tax attorneys have advised us that the IRS ruling request takes four to six months in general. So we'll be working hard to get that filed as quickly as we can which will take and month or two. So that will be an important pacing item. And the SEC registration statement will require and be available to be submitted after our 1031 -- excuse me, 12-31 audits are completed.

So when the year-end pro forma numbers are available we would work hard to file that statement probably sometime in the March time frame is our current planning. So those two items (multiple speakers) are going to be the biggest pacing items and we'll give updates in Q1 and Q2 on how they're progressing.

Jack Atkins - *Stephens, Inc. - Analyst*

Okay, great, thank you for that. And then you talked about your conversations with your lenders in preparation for this announcement. Have your lenders indicated that both businesses will be investment grade following the spin-off?

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Yes, we benefit from having investment grade credit metrics and characteristics today. And in our conversations with our lead lenders they continue to feel very good about both companies maintaining investment grade profiles. So we feel very good about the financial structure and capitalization plans we've put forward here.

Jack Atkins - *Stephens, Inc. - Analyst*

Okay, great. And then, Joel, you mentioned that 60% of the debt will be allocated approximately to Matson. Could you maybe talk about how the 60-40 split was determined?

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

We really approached it with a clean slate. We asked ourselves the question, what's best for both companies? And if you -- both companies are strong cash flow generators over time, but Matson definitely has more quarter-to-quarter year-in/year-out predictability to its cash flow. And so putting a little bit more than 50% on Matson made sense as we optimized across both companies. But we really approached it with a blank sheet of paper and said what's best for the initial capitalization of both companies.

Jack Atkins - *Stephens, Inc. - Analyst*

Okay, great. And then, Matt, looking at Matson, Stan highlighted the young age of your fleet. I'm wondering if you could maybe step back for a moment and look over the next three to five years and do you see significant investments in potential new builds for your fleet over the next three to five years? If you could just comment on that I think that would be helpful.

Matt Cox - *Alexander & Baldwin, Inc. - President of Matson Navigation Co.*

Sure, Jack, good morning. Matson has long had the approach of chunking up its investments rather than having a cliff reinvestment of vessels. We've chosen to take the approach of replacing vessels in part from time to time. So if we were to look forward in the next three to five years our current thinking is that we'll probably need to replace two Jones Act vessels during that time frame.

And so in our current thinking we put that into our planning. And the other point, just to add on to what Joel said, was that we did factor in that capital allocation when we looked at the initial debt levels between the two companies to make sure that we could maintain an investment grade credit profile through the investment cycle. So that was another element of the initial debt level allocation process.

Jack Atkins - *Stephens, Inc. - Analyst*

Okay, great. And last question and I'll jump back in queue. Matt, you talked about one of the strategies for Matson is potentially growing into other Jones Act trade lanes. We've seen Trailer Bridge file for bankruptcy and then I think everyone is familiar with the problems that Horizon Lines is having.

Could you maybe talk about the other Jones Act protected lane that you're looking at? And also, given what we're seeing with both Trailer Bridge and Horizon, is the Puerto Rico trade looking maybe a little bit more attractive to you guys?

Matt Cox - *Alexander & Baldwin, Inc. - President of Matson Navigation Co.*

Sure, Jack. There are -- the way we think about it, there are four principal offshore Jones Act trades, there's the Hawaii and Guam, those are two, the third is Alaska and the fourth is Puerto Rico. And I think -- of course we operate in two of the four, the Hawaii and Guam. We continue to be interested in Alaska and both whether it's as an additional carrier or by acquiring one of the two existing operators. If that opportunity were to avail itself we'd be very interested.

Puerto Rico -- we were in a joint venture in Puerto Rico a number of years ago and for a number of reasons we don't like the Puerto Rico trade. And so, I don't see us, even despite the financial difficulties of the operators there given the over tonnage situation, to see us being a participant in that trade.

Jack Atkins - *Stephens, Inc. - Analyst*

Okay, great. Thank you for your time, guys.

Operator

Sheila McGrath, KBW.

Sheila McGrath - *Keefe, Bruyette & Woods - Analyst*

I wanted to know could you discuss the real estate company, your thoughts on how the real estate company will now finance development capital. Because Matson historically their cash flows had been a source for real estate capital.

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Sure, Sheila, it's Joel. One of the most important keys for the development business is having ready access to capital to move quickly and seize opportunity. So an important element as we thought through capital structure for A&B going forward was to have a lot of firepower in an unfunded revolver.

So our conversations with our banks and lenders have been very important and we're very confident that the Company out of the box will have significant access to capital in a sizable revolver so it can move quickly and seize opportunity. So from an initial capitalization perspective that was very important.

The second thing I'd mention is the income portfolio has grown substantially, which, Stan mentioned in his remarks, has been a great success for the Company over the last 10 to 15 years. So if you look at that portfolio, $55 million, $60 million-ish of NOI and growing, that's a very steady source of significant cash flow that will benefit A&B going forward to allow it to finance its business opportunities.

Sheila McGrath - *Keefe, Bruyette & Woods - Analyst*

And with this separation would you say that the new real estate entity would have a predisposition to want to sell more lands and redeploy them into income-producing assets? Would that be a more aggressive pace do you think?

Chris Benjamin - *Alexander & Baldwin, Inc. - President A&B Land Group*

Sheila, it's Chris, good morning. I don't know that I would say it would be more aggressive, that will still be an important focus of what we do is trying to create value in a variety of ways from our land and then where it's allowed redeploy those proceeds into income-producing assets.

I would say that we will continue to be as aggressive in both the entitlement and development side of the business as well as, where it's more appropriate, the land monetization business.

But I would say the area where we hope to be more active and more aggressive over the next few years is generally in investments in Hawaii, both development assets and commercial assets, as hopefully we come out of the cycle that we've been in and get more active in deploying capital back into Hawaii.

Sheila McGrath - *Keefe, Bruyette & Woods - Analyst*

Okay, and just on the liabilities, when you talk about the real estate company allocating 40% of the debt, I would assume that means of the long-term debt on the balance sheet. I'm just wondering on the other liabilities if there's any guidance or when you'll file -- like do all the deferred income taxes -- they don't all go with the real estate entity. When will we know a little bit more about how that kind of shakes out?

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Sure, Sheila, it's Joel. Your first assertion is correct in terms of debt allocation, that's long-term liabilities. As you look at our balance sheet at the end of our September 10-Q the number of -- the total debt was $570 million, so the 60-40 percentage split we're talking about, you apply that to the debt balance at the end of the quarter, that's the right way to think about it.

And then in terms of general liabilities, we'll have -- when we submit our SEC registration statement that I mentioned before, that we'll be able to submit and file after the December 31 audit is available, we'll outline all the pro forma financials for both companies.

But as a general rule all the existing liabilities are easy to trace, they gave rise from business activity from Matson or the A&B businesses. And so all the liabilities will continue to stay where the business units where they gave -- from the operations they came from.

Sheila McGrath - *Keefe, Bruyette & Woods - Analyst*

Okay, thank you.

Operator

(Operator Instructions). Brendan Maiorana, Wells Fargo.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

Congratulations on the announcement. Chris, I wanted to start with you on A&B. So I think the focus of the presentation and your comments really surrounds Hawaii and that seems like certainly where we would view you guys have a competitive advantage with respect to your real estate operations.

But when we look at the existing portfolio you've got, call it rough numbers, kind of 40% of market value of the assets is still derived from the Mainland income-producing assets and a higher portion than 40% of the sustainable or regular cash flow or NOI.

So how do you kind of plan to reorient what's now a significant portion on the Mainland back to Hawaii given that your basis in those assets is very low so if you were to sell and sit on the cash for a while you'd have a pretty big tax bill?

Chris Benjamin - *Alexander & Baldwin, Inc. - President A&B Land Group*

Okay, Brendan, thanks for the question. Good morning. The first thing is that we intend to focus all new investment as much as possible back in Hawaii, certainly on the development side. And to the extent that we're doing 1031 exchanges, whether from raw land proceeds or income portfolio sales, we will target Hawaii first for commercial assets as well.

It doesn't necessarily mean that we're going to make a dramatic rapid shift of existing Mainland assets back to Hawaii. But over time as we monetize Mainland assets we will try to use 1031 exchanges to move them back to Hawaii where we can.

But as you know, Hawaii is a relatively small market and on the commercial portfolio side we have traditionally benefited from being able to place capital on the US Mainland just because there have been more opportunities available.

So there's not a set time line for how quickly we might transition the portfolio back to Hawaii, and there's not even a goal of transitioning 100% of it back, it's simply a stated objective of trying to focus our investments going forward on the market that we know best.

And exactly what that means and how quickly we'll transition the commercial portfolio back to Hawaii is yet to be seen. But I would say that on the development side we would absolutely intend to focus almost exclusively on Hawaii and, again, put our money to work in the market that we know best.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

And this is maybe a little bit of asking Sheila's question in sort of the opposite light, but if the opportunity set came up that development opportunities in Hawaii begin to accelerate and let's say the commercial opportunities are lower, would you be comfortable monetizing a significant portion of the Mainland income-producing assets and recycling that capital back into development so that you'd be a little bit more of a higher weighted development company than a commercial portfolio today?

Chris Benjamin - *Alexander & Baldwin, Inc. - President A&B Land Group*

Well, and I think hypothetically that the answer is yes, but I don't think that we see the need right now to monetize Mainland commercial properties or any commercial properties in order to support our development business.

I think we feel we've got sufficient cash flow from the commercial properties as well as the significant dry powder that Joel mentioned that we think we'll be able to do both -- we'll be able to maintain that commercial portfolio and continue to invest in a significant amount of development properties in Hawaii.

If we got into a scenario where the only way we could pursue development opportunities in Hawaii was to monetize some Mainland assets, I suppose there's a scenario where we might do that, but it would be very tax inefficient so it would not be our preferred strategy.

Stan Kuriyama - *Alexander & Baldwin, Inc. - President & CEO*

Brendan, let me just add -- this is Stan. In thinking about separation, one of the critical factors for us was to come up with a capital structure, talk to our lenders about both term debt and revolving credit facilities to ensure that we have adequate capitalization and adequate ability to access financing to not only fund day-to-day operations of course, but to fund our strategic growth objective.

For example, in Matt's case he mentioned planned need to build a couple more vessels in the future, that was taken into account; some significant development capital investment capital in our development businesses and other real estate opportunities and Hawaii was taken into account. And so part of our decision to announce a separation was because we reached that point of comfort in looking at our financial capabilities over the future years.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

Yes, I mean, I can understand that and I think -- I certainly think that it makes sense and I recognize where you guys are coming from. But my sense is probably also part of the rationale for separating the vehicles into the real estate and the transportation is. You're looking at where your share price is relative to the intrinsic value and there's probably a pretty wide gap there. And one way to narrow that gap is you become two more focused companies.

But it would seem to me at that too -- the real estate company, still it's a little bit of an odd mix of assets on Hawaii, the agribusiness and then the stuff on the Mainland. And if you really want to narrow that gap relative to intrinsic value versus the share price, orienting more of the portfolio into Hawaii over time seems like probably the easiest way to get that gap to narrow.

So I'm just kind of -- and you guys are talking about that's where the competitive advantage is. So it would seem like that's the opportunity over time and how you guys do that, I guess, will be of interest to investors. So that's kind of the Genesis of asking that side of the question.

Stan Kuriyama - *Alexander & Baldwin, Inc. - President & CEO*

We certainly agree with that -- we certainly agree with that, Brendan.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

Is a REIT structure out of the question just given that you've got so much of this tied up in development and it just doesn't make sense?

Chris Benjamin - *Alexander & Baldwin, Inc. - President A&B Land Group*

Well, I think I would not say tied up in development, I'd say that our primary strategy for creating value is real estate development and that, as you know, is not a good fit with a REIT structure. So while we did do a deep dive and look carefully at the REIT option, it was in the end a relatively easy decision to organize the Company as a C Corp to be able to pursue the strategy for value creation that we think is most important, which is the development business.

We could have tried to shoehorn it into a REIT structure with a taxable REIT subsidiary, but it really didn't make sense. And we think that the structure fits the strategy and is the right solution for shareholders in where we can create the most value.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

And then, Chris, on the agribusiness is there any thought, discussion, opportunity to -- similar to what you guys did with the coffee business, to do that with the sugar business where you could kind of own the land, keep the optionality on the land but get income from leasing that land out to someone who might operate the sugar business and have that be a little bit more of a stable income generating part of the portfolio as opposed to being the owner of the sugar operations?

Chris Benjamin - *Alexander & Baldwin, Inc. - President A&B Land Group*

Well, Brendan, the first thing we're focused on is trying to -- as we've used the term de-risk or stabilize the business even under the current ownership structure. And I think that's our first goal and we can do that through longer-term off-take agreements for both sugar and energy. And that's our first focus.

We certainly would be open to structures along the lines of what we did on Kauai, but it's a much more complicated operation over there, it's much more integrally linked to other things that we do on Maui and it's much less prone, I think, or appropriate for kind of a carve out like we did on Kauai. Wouldn't rule it out, but I would say our primary focus is trying to de-risk and stabilize the business under the current structure.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

Sure. And then just the last one quickly for Joel. As we think about the dividend, Matson $0.50 to $0.70 a share, that's -- so $0.50 to $0.70 is comparable per share to the $1.26 per share current dividend, is that correct?

Joel Wine - *Alexander & Baldwin, Inc. - SVP, CFO & Treasurer*

Correct.

Brendan Maiorana - *Wells Fargo Securities - Analyst*

Okay, great. Thank you.

Operator

And this concludes the question-and-answer portion for today's conference. I would now like to turn the call back to Suzy Hollinger for closing remarks.

Suzy Hollinger - *Alexander & Baldwin, Inc. - Director of IR*

Thanks, everyone, for being on the call this morning. If you have additional questions, please call me at 808-525-8422. Aloha.

Operator

Thank you very much. This concludes today's conference. Thank you, everyone, for your participation. You may now disconnect and have a great day.

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