MARCATO
CAPITAL MANAGEMENT

JUNE 2011 DISCUSSION MATERIALS

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I. Introduction

Introduction

- We appreciate the opportunity to meet with management of Alexander and Baldwin ("ALEX" or "the Company") and share our thoughts on the Company
- Marcato and Pershing Square collectively beneficially own 9.9% of ALEX's outstanding common shares, and together are the Company's largest shareholder group

ALEXANDER & BALDWIN, INC.

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Overview of Marcato

Marcato and its investment professionals have significant experience working with management teams to unlock and increase value for shareholders

- Value-oriented strategy includes taking large ownership stakes in businesses we believe in
- Long-term investment horizon typified by multi-year holding periods
- Concentrated portfolio approach with few investments at any given time allows us to conduct heavy diligence and focus our full energy on each investment
- Significant experience investing in real estate and related assets
- History of investing in companies with collections of valuable, yet unrelated, assets which tend to systematically be undervalued by the equity markets
- Significant experience working with management teams to create shareholder value in such situations:

Wendy's McDonald's CERIDIAN SEARS Canada Landry's RESTAURANTS, INC. Longs Drugs

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II. A Review of Alexander & Baldwin

ALEX: Last 60 Years of History

- In its 141-year history, ALEX has engaged in many significant transformative transactions, buying and selling various unrelated businesses to create shareholder value

1950s: Opened supermarkets and department stores

1960s: Closed railroad operations

1960s: Sold stake in Honolulu Oil Corp (owned since 1911)

1960s: Bought control of Matson

1960s: Sold pineapple operations to Colin Cameron's Maui Land & Pineapple Co

1970s: Acquisitions included oil refiner (Pacific Resources), Hong Kong furniture company (Teakwood), and Idaho potato business (Rogers Brothers), all subsequently sold

1980s: Sold stake in Pacific Resources

1980s: Sold Wailea

1980s: Sold retail operations to Monarch Building Supply

1990s: Sold container leasing business to Xtra Corporation for $362m in unsolicited offer

1990s: Bought out C&H sugar refinery, subsequently sold

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Source: Public documents

ALEX: Last of the Hawaiian Conglomerates

We note that the rest of Hawaii's historic "Big 5" sugar conglomerates, and the sixth non-sugar conglomerate, Dillingham, were acquired and separated into smaller business units to create additional value for their owners

- Purchased by Jardine Matheson in 1973
- Owned franchises for Pizza Hut, Taco Bell, Mercedes-Benz, and Jaguar in Hawaii until its Hawaiian holdings were monetized beginning in 2003

C. Brewer & Co

- Bought by International Utilities Corp in 1978, sold to John "Doc" Buyers in 1986
- Closed sugar business, spun off real estate business, entered macadamia nuts (Mauna Loa), Kona coffee, tropical juices (Hawaii's Own)
- Sold Mauna Loa in 2000 (now owned by Hershey), began monetizing other assets in 2001

- Owned real estate, retailers, sugar business, hotels, restaurants, food companies
- Bought by JMB Realty in 1988; famed Liberty House department store sold in bankruptcy to Federated in 1998 and converted to Macy's brand
- Ceased sugar/coffee operations in 2000 and emerged as developer of Kaanapali land

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- Owned retailers, real estate, sugar, pineapples, Bumble Bee Seafood, A&W root beer
- Bought by David Murdock's Flexi-Van Corp in 1985
- Separated Dole Pineapple Company and Castle & Cooke real estate company to focus on developing land on the mainland, Oahu, and the island of Lanai

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- Owned railroad, shipbuilders, miners, construction, and real estate as the original developer of Ala Moana shopping center
- Bought by KKR in 1983 and separated into autonomous businesses

Source: Public documents

ALEX Today: Two Valuable, Yet Unrelated Businesses

Alexander & Baldwin, Inc.

Transportation – Matson

Shipping

#1 player in attractive Hawaii market

LTM EBITDA: $157m
2010 EBITDA: $175m

Ports

35% interest in 6 U.S. west coast terminals

2010 Net Income Contribution: $12.8m

Logistics

Asset-free business

LTM EBITDA: $10m
Last 5 Years Avg EBITDA: $17m

Real Estate – A&B Properties, Inc.

A Subsidiary of Alexander & Baldwin, Inc.

Leased CRE

7.8m GLA on Hawaii and U.S. Mainland

2010 Adjusted Cash NOI: $56m

Development

Fully owned and JV projects in Hawaii

Entitled acres: 2,806

Land

Additional land on Maui and Kauai, currently being farmed

Acres: 77,820

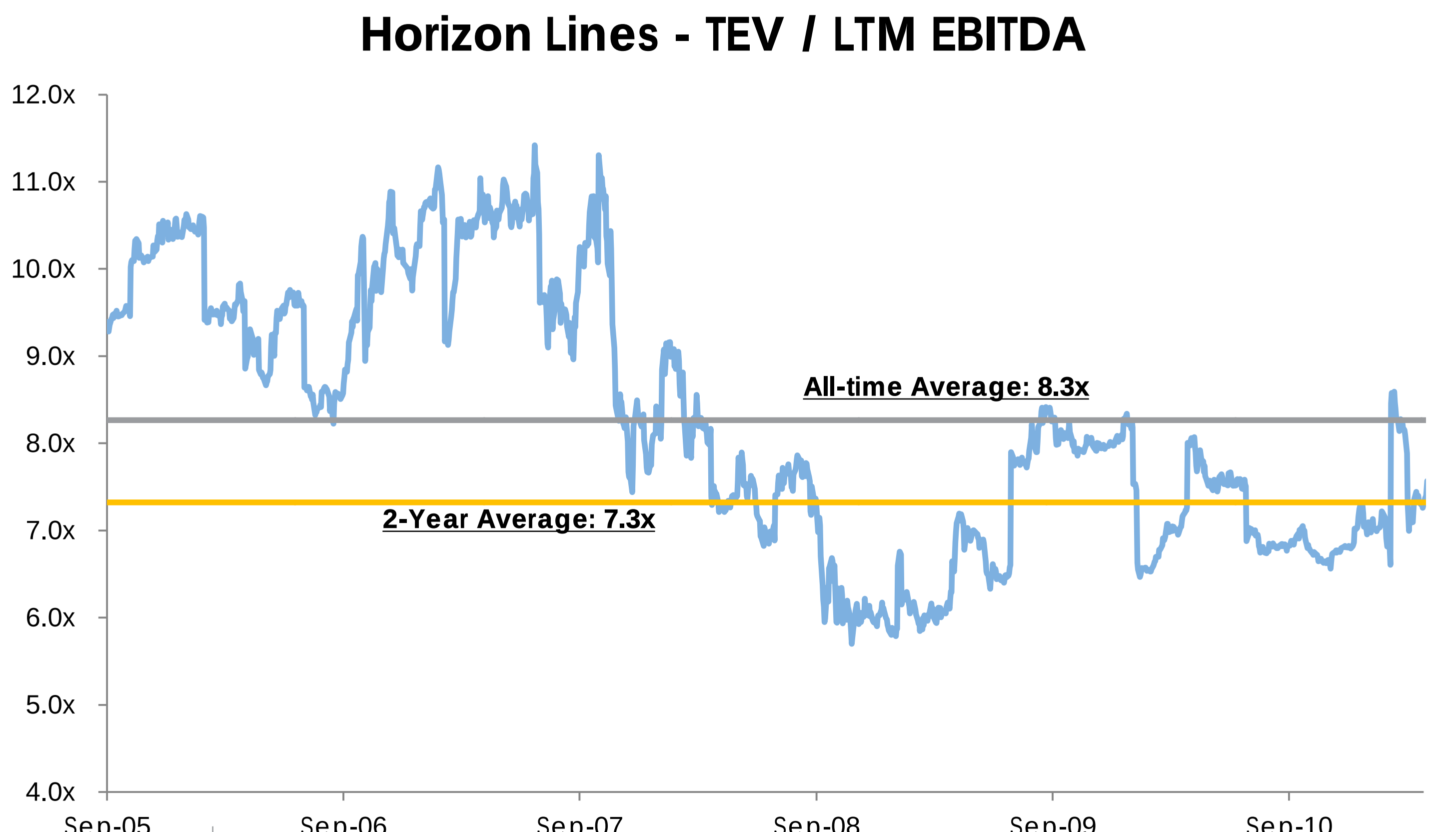
Source: Company documents

Note: Shipping EBITDA excludes SSAT income and is adjusted for CLX2 start-up costs

Transportation: Summary Observations

Horizon Lines Has Historically Traded at 7x – 8x EBITDA

- Matson's best comparable, as a Jones Act container shipping business, is Horizon Lines
- Since it has been public and until its recent distress, Horizon has traded at an average EBITDA multiple of 8.3x. Over the past 2 years, it has averaged 7.3x



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Source: Capital IQ

Matson Should Trade at a Premium Multiple to Horizon

ALEX's transportation business deserves a premium multiple to Horizon

- Horizon has been highly leveraged ever since it became public
- Horizon accounts for its amortized drydocking expenses differently than Matson, excluding those costs from reported EBITDA, and thus overstating its cash EBITDA annually by 10 - 20%
  - Matson includes these costs in operating expenses
- Horizon's ships are significantly older than Matson's, and thus its capital requirements are materially higher going forward
- Matson has a superior marketplace position to Horizon
  - Concentrated in more favorable market segments (Hawaii vs. Puerto Rico)
  - Better marketplace position in those markets (~2/3 marketplace position in Hawaii vs. ~1/3)
  - Matson's primary competitor (Horizon) is currently in distress

Matson's Fleet is Half as Old as Horizon's

- Matson has a younger fleet than Horizon, and has also spent capital reconstructing those ships more recently

Horizon Fleet

	Capacity (TEUs)	Year Built	Age
Fairbanks	1,476	1973	37
Pacific (1)	2,407	1980	30
Enterprise (1)	2,407	1980	30
Spirit (1)	2,653	1980	30
Reliance (1)	2,653	1980	30
Producer	1,751	1974	36
Challenger	1,424	1968	42
Navigator	2,386	1972	38
Trader	2,386	1973	37
Discovery	1,442	1968	42
Consumer	1,751	1973	37
Hawaii	1,420	1973	37
Total	**24,156**	**1975**	**36**
Hawaii Only	**10,120**	**1980**	**30**

Matson Fleet

	Capacity (TEUs)	Year Built	Age	Reconstructed	Age
R.J. Pfeiffer	2,245	1992	18		
Mokihana	1,994	1983	27		
Manulani	2,372	2005	5		
Mahimahi	3,138	1982	28		
Manoa	3,138	1982	28		
Manukai	2,378	2003	7		
Maunawili	2,378	2004	6		
Maunalei	1,992	2006	4		
Kauai	1,654	1980	30	1994	16
Maui	1,644	1978	32	1993	17
Matsonia	1,727	1973	37	1987	23
Lurline	1,646	1973	37	2003	7
Lihue	2,018	1971	39	1978	32
Waialeale (2)	0	1991	19		
Mauna Kea (2)	379	1988	22		
Mauna Loa (2)	335	1984	26		
Haleakala (2)	335	1984	26		
Total	**29,373**	**1987**	**23**	**1992**	**18**
Hawaii Only	**29,373**	**1987**	**23**		
Ex Barges	**28,324**	**1987**	**23**		

Source: Company documents

(1) Hawaii only

(2) Barges

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Horizon's Distress is Self-Inflicted

Horizon's current distress was avoidable with more prudent capital management

- In the five-year period from 2006 – 2010, Horizon generated $240m of free cash flow (1), yet its net debt increased from $490m at 12/31/05 to $515m at 12/31/10
- Over that time, Horizon spent its free cash flow on:
  - $80m of stock repurchases in 2007 – 2008
  - $70m of dividends
  - A $30m logistics acquisition in 2007, of a business it is currently trying to sell due to unprofitability
  - $40m of redemption premiums and refinancing costs in 2007
  - $40m buying calls to hedge the convert issued in 2007

(1) Calculated as Cash From Operations less Capital Expenditures

Source: Horizon company documents

Ocean Transportation Business is Under-Earning Its Potential

We conservatively estimate adjusted EBITDA from the Ocean Transportation business, ex SSAT, to be $175m

- We note that Ocean Transportation generated $175m of adjusted EBITDA in 2010, with the Company's recent guidance for 2011 earnings to be flat YoY

2010 Ocean Transportation EBIT	$99.4
D&A	69.0
EBITDA	$168.4
less: SSAT contribution	(12.8)
plus: estimated CLX2 startup costs	19.0
Adjusted EBITDA	**$174.6**

- We note this level of EBITDA includes NO positive contribution from CLX2, which the Company previously stated would eventually comprise 10% of EBIT
- It also includes Hawaii container volumes at a depressed level of 136,700, down from 175,800 in 2005, and gives no credit for the coming volume growth in Guam
- We note that this level of EBITDA is also **after** $15m of non-cash pension expenses, which we have not added back, as we also exclude pension liabilities from our enterprise value calculations

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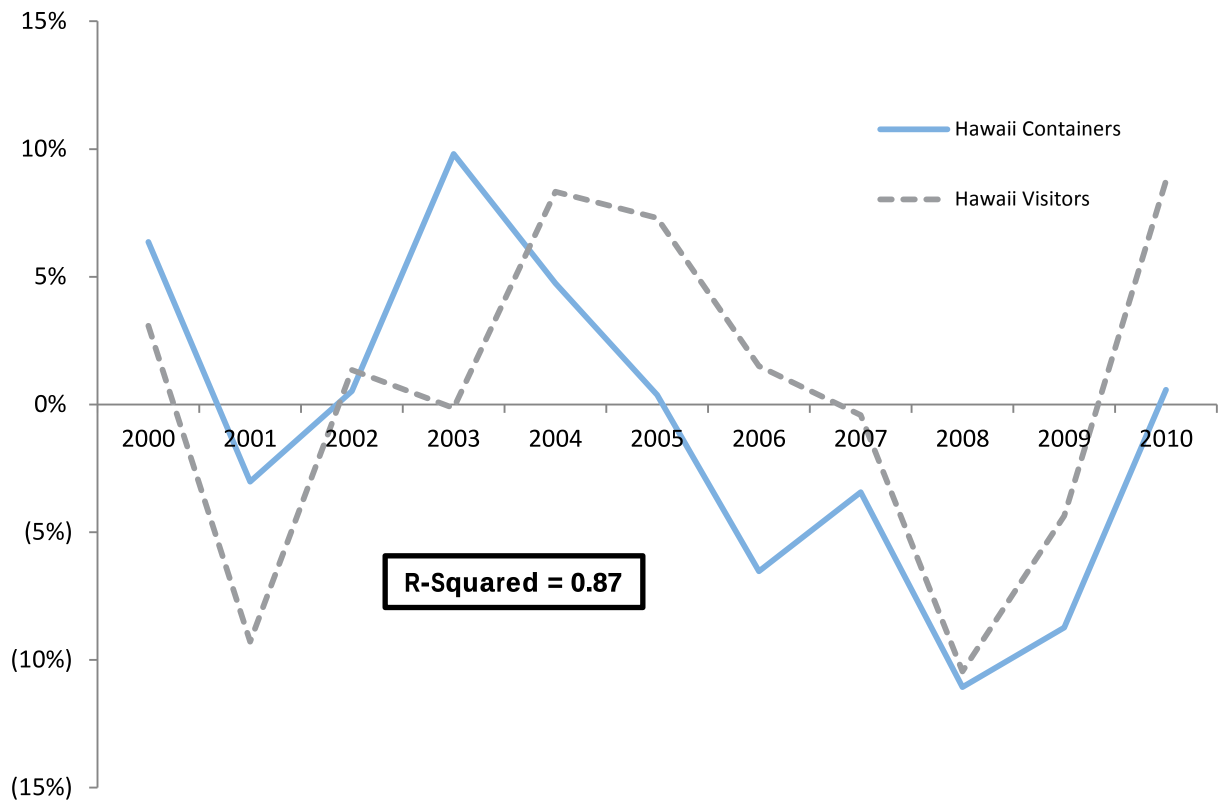
Source: Company documents

Tourism Growth Suggests Future Growth in Container Volumes

Matson's Hawaii container volumes have shown strong correlations with Hawaii visitor growth over time



Source: Company Documents, UHERO

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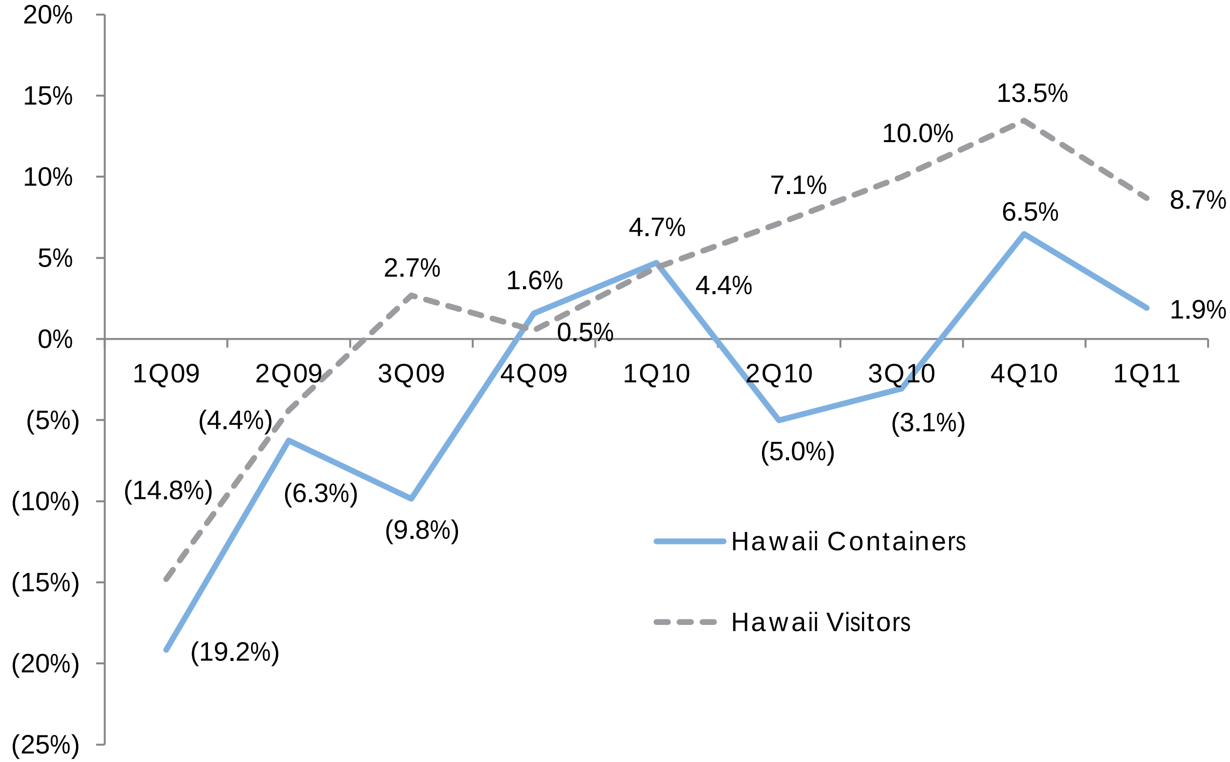
Hawaii Tourism Continues to Grow

Recent trends in Hawaii visitor growth have been very positive



Source: Company Documents, UHERO

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Matson's Assets are Irreplaceable

The values on this page are theoretical, but underscore the point that few other Jones Act ships exist and this fleet would be difficult, if not impossible, to replace given Jones Act shipyard capacity and lead-time

Matson Fleet - Replacement Cost

	Capacity (TEUs)	Year Built	Age	Current NB Cost - Asia	Market Value - Asia	Jones Act Multiplier (1)	Current NB Cost - US	Market Value - US
R.J. Pfeiffer	2,245	1992	18	$40	$30	3.0x	$120	$90
Mokihana	1,994	1983	27	35	20	3.0x	105	60
Manulani	2,372	2005	5	40	35	3.0x	120	105
Mahimahi	3,138	1982	28	50	25	3.0x	150	75
Manoa	3,138	1982	28	50	25	3.0x	150	75
Manukai	2,378	2003	7	40	35	3.0x	120	105
Maunaw ili	2,378	2004	6	40	35	3.0x	120	105
Maunalei	1,992	2006	4	35	35	3.0x	105	105
Kauai	1,654	1980	30	30	20	3.0x	90	60
Maui	1,644	1978	32	30	20	3.0x	90	60
Matsonia	1,727	1973	37	30	20	3.0x	90	60
Lurline	1,646	1973	37	30	20	3.0x	90	60
Lihue	2,018	1971	39	40	20	3.0x	120	60
Waialeale	0	1991	19	15	10	3.0x	45	30
Mauna Kea	379	1988	22	15	10	3.0x	45	30
Mauna Loa	335	1984	26	15	10	3.0x	45	30
Haleakala	335	1984	26	15	10	3.0x	45	30
Total	**29,373**			**$550**	**$380**		**$1,650**	**$1,140**

Memo: Book Value of Transportation assets (2)	$1,116
Memo: Historical cost of vessels:	
Manulani (2005)	$171
Manukai (2003)	110
Maunaw ili (2004)	110
Maunalei (2006)	144
Others (Various)	685
Total (3)	**$1,220**
Historical Cost of Equipment (containers, chassis, etc.) (3)	$661

(1) Estimate based on market research, and the approximate relationship of the cost of Matson's most recent ship builds (e.g., Maunalei) with the cost of building similar ships in Asia at the same time

(2) Book value of Ocean Transportation and Logistics assets, less SSAT book value, per 2010 10-K, p. 94

(3) 2010 10-K, p. 73

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Source: Company documents, Drewry, Marcato estimates

Matson’s Assets are Of Critical National Importance

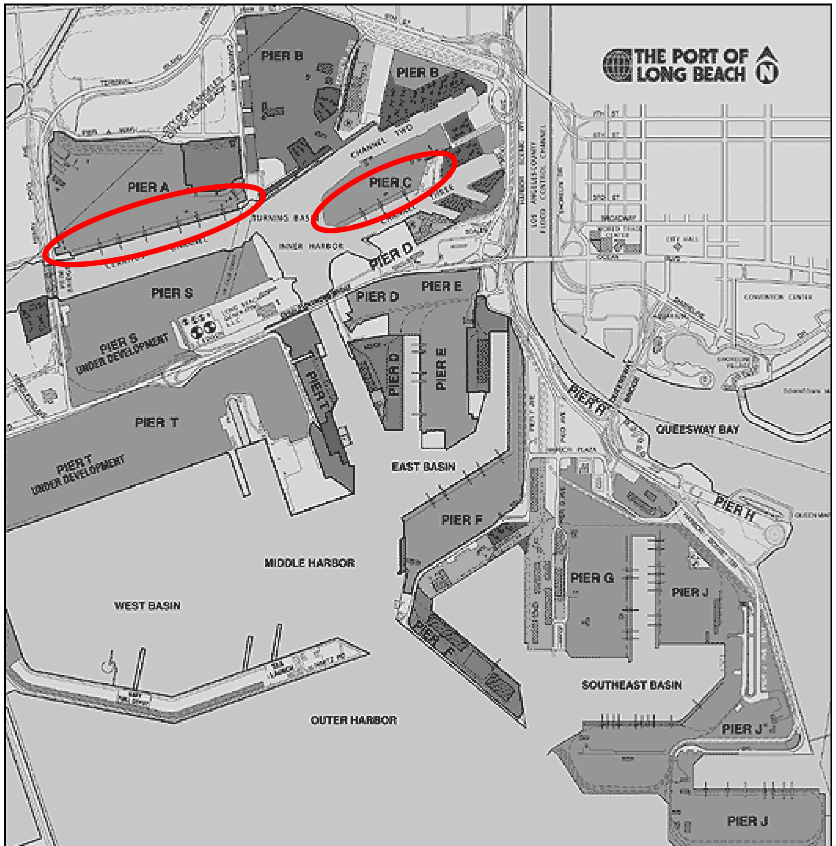
Horizon Lines’ recent “bailout” by the DOJ shows the importance of Jones Act carriers to the nation

- A federal court recently reduced Horizon’s Puerto Rico antitrust fine from $45m to $15m, the maximum fine that would allow it to avoid default under its convertible notes
  - Part of the motivation was that the DOJ wanted to ensure it would be paid the fine
  - Part of the motivation, we believe, was also that having viable Jones Act carriers is a necessity for the country
- As the larger player in serving Hawaii, Matson is the “lifeline to Hawaii,” and serves a critical and irreplaceable national function

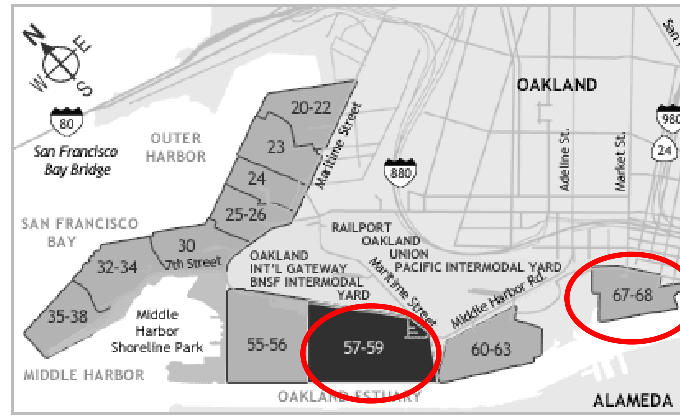
Matson Owns Valuable Infrastructure Assets

- Matson holds 35% of an entity that has ownership interests in 6 U.S. port terminals, which contributed $12.8m to reported profit in 2010

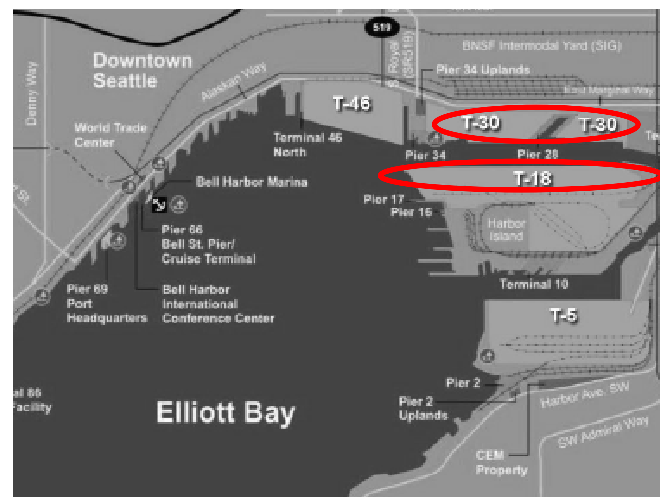
Long Beach



Oakland



Seattle



Source: Port of Long Beach, Port of Oakland, Port of Seattle

Infrastructure Assets Trade at Premium Multiples

- Finding truly comparable port assets is difficult, as all ports are idiosyncratic due to different relationships with local port authorities and labor unions, operating and real estate/lease arrangements, and accounting conventions
- However, available comparables suggest these assets trade at 25x – 30x earnings due to their scarcity values and growth profiles

Publicly Traded Port Operators

	Stock Price (Local Currency)	Equity Value (USD)	EPS (Local Currency) 2010	EPS (Local Currency) 2011E	EPS (Local Currency) 2012E	P / E 2010	P / E 2011E	P / E 2012E
DP World	$13.83	$11,479	$0.45	$0.49	$0.64	30.6x	28.1x	21.8x
Hutchison Port Holdings Trust (1)	0.92	7,969	0.03	0.03	0.04	29.0x	28.6x	23.5x
Hamburger Hafen	€ 32.30	2,348	€ 1.05	€ 1.25	€ 1.56	30.8x	25.9x	20.7x
Average						**30.1x**	**27.5x**	**22.0x**
Median						**30.6x**	**28.1x**	**21.8x**

Recent Port Transactions

	Enterprise Purchase Price	Equity Purchase Price	Net Income 2010	Net Income 2011E	Net Income 2012E	Equity Value / Net Income 2010	Equity Value / Net Income 2011E	Equity Value / Net Income 2012E
Brisbane (2)	$2,100	$1,381	$54.9			25.2x		
Forth Ports (3)	£992	£760	£27.1	£28.7	£32.8	28.0x	26.5x	23.2x
Average						**26.6x**	**26.5x**	**23.2x**

Note: We have focused on P/E multiples since the only meaningful metric we have for SSAT is Net Income, due to SSAT's own equity method investments

(1) Unadjusted for excess depreciation expense

(2) Net income for 12 months ended 6/30/2010. Excludes gains on investment property, sale of inventory, and disposals of assets, assuming a 35% tax rate. Unadjusted for commitment for future capital improvements

(3) Unadjusted for value of excess real estate development assets

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Other Recent Transactions Confirm Significant Value of Port Interests

- Seattle
  - In 2002, a $300 million expansion was completed on terminal 18 (100% owned by SSAT)
  - This expansion added 90 acres, increasing the terminal size to 196 acres
- Oakland
  - In 2009, Ports America paid $60 million to lease the Outer Harbor terminal (5 berths, 204 acres) for 50 years at an annual rent of $19.5 million / year
  - Ports America agreed to invest $2.5 billion in the build-out of the terminal over time

Source: Port of Oakland, Port of Seattle

ALEX is Not Getting Full Credit for SSAT Ownership

- We believe the stock market is not valuing ALEX's ownership of SSAT appropriately
  - We note that research analysts don't break out ports in their sum-of-the-parts valuations [1]
- Moreover, **confusing reporting** is obscuring the attractiveness of these assets, whose underlying profitability and growth are buried in a footnote in ALEX's 10-K, includes JV income within the JV itself, and consolidates Matson's share of SSAT's after-tax net income into Matson's EBIT, which is, by definition, a pre-tax number

	2005	2006	2007	2008	2009	2010
SSAT Revenue	$486.0	$501.0	$519.0	$505.0	$476.0	$568.0
% Growth		*3.1%*	*3.6%*	*(2.7%)*	*(5.7%)*	*19.3%*
SSAT Costs	(449.0)	(477.0)	(494.0)	(502.0)	(470.0)	(548.0)
SSAT EBIT	$37.0	$24.0	$25.0	$3.0	$6.0	$20.0
% Margin	*7.6%*	*4.8%*	*4.8%*	*0.6%*	*1.3%*	*3.5%*
SSAT Net Income	$48.0	$37.0	$32.0	$13.0	$20.0	$36.0
SSAT Contribution to Matson (incl. in EBIT)	**$17.1**	**$13.3**	**$10.7**	**$5.2**	**$6.2**	**$12.8**

ALEX's JV has equity income from its own JVs

Source: Company documents

(1) Source: Stephens, Keefe, Bruyette & Woods

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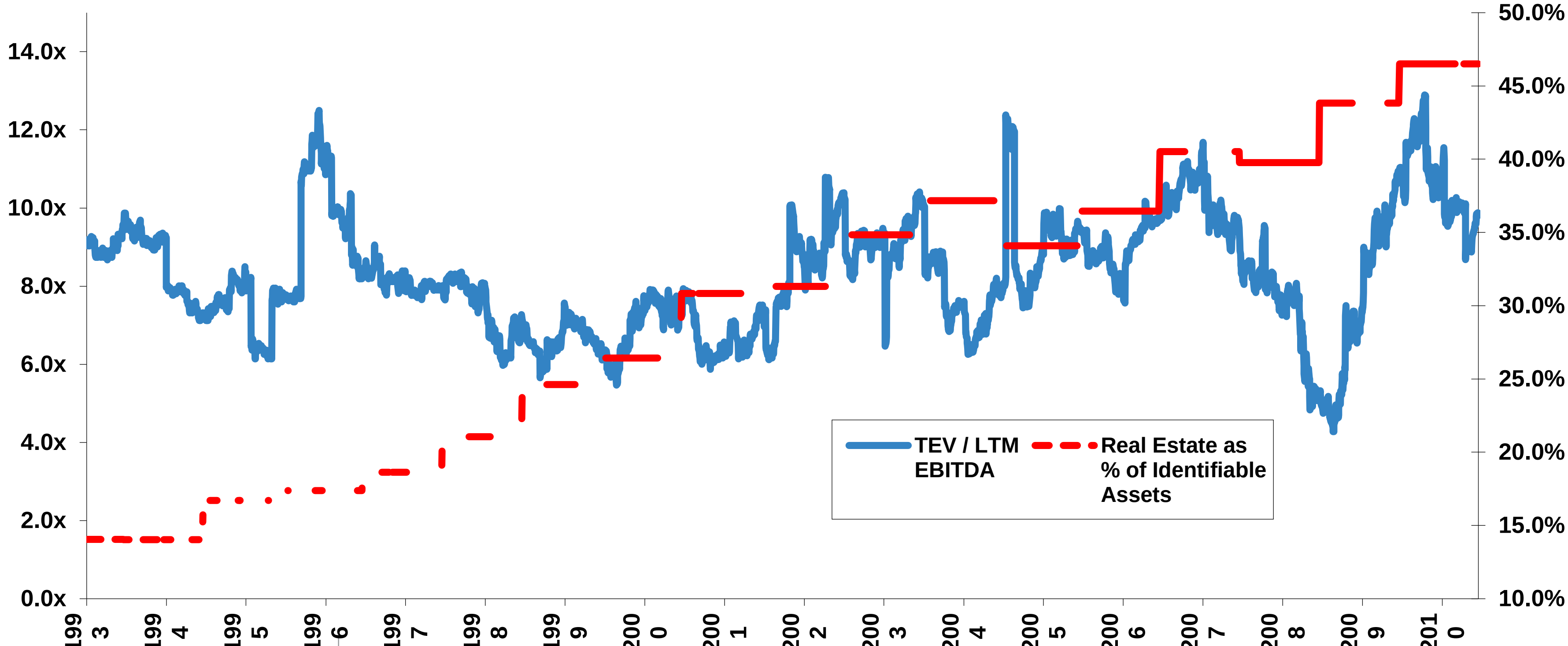
Real Estate: Summary Observations

ALEX Does Not Get Full Credit For Real Estate In Its Valuation

- We believe that most analysts and investors value ALEX based on cash flow multiples, such as P/E and EV/ EBITDA
- As such, we believe:
  - (i) the value of ALEX's significant land and development assets are not being captured in the current market valuation, as they don't generate cash flow, and
  - (ii) ALEX is not getting full credit for the value of its commercial real estate, as ALEX's historical EV/EBITDA multiple does not appropriately value these assets



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Source: Company documents, Capital IQ

ALEX's Real Estate Must Be Valued Based on NAV, Not Cash Flow Multiples

- Similar independent real estate companies with large "land banks" trade on NAV calculations rather than cash flow multiples, due to the lumpy nature of earnings similar to those experienced by ALEX's "Real Estate Sales" segment:

	Stock	Market	Adj.	EBITDA		EPS		Adj. TEV / EBITDA		P / EPS	
	Price	Cap	TEV (1)	2010	LTM	2010	LTM	2010	LTM	2010	LTM
Howard Hughes Corp	$69.13	$2,622	$2,861	$8	$16	NM	NM	355.3x	181.1x	NM	NM
St Joe Company	21.94	2,025	1,833	(28)	17	NM	NM	NM	106.5x	NM	NM
Tejon Ranch Co	35.34	700	605	8	24	0.22	0.74	80.1x	25.5x	160.6x	47.8x

(1) Adjusted for non-consolidated assets at book value

An NAV Calculation Will Include All of ALEX's Real Estate Assets

A bottoms-up analysis requires an assessment of three different categories of assets

- Leased, income-generating commercial real estate portfolio
  - Hawaii
  - Mainland
- Development pipeline in Hawaii
  - Fully owned projects
  - JVs
- Additional land assets
  - Low basis land for potential future development, currently being farmed as a holding strategy, comprising roughly 20% of Maui and 15% of Kauai

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Source: Company documents

Leased Commercial Properties: Hawaii

- We believe ALEX's leased commercial real estate on Hawaii is worth approximately $400m
- We note that 2010 NOI was depressed by the timing of property sales and acquisitions

	Occupancy				Recent	
	2008	2009	2010	Owned Sq. Ft.	Market Price / Sq Ft.	Value
Industrial	100%	96%	86%	626,300	$150	$94
Office	96%	90%	91%	167,100	250	42
Retail	98%	96%	95%	663,300	350	232
Unimproved Land (1)				9,260	5,000	46
Total Value						**$414**
2010 Adjusted NOI (2)					$25.7	$25.7
Blended cap rate					6.5%	6.0%
Value					**$395**	**$428**

Source: Company documents, Marcato estimates

(1) Numbers represent acres and $ / acre

(2) Adds back $1.5m estimated adjustment for timing of 1031 exchanges, calculated based on $60m of Hawaiian CRE exchanged at a 6.5% cap rate after a 5-month gap

Leased Commercial Properties: Mainland

- We believe ALEX's leased commercial real estate on the mainland is worth approximately $450m
- We note that 2010 NOI was depressed by the timing of property sales and acquisitions, and believe "normalized" NOI is likely higher due to low occupancy in 2010

	Occupancy			Owned	Recent Market	
	2008	2009	2010	Sq. Ft.	Price / Sq Ft.	Value
Industrial	94%	82%	83%	4,466,800	$50	$223
Office	87%	86%	84%	1,064,800	160	170
Retail	95%	90%	91%	865,500	185	160
Unimproved Land (1)				28	0	0
Total Value						**$554**
2010 Adjusted NOI (2)					$32.3	$32.3
Blended cap rate					8.0%	7.0%
Value					**$404**	**$461**
Memo: Book Value (12/31/10)						**$547**

Source: Company documents, Marcato estimates

(1) Numbers represent acres and $ / acre

(2) Adds back $0.8m estimated adjustment for timing of 1031 exchanges, calculated based on $20m of Mainland CRE exchanged at an 8% cap rate after a 6-month gap

Fully Owned Development Projects: Wailea

- Wailea resort originally developed by ALEX and sold to Shinwa Golf Group in 1989
- 270 fully zoned, undeveloped acres at Wailea reacquired in 2003 for $67m
  - Subsequently sold 70 acres in 2004 for $70m
  - Contributed 25 acres to Kai Malu JV with Armstrong Builders
- Remaining acreage in various stages of development
  - Planned for 800 homes

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Source: Company documents

Fully Owned Development Projects: Maui Business Park II

- Phase II of ALEX's Maui Business Park comprises 179 acres of industrial zoned lands in central Kahului, close to the airport and harbor
- Final zoning approval received in 2008
- Planned for 160, ½-acre lots
  - Sales/leasing to begin in 2011

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Source: Company documents

Fully Owned Development Projects

We believe ALEX's fully owned development projects are conservatively worth roughly ~$271 million

	Acres	Value
Wailea	167	$142
Maui Business Park II	179	45
Haliimaile	63	22
Kahului Town Center	19	17
Honolulu Parcel	2	16
Kane Street	4	12
Port Allen Residential	4	11
Keola Lai	3	6
Total Fully Owned Development	**441**	**$271**

Note: See Appendix for individual property valuations

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Source: Company documents, Marcato estimates

JV Development Projects: Kukui'ula

- 77% interest in JV with DMB Associates
- 1,000 acre master planned community on Kauai
  - 1,000 – 1,200 units planned
  - High end resort / residential with price points $1 - $4 million / lot
  - Amenities include golf course, spa, country club, water access, trails, parks
  - Commercial center opened for business in August 2009 and construction is complete on 178 lots
  - Construction of all amenities completed
  - 81 lots sold to date

Source: Company documents

JV Development Projects

We believe ALEX's JV development projects are conservatively worth roughly ~$379 million

	Acres	Value
Kukui'ula	1,000	$344
Kukui'ula Village	10	15
Kai Malu at Wailea (mostly sold)	25	7
Other	1,151	14
Total JV Development	**2,186**	**$379**

Note: See Appendix for individual property valuations

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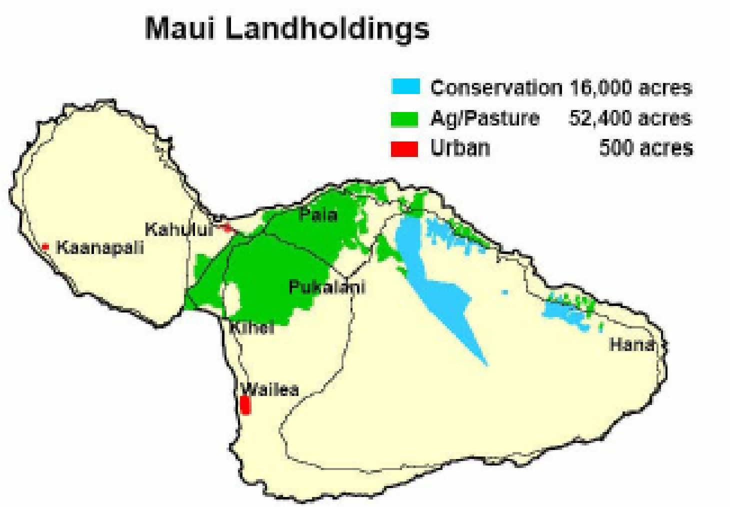
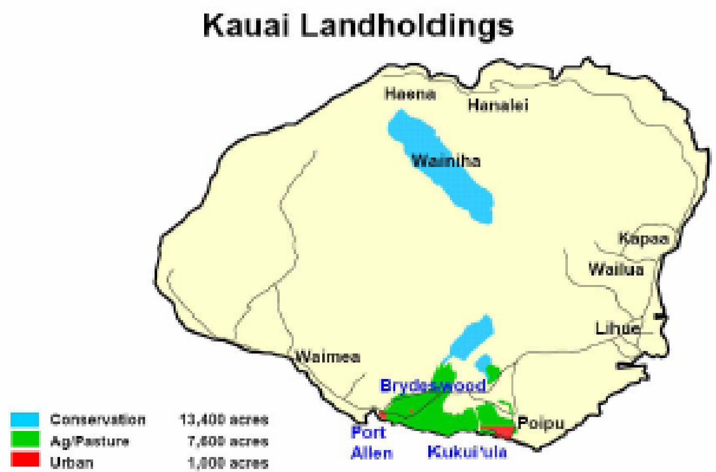
Source: Company documents, Marcato estimates

- ALEX owns 20% of the island of Maui and 15% of the island of Kauai, and a higher proportion of "usable" land
- This land was acquired circa 1870 and is carried on ALEX's books at $150 / acre (~$15m)





Additional Land Value

Management has said this land is worth $10,000 - $20,000 per acre, but has historically sold land parcels at $20,000 – $50,000 per acre

ALEX Land Parcels Currently Listed

	Acres	Offer	$ / Acre
Maui			
Makaw ao [1]	55	$2,800,000	$50,909
Kula	138	2,600,000	18,841
Haiku mauka	130	2,900,000	22,308
Haiku ocean front Lot 4 [1]	76	2,500,000	32,895
Haikua makai Lot 5 [1]	26	900,000	34,615
Haikua makai Lot 11 [1]	6	700,000	116,667
Haikua makai Lot 13 [1]	6	600,000	100,000
Total	**437**	**$13,000,000**	**$29,748**
Kauai			
Koloa	204	3,200,000	15,686

Source: http://www.landsaleshawaii.com

(1) Recently sold or in escrow, at the listed price

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Additional Land Value (cont'd)

In the most recent quarter, the Company sold a large agricultural land parcel on Maui, with no direct highway access, for $40,000 / acre

Sheila McGrath - Keefe, Bruyette & Woods – Analyst:

"Okay. A question for Norb. I was wondering if you could give us some pricing information on that Maui land sale and if it was -- just the characteristics of the parcel? Did it have water access?"

Norb Buelsing - Alexander & Baldwin Properties, Inc. – President:

"Sure. The parcel was an 86-acre parcel and it was a fairly rocky parcel that had never been cultivated for sugar cane, although it was in proximity to some of our sugar fields. The parcel was zoned for agricultural use, so it limits, really, what can be done in the future with it.

<u>It has access to a highway, but not a direct access and on pricing, we achieved a sale of about $40,000 per acre for that transaction."</u>

- Q1 2011 Earnings Call, May 3, 2011

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Source: Company transcript

Additional Land Value

We conservatively value ALEX's additional landholdings at $5,000 - $10,000 / acre, to arrive at a valuation range of $348 - $621 million

	Acres	Low $ / Acre	High $ / Acre	Low	High
Agricultural Land (Maui - sugar plantation)	34,700	$5,000	$10,000	$174	$347
Agricultural Land (Kauai - coffee plantation)	3,000	10,000	10,000	30	30
Agricultural Land (Other)	10,950	5,000	10,000	55	110
Additional Entitled Land	179	500,000	750,000	90	134
Conservation Land	29,170	0	0	0	0
Total Additional Land Value	**77,999**			**$348**	**$621**

Note: See Appendix for additional discussion of land valuation

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Source: Company documents, Marcato estimates

ALEX: Summary Observations

Two Attractive But Different Businesses

- ALEX owns at least two independently attractive, standalone businesses, each with appealing characteristics but with different business drivers

Matson

Business Drivers

- Hawaii visitors
- Container / auto volumes
- Transpacific container rates
- Imports from China
- Fuel Prices

A&B Properties, Inc.
A SUBSIDIARY OF ALEXANDER & BALDWIN, INC.

Business Drivers

- Interest rates
- Cap rates
- Leasing spreads
- Occupancy
- Housing demand
- Land entitlement process

Adding it all up, we believe ALEX is worth up to $70 – 81 / share

		Multiple		Value	
		Low	High	Low	High
Ocean Transportation EBITDA	$174.6	7.5x	8.0x	$1,310	$1,397
Logistics EBITDA (1)	10.4	13.0x	14.0x	135	146
SSAT Net Income (2)	14.2	23.0x	25.0x	327	355
Agribusiness Operations EBITDA (3)	8.3	4.0x	5.0x	33	41
Hawaii CRE				395	428
Mainland CRE				404	461
Fully Owned Development Projects				271	271
JV Development Projects				379	379
Additional Land Value				348	621
Corporate EBITDA (4)	(20.0)	7.5x	8.0x	(150)	(160)
Enterprise Value				$3,451	$3,939
Less: Total Debt				(554)	(554)
Plus: Cash				17	17
Equity Value				$2,914	$3,402
FD Shares Outstanding				41.8	41.8
Implied Share Price				**$69.72**	**$81.38**
Unaffected Stock Price (5)				$39.69	$39.69
% Premium				***75.7%***	***105.0%***

Source: Marcato estimates

(1) 2010 EBITDA, which we expect to be flat YoY in 2011. Multiple represents a discount to 18.2x LTM multiple of CHRW, the Company's stated most similar competitor

(2) 2011E Net Income contribution, based on $12.8m 2010 contribution and ~8% expected volume growth in 2011. Multiple represents a discount to comps

(3) LTM EBITDA of $22.5m, which we expect to be flat YoY in 2011, PF for estimated market rent of $14.2m (34,700 acres @ $410 / acre – see Appendix for this calculation). Discount to Wells Fargo valuation of $80m - $100m

(4) 2011E Corporate expense. We note LTM expense was $20.9m, and 2010 was inflated by costs associated with multiple executive retirements

(5) Based on $39.69 closing price on 3/18/11, the last day we believe to be unaffected by our own investment

Why does ALEX trade at such a large discount to fair value?

III. Assessing the Company's Current Structure

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Assessing ALEX's Conglomerate Structure

- We used the following criteria to assess the value created by Alexander & Badlwin's conglomerate structure:
  - Complexity of corporate structure
  - Shareholder returns vs. pure-play peers
  - Operating performance vs. pure-play peers
  - Synergies between the various business segments
  - Hiring and retaining talent
  - Alignment of management incentives and compensation

Our observations…

ALEX's Conglomerate Structure Creates Unnecessary Complexity

"Valuing a diversified company without any direct peers represents a substantial challenge for investment analysts and investors, and Alexander & Baldwin is no exception."

- Goldman Sachs Initiating Coverage Report, January 11, 2006

Source: Goldman Sachs

ALEX's Conglomerate Structure Creates Unnecessary Complexity (Cont'd)

"**Where should shares of ALEX trade relative to estimated NAV?** We do not expect the company to break up its various businesses, and our sum-of-the-parts analysis is not a liquidation analysis. ALEX shares trade at some discount to NAV because of the complexity of analyzing its various businesses, in our opinion. Investment capital tends to reward transparency with premium valuation. Given ALEX's various businesses, shares will likely trade at some discount to NAV. While there is no perfect science where the shares should trade relative to NAV, we believe that if the earnings trajectory is a positive one, then the stock is more likely to trade at a lower discount to its sum of the parts. Our 12-18-month target price for ALEX of $59/share represents approximately a 15% discount to our sum-of-the-parts value of $69/share."

"The company's complexity, with its various businesses, consistently narrows the potential investor base."

- Keefe, Bruyette & Woods Initiating Coverage Report, June 18, 2007

Source: Keefe, Bruyette & Woods

As a Result, ALEX Has Limited Analyst Coverage…

- Due to its complexity, ALEX "falls between the cracks," with no natural research analyst coverage
- Few analysts cover the stock, and coverage is split between real estate and transportation analysts, who each have limited expertise analyzing the other side of the business

Brendan Maiorana
Wachovia Securities, LLC - REIT Analyst

Other Companies Covered:	Primary Industry
American Assets Trust, Inc.	Diversified REITs
BioMed Realty Trust Inc.	Office REITs
Brandywine Realty Trust	Office REITs
Brookfield Asset Management Inc.	Other Diversified Financial Services
Brookfield Infrastructure Partners L.P.	Electric Utilities
Corporate Office Properties Trust	Office REITs
Cousins Properties Inc.	Diversified REITs
DCT Industrial Trust Inc.	Industrial REITs
Douglas Emmett Inc	Office REITs
Duke Realty Corp.	Office REITs
DuPont Fabros Technology, Inc.	Industrial REITs
EastGroup Properties Inc.	Industrial REITs
First Potomac Realty Trust	Industrial REITs
Government Properties Income Trust	Office REITs
Highwoods Properties Inc.	Office REITs
Hudson Pacific Properties, Inc.	Office REITs
Liberty Property Trust	Diversified REITs
Macquarie Infrastructure Company LLC	Airport Services
Parkway Properties Inc.	Office REITs
Piedmont Office Realty Trust Inc.	Office REITs
ProLogis	Industrial REITs
SL Green Realty Corp.	Office REITs
Washington Real Estate Investment Trust	Diversified REITs

George Pickral
Stephens, Inc. - Transportation Analyst

Other Companies Covered:	Primary Industry
Aegean Marine Petroleum Network Inc.	Marine Ports and Services
Air Transport Services Group, Inc.	Air Freight and Logistics
Atlas Air Worldwide Holdings Inc.	Air Freight and Logistics
Expeditors International of Washington Inc.	Air Freight and Logistics
Forward Air Corp.	Air Freight and Logistics
Hub Group Inc.	Air Freight and Logistics
Kirby Corporation	Marine
Norfolk Southern Corp.	Railroads
Pacer International Inc.	Air Freight and Logistics
Quality Distribution Inc.	Trucking
Ryder System, Inc.	Trucking
UTi Worldwide Inc.	Air Freight and Logistics
World Fuel Services Corp.	Oil and Gas Refining and Marketing

Sheila McGrath
Keefe, Bruyette & Woods, Inc. - REIT Analyst

Other Companies Covered:	Primary Industry
Acadia Realty Trust	Retail REITs
Alexandria Real Estate Equities Inc.	Office REITs
Boston Properties Inc.	Office REITs
CapLease, Inc.	Diversified REITs
Corporate Office Properties Trust	Office REITs
DCT Industrial Trust Inc.	Industrial REITs
First Potomac Realty Trust	Industrial REITs
Forest City Enterprises Inc.	Real Estate Operating Companies
Lexington Realty Trust	Office REITs
Liberty Property Trust	Diversified REITs
Mack-Cali Realty Corp.	Office REITs
Mid-America Apartment Communities Inc.	Residential REITs
Saul Centers Inc.	Retail REITs
The St. Joe Company	Diversified Real Estate Activities
Vornado Realty Trust	Diversified REITs

Source: Bloomberg

...And Analysts Focus on Cash Flow Multiples Rather than NAV

- We note that 2 of the 3 analysts covering the stock raised their price targets in response to our 13D, attributing more value to NAV (sum-of-the-parts, break-up value) valuations than to the cash-flow multiple-based valuations they employed before our filing

Analyst, Firm	Report Date	Price Target	Comments	Report Date	Price Target	Comments
George Pickral, Stephens	2/4/2011	$50.00	- "$50 target price…is based on 7.7x our '12E EV / EBITDA estimate, below the historical average of 8.5x"	4/1/2011	$75.00	- "Our new target is based on a sum-of-the-parts analysis" - "We estimate ALEX's real estate is worth $2.4 bil and Transportation is worth $1.2 bil"
Brandan Maiorana, Wells Fargo	3/22/2011	$37.50	"Valuation Range: $37.00 to $38.00…Low-end based on 15x FY'12 P / E; high-end based on NAV / sh."	4/1/2011	$51.50	- "Shares are more likely to trade on break-up value estimates in the near term, rather than P/E multiple or EV/EBITDA" - "Historically we've employed conservative valuation metrics for ALEX's segments - largely driven by core business lines we believe appear to have minimal operating synergies...the revelation that Pershing Square is a large holder could create the belief that ALEX will accelerate the pace to unlock value embedded in its operations" - "We estimate the break-up value of ALEX at ~$54/sh. We believe our valuation...is still conservative"
Sheila McGrath, Keefe, Bruyette & Woods	3/18/2011	$43.00		5/9/2011	$45.00	
Average		**$43.50**			**$57.17**	

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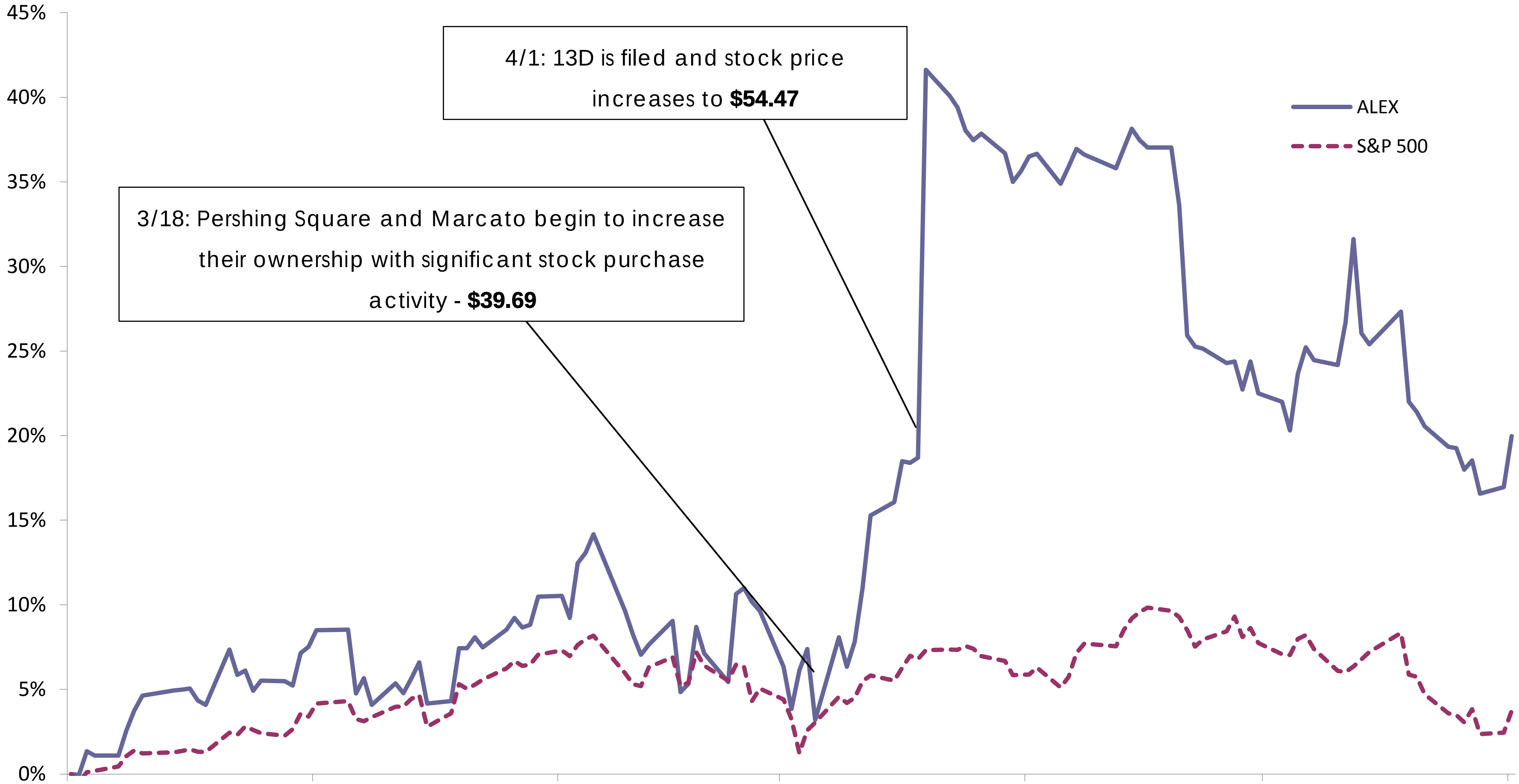
Source: Stephens, Wells Fargo, and Keefe, Bruyette & Woods

ALEX "Unaffected" Stock Price

- ALEX shares were trading at roughly $40 on March 18, 2011, the day we began to significantly increase our investment activity:



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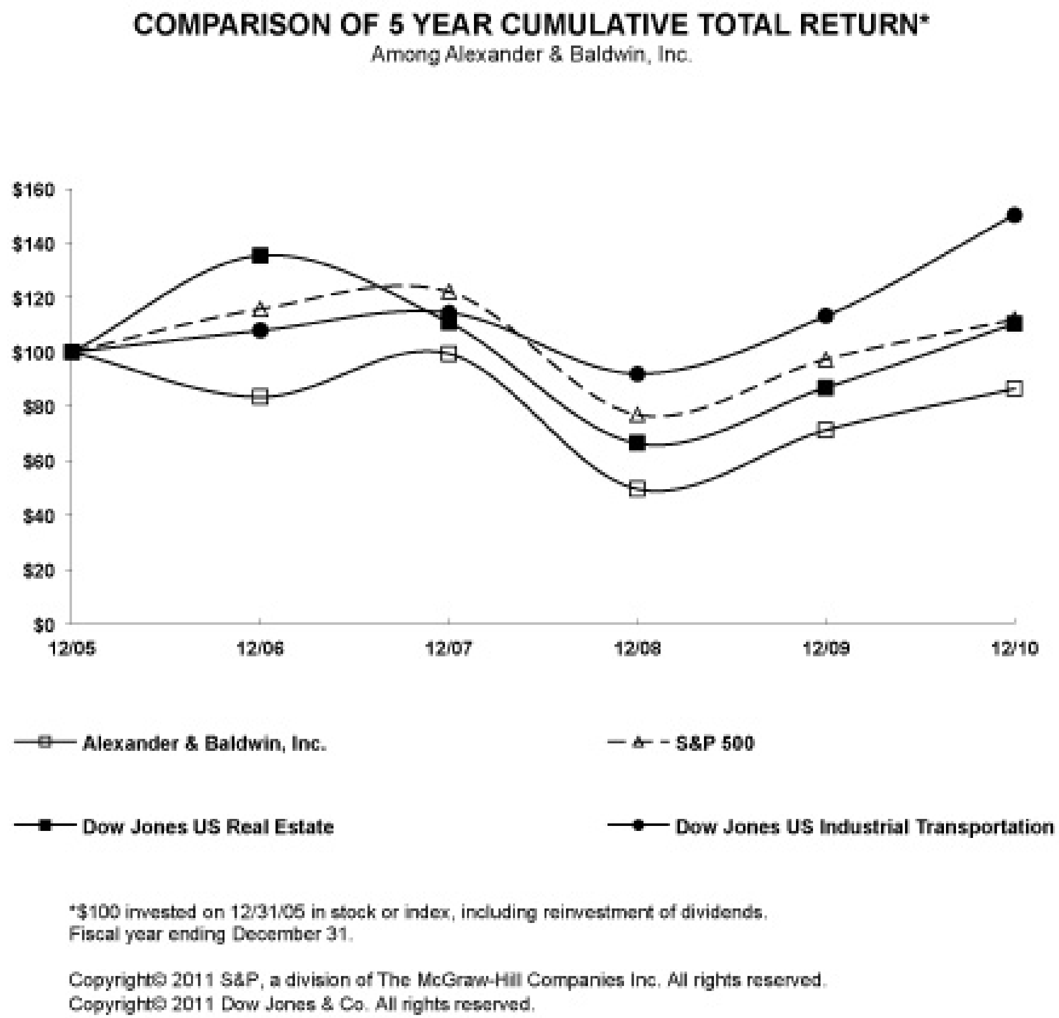
Source: Capital IQ

2010 Five-Year Shareholder Returns vs. Pure-Play Peers

Per the Company's 10-K, ALEX has under-performed the S&P and pure-play Real Estate peers by ~15%, and pure-play Transportation peers by ~50% over the past 5 years



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Source: 2010 10-K

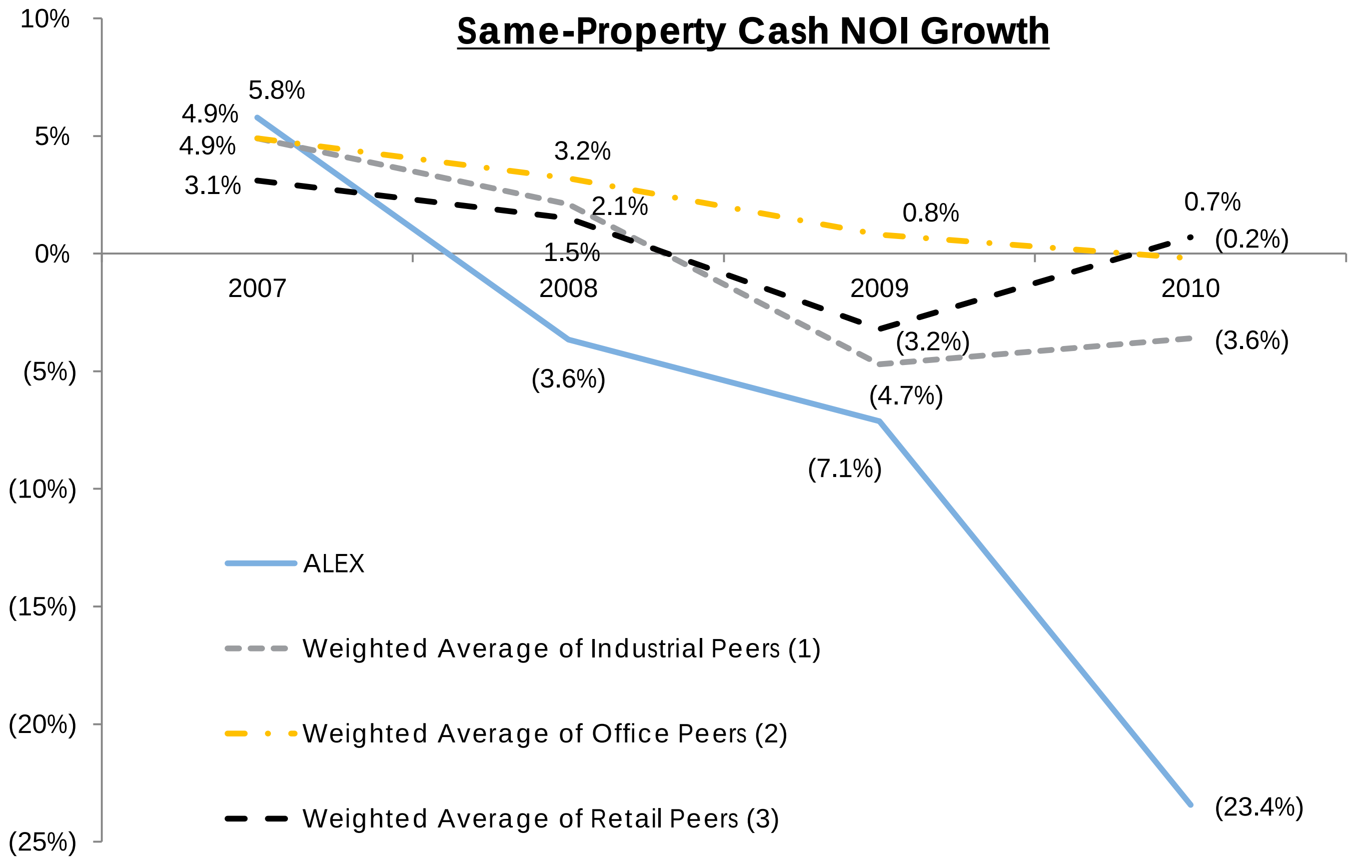
Conglomerate Structure Obstructing Management Focus?

- Successfully managing two disparate businesses is challenging
- Pure-play competitors outperform because they:
  - Have managers who are compensated based on the stock price performances of the businesses they run
  - Are able to attract and retain the best talent
  - Have more focused and dedicated resources
- We believe ALEX's US mainland CRE portfolio is underperforming its pure-play real estate peers
- We believe ALEX's logistics business is underperforming its pure-play transportation peers

Source: Company documents

US Mainland CRE: Underperforming vs. Sector Averages

Since 2007, ALEX's US Mainland CRE portfolio comparable NOI has underperformed sector averages



Source: Company documents, Green Street Advisors

(1) Includes AMB, DCT, DRE, EGP, FR, PSB

(2) Includes BDN, BPO, BXP, CLI, CUZ, DEI, HIW, KRC, LRY, MPG, OFC, PDM, SLG, VNO, WRE

(3) Includes AKR, DDR, EQY, FRT, KIM, REG, WRI, REI-U

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US Mainland CRE: Underperforming vs. Peers

Since 2007, ALEX's US Mainland CRE portfolio comparable NOI has underperformed each of its peers'

	SS NOI				Growth
Company	2007	2008	2009	2010	'07 - '10
Industrial:					
AMB	5.5%	3.7%	(4.5%)	(3.2%)	1.1%
DCT	2.9%	1.3%	(6.4%)	(8.8%)	(11.0%)
DRE	3.3%	3.0%	(2.7%)	0.9%	4.4%
EGP	4.4%	0.7%	(4.0%)	(5.6%)	(4.7%)
FR	4.3%	1.5%	(6.8%)	(2.7%)	(4.0%)
PSB	5.1%	3.1%	(4.7%)	(3.7%)	(0.6%)
Min	2.9%	0.7%	(6.8%)	(8.8%)	(11.0%)
Office:					
BDN	1.6%	2.9%	(2.0%)	(5.1%)	(2.8%)
BPO	4.7%	(2.9%)	1.0%	0.7%	3.4%
BXP	5.6%	5.0%	(1.7%)	(3.2%)	5.5%
CLI	4.9%	0.7%	0.2%	(7.0%)	(1.6%)
CUZ	2.6%	6.7%	(6.9%)	4.9%	6.9%
DEI	0.0%	8.8%	1.0%	(1.1%)	8.7%
HIW	4.2%	2.3%	(2.8%)	(2.9%)	0.6%
KRC	1.1%	3.1%	(12.1%)	(3.1%)	(11.2%)
LRY	3.1%	(0.2%)	0.4%	(2.0%)	1.2%
MPG	(7.6%)	(4.2%)	5.2%	(2.7%)	(9.4%)
OFC	2.9%	4.0%	3.1%	(1.3%)	8.9%
PDM	0.0%	7.4%	(3.6%)	(1.4%)	2.1%
SLG	5.5%	8.3%	3.6%	(2.5%)	15.4%
VNO	7.0%	5.5%	5.5%	5.8%	26.0%
WRE	4.5%	1.0%	(1.1%)	(1.1%)	3.2%
Min	(7.6%)	(4.2%)	(12.1%)	(7.0%)	(11.2%)
Strip Center:					
AKR	0.4%	2.9%	(2.0%)	(0.9%)	0.3%
DDR	2.5%	1.7%	(3.6%)	1.1%	1.6%
EQY	3.0%	(1.6%)	(3.0%)	(0.5%)	(2.2%)
FRT	3.9%	1.2%	(0.3%)	2.1%	7.0%
KIM	3.0%	1.2%	(2.7%)	1.5%	2.9%
REG	3.1%	2.6%	(6.7%)	1.2%	(0.1%)
REI-U	1.0%	2.6%	(1.2%)	2.9%	5.4%
WRI	3.0%	(0.4%)	(3.8%)	0.3%	(1.0%)
Min	0.4%	(1.6%)	(6.7%)	(0.9%)	(2.2%)
Worst REIT	**(7.6%)**	**(4.2%)**	**(12.1%)**	**(8.8%)**	**(11.2%)**
ALEX (US)	**5.8%**	**(3.6%)**	**(7.1%)**	**(23.4%)**	**(27.4%)**

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Source: Company documents, Green Street Advisors

Not Only are There Limited Operating Synergies Between Transportation and Real Estate…

"As I said, there are not a lot of operating synergies between the real estate side and the transportation side."

- Allen Doane, March 22, 2007 Investor Presentation

Source: Bloomberg

…We Believe There are Dis-synergies to the Conglomerate Structure

- In recent years, management tried to extract synergies between Logistics and Real Estate businesses
- The Company was enthusiastic about this strategy
  - "We are starting to see some potential strong synergies between our Logistics business and our Real Estate business." – *Allen Doane, March 22, 2007 Investor presentation*
  - "In the past year, we made great strides with the addition of the Heritage and Savannah logistics parks, convincing us that the convergence of real estate and transportation is something that makes sense for us to pursue." – *Stan Kuriyama, 2007 Annual Report*

The attempt to extract synergies from an integration of ALEX's Logistics and Real Estate businesses was a failed experiment

Source: Company documents

ALEX Spent $270m On This Strategy from 2007 – 2009…

4/12/2007 ALEX forms new subsidiary, Matson Global Distribution Services, to expand its logistics offerings

Date	Property	Paid	Sq Ft	Press Release Commentary
10/26/2007	Heritage Business Park	$102	1,300,000	"While it is a sizable asset, the purchase will incrementally align our portfolio with some of the logistics-related operational and strategic objectives highlighted in our recent presentation to investors…**the potential this investment offers for longer-term value creation [is] precisely the strategic combination we seek."**
11/12/2007	Savannah Logistics Center	$50	1,000,000	"This acquisition underscores our concerted strategy of diving deeper into our customers' value and supply chain. Including this acquisition, over three-fourths of A&B Properties' industrial holdings will be aligned with the considerable logistics expertise and market penetration resident in our transportation businesses, Matson Navigation and Matson Integrated Logistics" **"We see a very good opportunity that marries our development and property management expertise in the industrial arena with the logistics acumen of our sister company, Matson Integrated Logistics. This combination of real estate and logistics expertise will create a unique value proposition for tenants and customers alike"** "**These complementary transactions demonstrate a compelling market proposition for an integrated real estate and logistics solution,** and represent the initial implementation of a strategy conceived last year for the increasing convergence of these components of our business"
9/25/2008	Republic Distribution Center	$18	313,000	"The acquisition of Republic Distribution Center extends our emerging investment strategy of acquiring logistics-oriented warehouse facilities in key domestic transportation nodes"
12/11/2008	Midstate 99 Warehouse	$35	790,370	"Midstate extends our real estate investment strategy of acquiring logistics-oriented assets in emerging industrial markets"
3/4/2009	Activity Distribution Center	$26	252,000	"The acquisitions of Activity and Waipio further support our real estate investment strategy to own and operate logistics-oriented warehouse facilities in key distribution markets"
3/4/2009	Waipio Industrial	$28	158,000	
8/31/2009	Northpoint	$11	119,400	" These acquisitions, generally located in key industrial submarkets of major metropolitan areas, are part of an ongoing strategy to acquire quality logistics-oriented warehouse facilities in supply-constrained markets"
	Total Spent	**$270**		

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Source: Company documents

…Yet Its Logistics Segment Has Underperformed Peers…

	2006	2007	2008	2009	2010	Total Spent on CapEx + Acquisitions 2007 - 2010	% of Revenue 2007 - 2010
ALEX Logistics EBIT	$20.8	$21.8	$18.5	$6.7	$7.2	$276.8	*29.3%*
% Margin	*4.7%*	*5.0%*	*4.2%*	*2.1%*	*2.0%*		
% Growth		*4.8%*	*(15.1%)*	*(63.8%)*	*7.5%*		
Hub Group EBIT	$77.2	$90.7	$95.5	$55.5	$69.9	$61.0	*0.9%*
% Margin	*4.8%*	*5.5%*	*5.1%*	*3.7%*	*3.8%*		
% Growth		*17.5%*	*5.2%*	*(41.8%)*	*25.8%*		
CH Robinson EBIT	$417.8	$509.7	$571.6	$584.8	$622.9	$237.9	*0.7%*
% Margin	*6.4%*	*7.0%*	*6.7%*	*7.7%*	*6.7%*		
% Growth		*22.0%*	*12.1%*	*2.3%*	*6.5%*		

Source: Company documents

The Company Stopped Pursuing This Strategy

- After 7 consecutive CRE acquisitions of Industrial properties where the Company talked about this strategy, the Company stopped pursuing or mentioning the strategy:

CRE Acquisitions Subsequent to Northpoint:

Date	Property	Paid	Type	Press Release Commentary
1/25/2010	Meadows on the Parkway Shopping Center	$31	Retail	"The addition to our portfolio of Meadows -- a large, centrally-located shopping center anchored by key national tenants including Safeway, Michael's and Rite Aid -- reflects A&B's strategic objective of acquiring properties in prime markets with excellent potential for appreciation and growth"
7/20/2010	Komohana Industrial Park	$38	Industrial	"The purchase of Komohana furthers our real estate investment strategy of acquiring quality assets in Hawaii"
10/27/2010	Little Cottonwood Center	$21	Retail	"The center is an attractive addition to our commercial income portfolio and we expect it to benefit from continued job and population growth in the area"
11/29/2010	Rancho Temecula Town Center	$48	Retail	"The acquisition of Rancho Temecula Town Center extends our real estate strategy of investing in quality properties located in areas having above-average growth prospects and favorable demographics"
6/8/2011	Union Bank Office Complex	$11	Office	

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Source: Company documents

- A&B Properties spent $270m pursuing a strategy based on the theory of synergies between ALEX's Logistics and Real Estate segments. This has not materialized.

Would it have pursued this strategy if it were not part of a transportation company?

Source: Company documents

Conglomerate Structure Hindering Ability to Hire Talent?

What does great executive talent seek?	Does ALEX's current structure offer this?
Quality business that operates in attractive category	Yes
Business with growth potential	Yes
Operational autonomy	No, business unit heads must report to another executive
Equity compensation based directly on business returns	No, compensation dependent on how unrelated businesses perform and non-returns based metrics
Direct dialogue with key constituents such as the board and shareholders	No

"The Company has a unique set of businesses and geographies in which it competes. Attracting and retaining top talent in these businesses and geographic segments, particularly Hawaii and the San Francisco Bay area, where the cost of living and competitive job market normally challenge the Company's staffing efforts, remain difficult." – ALEX Proxy Statement

Source: Company documents

Shareholders Have Voted

We note that, since our 13D was filed, an additional 44% of shares have changed hands

We believe investors who have entered the stock at recent levels are indicating their desire for change

Shares Traded Since 13D Filing (3/31/2011):	18,181,800
Basic Shares Outstanding (3/31/2011 10-Q):	41,591,465
% of Shares Traded	43.7%
% of Shares Beneficially Owned by Marcato and Pershing Square	9.9%
Likely to Support Change	**53.6%**

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Source: Company documents, Yahoo!

Our Conclusions

- We believe the current conglomerate structure:
  - Hinders management's focus
  - Allows for suboptimal capital allocation decisions
  - Reduces the ability to hire and retain talent
  - Prevents managers from being compensated in the equity of the businesses they run
  - Creates unnecessary complexity for investors and analysts, obscuring the attractiveness of each business line
  - Causes investors and analysts to focus valuation on current cash flow multiples as opposed to NAV calculations, which would be more appropriate given ALEX's significant "hidden" assets
  - Provides no tangible synergies, as the businesses already operate completely separately
  - Limits analyst coverage
  - Limits the size of the investor base
  - **Limits long-term value creation**

ALEX's Corporate Structure is Often Questioned

- Almost every time the Company presents at a conference to a group of investors looking at ALEX for the first time, someone questions the corporate structure
- This has happened 3 times in the last year, at 3 of the last 4 conferences the Company attended:
  - "Have you ever thought about changing the corporate structure, and possibly spinning out your real estate?"

    – *Audience member, BB&T Transportation Conference, February 17, 2011*
  - "Why aren't you guys a REIT?"

    – *Audience member, Stephens Investment Conference, November 17, 2010*
  - "Longer term, looking out, do you expect to continue to be a Transportation and a Real Estate Company, or mentioned before, given your discrepancy between stock price and price of assets, have you ever thought about spinning off the real estate?"

    – *Audience member, BB&T Transportation Conference, February 11, 2010*

Source: Bloomberg transcripts

Management's Support of Current Structure

- Management's answers to these questions usually mention one of a few reasons for maintaining the existing corporate structure:
  - (1) Diversification – combined businesses have less volatile earnings
  - (2) Capital Allocation – ability to use Transportation cash flows to fund Real Estate development
  - (3) Tax Leakage – given low historical tax basis of assets
  - (4) Standalone Real Estate Company Would Be "Unusual" – mix of income-generating and development properties could preclude REIT structuring and/or limit stock price performance
  - (5) Intangible Synergies – benefits of large community presence in Hawaii

Source: Bloomberg transcripts

Diversification

- Shareholders can achieve diversification more effectively on their own
  - Today, ALEX's shareholders are forced to invest in a fixed proportion of Transportation and Real Estate businesses
  - There is no flexibility to allocate investments among businesses
  - Hybrid transportation/real estate company has no natural owners and limited appeal to public markets investors, creating a permanent valuation discount to pure-play businesses
- Diversification has costs, specifically management focus
  - Diversifying from Hawaiian CRE to Mainland CRE has limited shareholder returns, as Mainland CRE has underperformed
  - Managing two unrelated businesses is difficult

Capital Allocation

- Separately capitalized companies should have better access to capital markets than the consolidated holding company
  - Better research coverage, more liquidity, increased investor interest
  - Better acquisition currencies as standalone companies
- Separate, independent companies will have greater strategic options
  - Mergers, acquisitions, or sale of assets and business lines
  - REIT conversion
- We also believe alternatives exist for separation that leave the Real Estate business with ample cash for development (see Appendix for detailed discussion)

Standalone Real Estate Company Would Not Be Unusual

- While it is the view of our tax advisors that ALEX's real estate operations could convert to a REIT, even if they were to remain a Real Estate Operating Company (C-Corp), we believe they would trade at a better valuation
- Several public companies own large land banks and mixed-use CRE portfolios as well as develop MPC assets, and trade at NAV-based valuations
- Howard Hughes Corp is a particularly comparable publicly traded company

	A&B Properties, Inc	Howard Hughes	St Joe	Tejon Ranch	Forest City
REIT?	No	No	No	No	No
Land Holdings (acres)	90,000	14,000	574,000	270,000	18,000 [1]
MPC Business?	Yes	Yes	Yes	Yes	Yes
CRE Portfolio?	Yes	Yes	Yes [2]	Yes	Yes
Mixed-use CRE?	Yes	Yes	Yes [2]	Yes	Yes
Footprint	Hawaii, Mainland	Hawaii, Mainland	Florida	California	Mainland
Total Enterprise Value	$1.7 - $2.1bn	$3.1bn	$1.6bn	$0.6bn	$11.4bn
Leverage Ratio [3]	0%	3%	0%	0%	75%
Included in REIT Index?	Potentially	Potentially	Yes	No	Yes
LTM EBITDA Multiple	NA	181.1x	106.5x	25.5x	17.8x

Source: Public documents

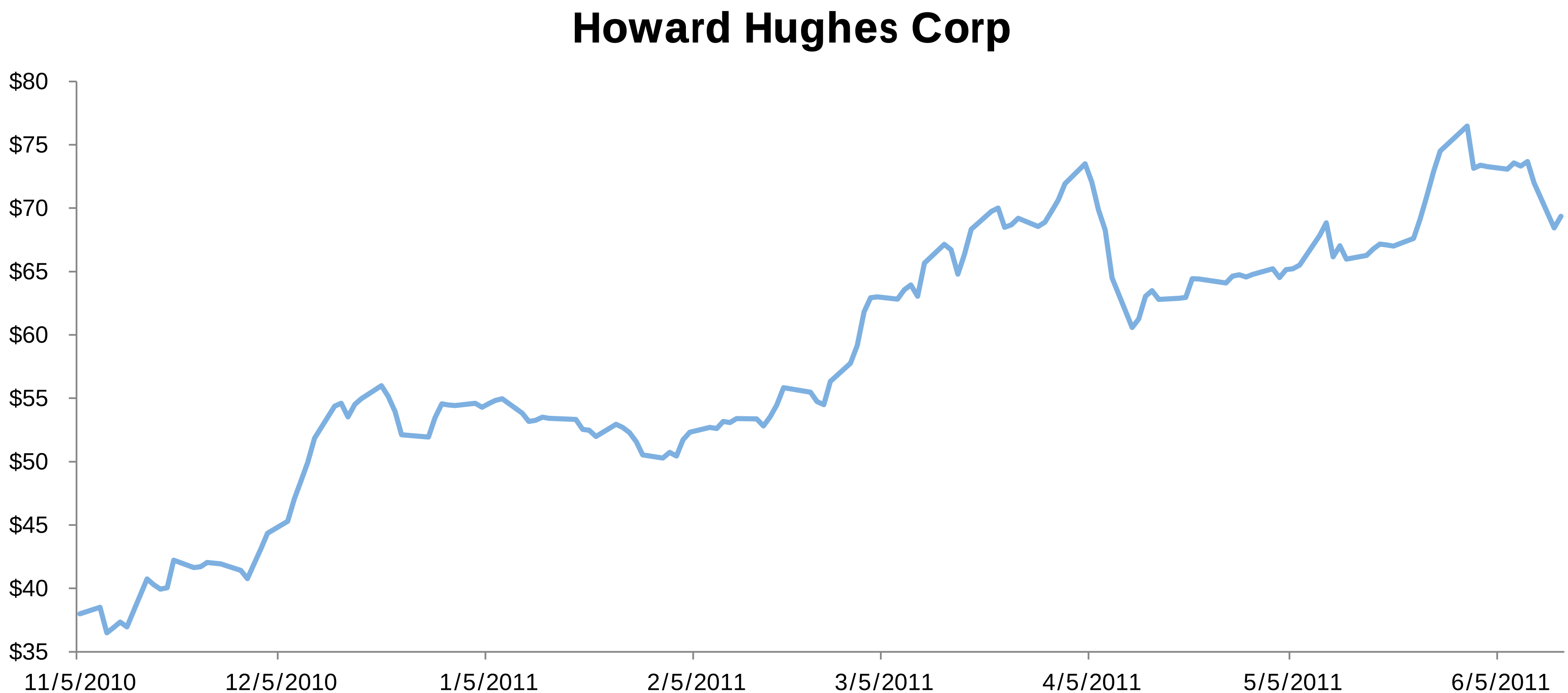
(1) Includes 7,100 acres where Forest City has an option to purchase

(2) The St. Joe Company's commercial real estate portfolio is not a primary component of the company's value

(3) Net debt / TEV. Zero percent if negative

Comparable Company: Howard Hughes Corp

- In early November, General Growth Properties spun off The Howard Hughes Corp (HHC), to separate its MPC development assets from its more cash flow generative mall portfolio
- HHC looks very similar to what we envision a standalone A&B Properties to look like, and market reception has been widely positive - the stock has appreciated over 80% in its first 7 months of trading



Current Conglomerate is Unusual

- The table below compares Alexander & Baldwin to its Capital IQ-derived competitors. None of these competitors operate in both the transportation and real estate industries

	Alexander & Baldwin, Inc.	Horizon Lines	C.H. Robinson Worldwide, Inc.	中海发展股份有限公司 China Shipping Development Co., Ltd	Evergreen	Hub Group, Inc.	Stolt-Nielsen S.A.	Eagle Bulk Shipping Inc.
Shipping?	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Logistics?	Yes	Yes	Yes	No	Yes	Yes	No	No
Ports?	Yes	No	No	No	No	No	No	No
CRE Portfolio?	Yes	No	No	No	No	No	No	No
MPC Developer?	Yes	No	No	No	No	No	No	No
Land Holdings?	Yes	No	No	No	No	No	No	No
Footprint	Hawaii, Mainland	HI, AK, PR	Mainland	SE Asia	Global	Mainland	Global	Global
TEV	$2.2bn (1)	$0.6bn	$12.3bn	$6.3bn	$3.2bn	$1.2bn	$2.4bn	$1.2bn
TEV / LTM EBITDA	9.7x	10.4x	18.2x	12.1x	4.1x	14.9x	8.1x	10.0x

MARCATO CAPITAL MANAGEMENT

Source: Capital IQ

(1) Based on unaffected stock price of $39.69

Intangible Synergies From Large Community Presence in Hawaii

- We note that an independent A&B Properties would still carry significant influence by remaining:
  - One of the largest employers in Hawaii, through its Agribusiness unit
  - One of the oldest and largest companies in Hawaii
  - One of the largest landowners in Hawaii, with significant history and expertise developing local property
  - A large local player with longstanding relationships and knowledge of the local marketplace
- We also do not believe that any intangible synergies can be worth as much as the current discount present in ALEX's stock price
  - Equity market appears to be giving no credit to ALEX for its land assets or future increased entitlement activity that might result from these intangible synergies

IV. Alternatives for Consideration

Alternatives for Consideration

- ALEX will never achieve a fair market valuation until the Transportation and Real Estate businesses are separate
- There are many ways to eliminate the value discrepancy, including:

Tax-Free Spin of Transportation Business

- Matson is spun-off tax-free to shareholders
- Substantially all of debt could be assigned to Matson
- Would be tax efficient
- ALEX would become a pure-play real estate business
- Shareholders would initially own both companies, but could reallocate their capital if so desired

Partial IPO of Matson Followed by Spin

- 20% of Matson is sold in an IPO
- Remaining shares of Matson are spun-off in a tax-free transaction
- Would leave remaining real estate parent with cash from IPO for development activity
- Would present opportunity to generate additional investor interest in Matson
- Could result in tax leakage, although we estimate minimal adverse consequences [(1)]

(1) It may be possible to increase tax efficiency and further minimize tax leakage by effecting the separation as a tax-free spin of the Real Estate business. In either case, we would need to confirm that the requirements for a tax-free spin could be met; however, publicly available data suggest this is the case

Issues and Considerations

- While we highlight specific illustrative alternatives, we want to emphasize that our analysis was developed using publicly available information, and we realize that these specific alternatives might not be the most efficient structuring of the illustrative transactions
- As such, we are looking to the Company for feedback on how to structure an optimal transaction
- However, we believe that some version of the specific ideas represented in our recommendation will create substantial value for shareholders relative to the status quo

Standalone Illustrative Valuations

- Allocating all of ALEX's net debt to Matson, we believe an independent Matson would be worth $28 – 31 / share, and an independent A&B Properties would be worth $42 – 51 / share

		Multiple		Value	
		Low	High	Low	High
Ocean Transportation EBITDA	$174.6	7.5x	8.0x	$1,310	$1,397
Logistics EBITDA (1)	10.4	13.0x	14.0x	135	146
SSAT Net Income (2)	14.2	23.0x	25.0x	327	355
Corporate EBITDA (3)	(10.0)	7.5x	8.0x	(75)	(80)
Enterprise Value				$1,696	$1,817
Less: Total Debt				(554)	(554)
Plus: Cash				17	17
Equity Value				$1,159	$1,280
FD Shares Outstanding				41.8	41.8
Implied Share Price				**$27.73**	**$30.63**

		Multiple		Value	
		Low	High	Low	High
Hawaii CRE				395	428
Mainland CRE				404	461
Fully Owned Development Projects				271	271
JV Development Projects				379	379
Additional Land Value				348	621
Agribusiness Operations EBITDA (4)	8.3	4.0x	5.0x	33	41
Corporate EBITDA (3)	(10.0)	7.5x	8.0x	(75)	(80)
Enterprise Value				$1,755	$2,121
Less: Net Debt				0	0
Equity Value				$1,755	$2,121
FD Shares Outstanding				41.8	41.8
Implied Share Price				**$41.99**	**$50.75**

Source: Marcato estimates

(1) 2010 EBITDA, which we expect to be flat YoY in 2011. Multiple represents a discount to 18.2x LTM multiple of CHRW, the Company's stated most similar competitor

(2) 2011E Net Income contribution, based on $12.8m 2010 contribution and ~8% expected volume growth in 2011. Multiple represents a discount to comps

(3) 50% of 2011E Corporate expense. We note LTM expense was $20.9m, and 2010 was inflated by costs associated with multiple executive retirements

(4) LTM EBITDA of $22.5m, which we expect to be flat YoY in 2011, PF for estimated market rent of $14.2m (34,700 acres @ $410 / acre – see Appendix for this calculation). Discount to Wells Fargo valuation of $80m - $100m

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Long-Term Benefits of Separation

- We believe the elimination of the conglomerate structure will have significant benefit for ALEX's shareholders because it will:
  - Increase value, by obligating the market to value each independent business fairly
  - Increase the size of the investor base and attract more analyst coverage
  - Eliminate complexity, shedding more light on the attractiveness of each business line
  - Be tax efficient
  - Enhance management focus
  - Increase the ability to hire and retain the best talent
  - Give management equity in the businesses they actually run
  - Improve capital allocation decisions
  - Create otherwise unavailable value-enhancing strategic options
  - Highlight the value of ALEX's hidden assets, shifting investor focus from cash flow multiples to NAV calculations

Separating Businesses Creates Significant Value Immediately

Today [1]

ALEXANDER & BALDWIN, INC.

$39.69 per share

Separate [2]

Matson

$29.50 per share

+

A&B PROPERTIES, INC.
A SUBSIDIARY OF ALEXANDER & BALDWIN, INC.

$46.50 per share

We believe separation would create 76% - 105% upside today.

We believe the value a separation would create <u>is too large to be ignored.</u>

(1) Unaffected stock price

(2) Based on mid-point of our valuation ranges

Source: Marcato estimates

Additional Consideration: Sale of SSAT

- The Company has said that, as long as it can maintain the operational flexibility associated with access to and control of the ports, it does not need to be the owner of the SSAT assets
- Since infrastructure investors have a lower cost of capital and are willing to underwrite these assets to a lower IRR, we recommend Matson should explore strategic alternatives for the SSAT assets
  - Having capital tied up in these assets is not the highest and best use of Matson's capital, which could be better employed elsewhere if freed up by a monetization of the SSAT interest
  - Marcato has had conversations with multiple infrastructure investors, who have indicated interest
  - A transaction could contain agreements maintaining Matson's access to operational control
- To the extent an independent A&B Properties feels it needs more cash on hand for development, ALEX could monetize its SSAT stake before the IPO or spin of Matson, leaving the cash with the Real Estate company

Additional Consideration: REIT Conversion

- <u>We believe by far the most important step the Company can take to create value is to separate the Transportation and Real Estate businesses into separate C-Corps</u>
- We do believe an independent A&B Properties could subsequently convert to a REIT (1)
  - Conversion could result in minimal cash leakage since it is expected that up to 80% of E&P dividend will be allowed to be paid in stock
  - Income-generating CRE would be held in REIT
  - Properties currently in development would be held in a Taxable REIT Subsidiary (TRS)
  - Agricultural land would be held in REIT and transferred or leased to TRS in the future, whenever it was decided to be developed
  - Farming operations would have to be transferred to an unrelated entity, that would pay fair market rent to the REIT – **<u>It might be possible to leave the Agribusiness operations at Matson</u>**
- Conversion to REIT would create value through:
  - Tax savings
  - Multiple re-rating
  - Incremental buyer demand for shares (REIT investors, index funds, ETFs, etc.)
  - Ability to charge market rent to operator of agribusiness operations, and concomitant tax savings

Note: See Appendix for additional discussion of REIT conversion

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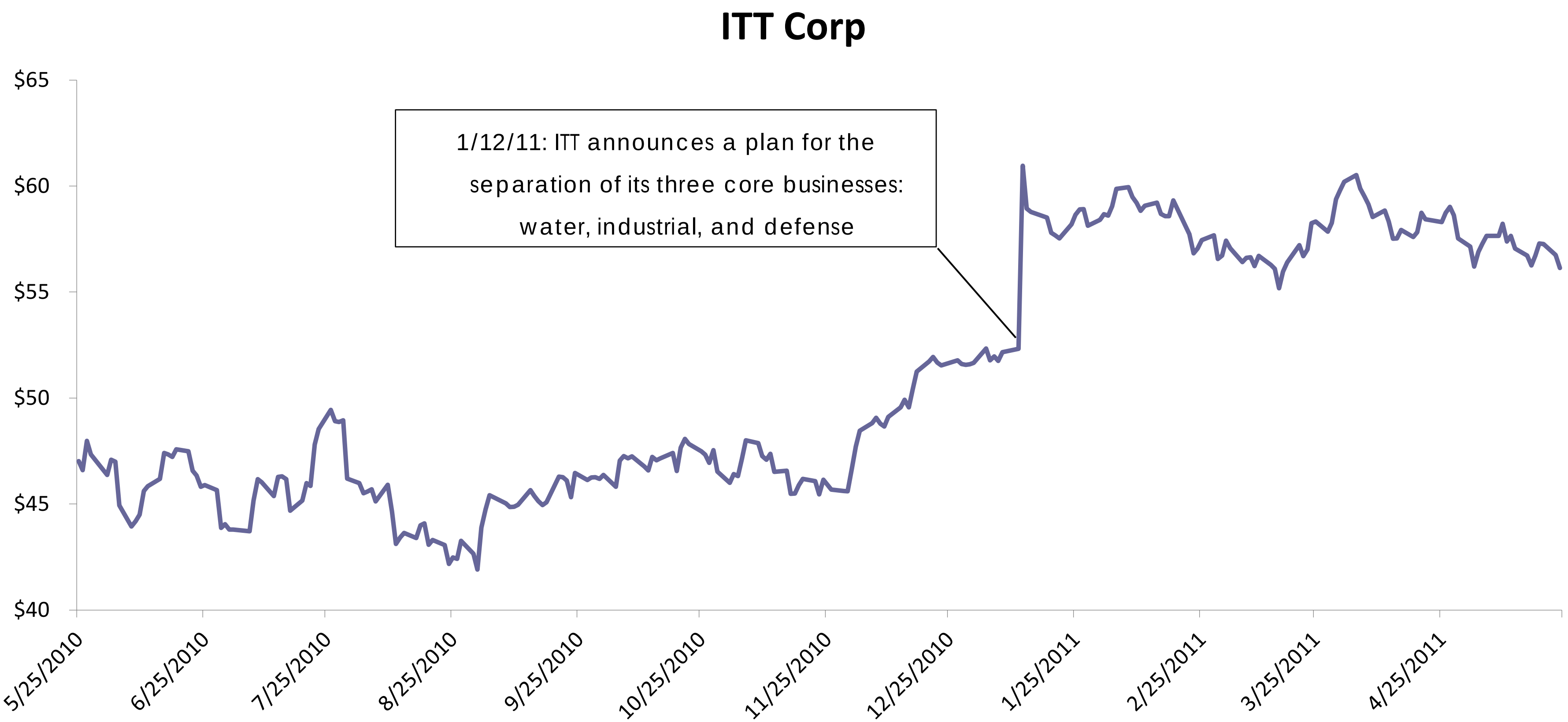
(1) This structure (including the income and assets of A&B Properties) must be modeled out both on Day One and going forward to ensure A&B Properties can meet the relevant REIT requirements. For example, the FMV of the TRS cannot at any time constitute more than 25% of the aggregate FMV of the REIT's gross assets. To the extent the FMV of the TRS is expected to approach this ceiling, we have several options for addressing this

V. Why now?

Recent Precedent: ITT Corporation

- Several recent precedents show the current market environment is rewarding conglomerates that decide to separate. The Company should act now to take advantage of this environment



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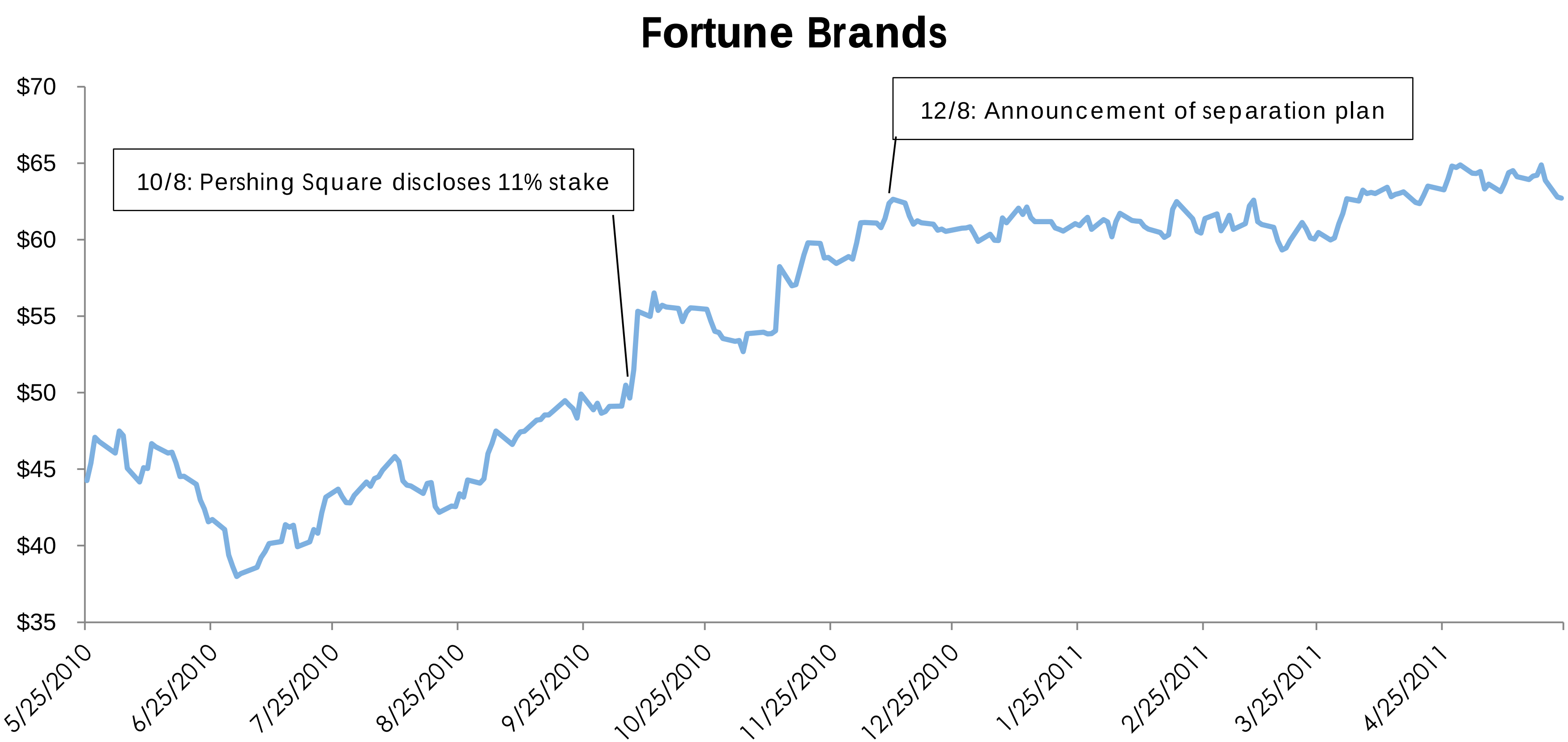
Source: Capital IQ

- On December 8th, 2010, Fortune Brands announced a plan for the separation of its three core businesses: spirits, home and security, and golf products

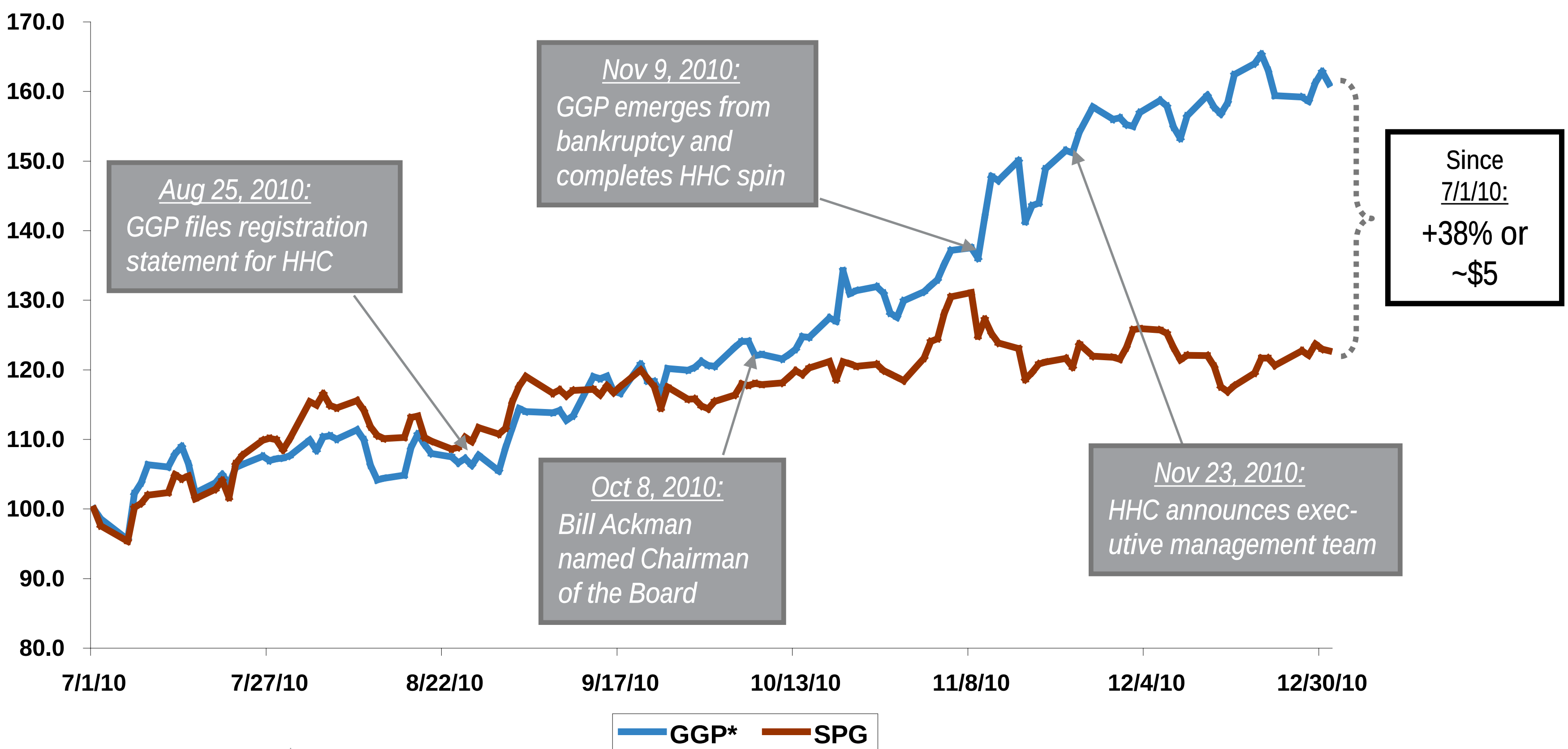


Source: Capital IQ

Recent Precedent: Separation of GGP and Howard Hughes Corp.

- When GGP announced the spin of HHC, it began outperforming its closest peer, SPG, by the market value of HHC, **suggesting HHC's significant non-cash flow generating MPC and land development assets had received no credit in GGP's prior stock price**

Relative Stock Price Performance (7/1/10 – 12/31/10) (GGP* adjusted to include HHC)



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Supported by Many Other Recent Precedents

	Announce Date	Outcome	Breakup Reasoning	Executive Commentary
Cadbury Schweppes	3/15/2008	Cadbury plc Dr. Pepper Snapple Group	With the demerger of the Americas Beverages business under way, our focus is now on how to take the world's biggest confectionery business and make it into the best.	**"Now is the right time to separate the business and focus Cadbury on becoming the biggest and best confectionery company in the world."** *– Todd Stitzer, CEO*
BRINKS	2/25/2008	Home Security Cash Logistics and Transportation	The board has completed its review and **has determined that a spin-off of BHS serves the best interest of its shareholders by providing, in the board's view, the best opportunity for value creation**.	"**As separate publicly traded entities, each company should benefit from enhanced management focus, more efficient capitalization and increased financial transparency.** In addition, **shareholders will have a more targeted investment opportunity**, and incentives for management and employees will be more closely aligned with company performance and shareholder interests. Given these advantages, **we are confident that this transaction will enable BHS and Brink's, Inc. to more quickly realize the valuations they deserve.**" *– Michael Dan, Chairman and CEO*
IAC	11/5/2007	IAC HSN Ticketmaster Interval International LendingTree	"Each of these spunoff businesses is in fact a distinct business sector, and **each will benefit from standing on its own**, with its own capital structure, its own currency which will enhance its ability to attract and retain superior talent and make acquisitions, and **a focused story investors can clearly understand and buy into**..." *– Barry Diller, Chairman and CEO of IAC*	"We've been a complex enterprise almost from the very beginning 12 years ago, with hundreds of transactions over those years. And while we've created a lot of value, I've always believed our complexity and many mouthfuls of sentences to explain who we are and what our strategy is have hampered clarity and understanding with all our constituencies, particularly investors" *– Barry Diller, Chairman and CEO of IAC*
American Standard	2/1/2007	American Standard Heating & Air Conditioning (nka: Trane) American Standard Bath and Kitchen Vehicle Controls Systems (WABCO)	"Looking to the future, our board concluded that the separation plan we are announcing today is the best way to enhance shareowner value. **Operating separately, the businesses will benefit from greater strategic focus, increased market recognition, improved capital flexibility, and an increased ability to attract, retain and motivate employees.**" *– Fred Poses, Chairman and CEO*	"The board has concluded that separating American Standard into **three focused, better understood companies will create greater shareowner value than the current structure**." – Fred Poses, Chairman and CEO "The businesses have the size, global reach, industry leadership and organizational talent to succeed as separate companies." *– Fred Poses, Chairman and CEO*

Source: Public documents

Supported by Many Other Recent Precedents (Cont'd)

	Announce Date	Outcome	Reasoning	Executive Commentary
tyco	1/13/2006	Tyco International (Security Products & Services) Covidien (Healthcare) Tyco Electronics	Tyco's Board of Directors and senior leadership have evaluated a broad range of strategic alternatives, including continuation of Tyco's current operating strategy, sales of select businesses, and separation of only one of the businesses. **The company and Board concluded that separating into three businesses is the best way to position these market-leading companies for sustained growth and value creation.**	"After a thorough review of strategic options with our Board of Directors, we have determined that **separating into three independent companies is the best approach to enable these businesses to achieve their full potential**. Healthcare, Electronics and TFS/TEPS will be able to move faster and more aggressively -- and **ultimately create more value for our shareholders** -- by pursuing their own growth strategies as independent companies." *– Ed Breen, Chairman and CEO*
CENDANT	10/24/2005	Real estate Travel distribution Hospitality Vehicle rental businesses	Cendant anticipates that the separation of the Company's core businesses **will facilitate a clearer understanding and fairer market valuation of each of these businesses. The transaction is intended to reduce the complexity surrounding investor understanding and analysis of Cendant's businesses and enable investors to choose how to diversify their Cendant holdings**. Cendant also expects to **attract new interest from investors who want to own stock in one or more of the separate companies**, even though they might not have been as interested in Cendant's diversified holdings as a single company. "We concluded that this proposed transaction is the most feasible and the most financially attractive. **It is a tax-efficient approach and does not preclude the other alternatives** considered by our Board after the separation occurs." *– Henry R. Silverman, Chairman and CEO*	"Our successful efforts to simplify Cendant's structure and divest non-core businesses have underscored the benefits of greater clarity and focus. **With these efforts complete, we have now concluded that it is in the best interests of our shareholders to establish pure-play enterprises, as we and our advisors believe the sum of the parts has a value in excess of our current share price**." *– Henry R. Silverman, Chairman and CEO*
INTERNATIONAL PAPER	7/19/2005	Three-part transformation plan includes narrowing the company's portfolio to two key platform businesses	"Considering our desire to develop strong businesses that can compete and grow globally, we have made choices about which businesses to focus our management and financial resources...**The businesses being evaluated for potential sale or spin-off are good businesses that may be better positioned with different ownership.**" *– John Faraci, Chairman and CEO*	"We already have a strong global position in uncoated paper and have a growing worldwide platform in packaging. **Our portfolio changes will allow us to better focus management attention and financial resources on these key businesses**, which represent over 70 percent of our sales, and can achieve both cost-of-capital returns and profitable growth...The businesses being evaluated for potential sale or spin-off are good businesses that may be better positioned with different ownership." *– John Faraci, Chairman and CEO*

Matson / A&B Properties: Very Attractive Businesses and Stocks

Today [1]

ALEXANDER & BALDWIN, INC.

$39.69 per share

Separate [2]

Matson + A&B PROPERTIES, INC. A SUBSIDIARY OF ALEXANDER & BALDWIN, INC.

$29.50 per share

$46.50 per share

We believe separation would create 76% - 105% upside today.

We believe the value a separation would create is too large to be ignored.

(1) Unaffected stock price

(2) Based on mid-point of our valuation ranges

Source: Marcato estimates

Next Steps

- We believe the value available to be created today by separating the businesses is too large to be ignored, and strongly recommend the Company hire a sophisticated financial advisor to explore strategic alternatives

- 6/29/2011 – Initial meeting with the Company
- 7/29/2011 – We would like a response in 30 days

Appendix

Development Property Valuations

Development Property Valuations

To value ALEX's fully owned and JV development properties, we have done property-level DCFs using market research and available information from the Company's 2010 Real Estate Supplement

- In conducting property-by-property DCFs, we have conservatively assumed:
  - ALEX must cash fund all remaining estimated development costs in the future, per p. 21 of the Real Estate Supplement, which has not historically been the case
  - Most properties take longer to complete and sell than planned, per p. 21 of the Real Estate Supplement
  - Cash receipts from sales are concentrated towards the ends of the project lives for each property

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Fully Owned Development Properties: DCFs

Fully owned Development Properties	Acres	Value per Acre	Units / Sq. Ft	Avg. Sale Price	Sales Proceeds	Costs to Complete	Net Proceeds	Tax Basis	Tax Rate	Years to Complete	Discount Rate	NPV
Wailea - under development (ex Kai Malu JV)	27											
Bluffs at Wailea	7		12	$1.5	$18.0	$0.0	$18.0	$9.0	35%	0	15%	$14.9
Ridge at Wailea	7		9	1.5	13.5	0.0	13.5	8.0	35%	0	15%	11.6
Wailea MF-7	13		75	1.3	97.5	84.0	13.5	90.0	35%	3	15%	8.3
Wailea - future developments	140											
Wailea SF-8	13		90	0.3	27.0	25.0	2.0	25.0	35%	5	15%	0.9
Wailea MF-10 (Residential)	14		45	1.3	58.5	40.0	18.5	40.0	35%	5	15%	8.1
Wailea MF-10 (Commercial)			65,000	350.0	22.8	16.0	6.8	20.0	35%	5	15%	2.9
Wailea MF-6	23		60	1.3	78.0	14.0	64.0	20.0	35%	2	15%	35.5
Wailea MF-16	7		20	1.3	26.0	7.0	19.0	10.0	35%	3	15%	10.2
Wailea - Other	83	0.6										49.8
Wailea - Subtotal												$142.0
Haliimaile	63		170	0.5	85.0	34.0	51.0	35.0	35%	5	15%	22.5
Kane Street (Residential)	4		103	0.5	51.5	32.0	19.5	33.0	35%	3	15%	9.9
Kane Street (Commercial)			20,000	300.0	6.0	2.0	4.0	2.0	35%	3	15%	1.7
Kahului Town Center (Residential)	19		440	0.5	220.0	200.0	20.0	202.0	35%	4	15%	9.8
Kahului Town Center (Commercial)			240,000	300.0	72.0	53.0	19.0	53.0	35%	4	15%	7.1
Maui Business Park II	179		160	1.0	160.0	82.0	78.0	95.0	35%	2	15%	44.9
Port Allen Residential - Kai Olino	4		75	0.5	37.5	19.0	18.5	30.0	35%	4	15%	11.3
Keola Lai (mostly sold)	3		10	0.6	6.0	0.0	6.0	5.1	35%	0	15%	5.7
Honolulu Parcel Acquired 2Q10	2	8										16.0
Total Fully Owned Development	**441**											**$271**

We note that in 2006, Goldman Sachs performed DCFs of Wailea and Haliimaile, valuing the projects at $144m and $186m, respectively. (1)

Source: 2010 Real Estate Supplement, Marcato estimates

(1) Goldman Sachs Initiation Report, January 11, 2006

JV Development Properties: DCFs

JV Development Properties		Acres	Units / Sq. Ft	Avg. Sale Price	Sales Proceeds	Costs to Complete	Net Proceeds	Tax Basis	Tax Rate	Years to Complete	Discount Rate	% Owned	NPV
Kukui'ula	Koloa, Kauai	1,000	1,100	$1.5	$1,650.0	$412.0	$1,238.0	$810.0	35%	10	15%	77%	$343.7
Kukui'ula Village	Koloa, Kauai	10	83,200	300.0								60%	15.0
Kai Malu at Wailea (mostly sold)	Wailea, Maui	25	12	1.3	15.6	0.0	15.6	10.0	35%	0	15%	50%	6.8
Ka Milo	Kona, Big Island	31	113	1.2	135.6	113.0	22.6	120.0	35%	4	15%	50%	6.1
Palmdale Trade & Commerce Center	Palmdale, CA	18	315,000	150.0	47.3	41.0	6.3	45.0	35%	5	15%	50%	1.4
Crossroads Plaza	Valencia, CA	7	56,000	150.0								50%	4.2
Centre Pointe Marketplace	Valencia, CA	10	105,700									50%	0.0
Bakersfield - Panama Grove	Bakersfield, CA	57	575,000	150.0	86.3	79.0	7.3	90.0	35%	5	15%	50%	2.1
Waiawa	Waiawa, Oahu	1,000											0.0
Santa Barbara Ranch	Santa Barbara, CA	0											0.0
Total JVs		**2,158**											**$379**

We note that in 2006, Goldman Sachs performed a DCF of Kukui'ula, valuing the project at $288m, before ALEX increased its project ownership from 60% to 77%. (1)

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Source: 2010 Real Estate Supplement, Marcato estimates

(1) Goldman Sachs Initiation Report, January 11, 2006

Additional Land Valuation Support: Maui Land & Pineapple Company

- In recent years, Maui Land & Pineapple Company (NYSE: MLP), formed in the 1960s from ALEX landholdings in west Maui, has sold agricultural land at over $20,000 / acre
- MLP's precedent land sales provide additional data points for valuing ALEX's excess land:

Maui Land & Pineapple Precedent Land Sales

Date	Acres	$ / Acre	Description
Mar-10	128	$13,281	Upcountry Maui (1)
2008	111	39,460	Upcountry Maui
2007	683	29,136	Upcountry Maui
2006	2,200	15,227	Upcountry Maui
2005	640	44,063	Upcountry Maui (2)
Q1-2002	9	70,112	Upcountry Maui
Total	**3,771**	**$23,418**	

- We believe these values, and ALEX's Q1 86-acre parcel sale for $40,000 / acre, support our valuation of ALEX's excess Maui land at $5,000 - $10,000 / acre
  - Our discount to precedent transactions reflects time value and taxes

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Source: Maui Land & Pineapple Company documents

(1) We believe this was a "forced" sale, as MLP is in financial distress

(2) Consideration included 1 acre in west Maui valued at $350k

Additional Land Valuation Support: Cap Rate Valuation

- We note that, in recent years, ALEX has leased some of its agricultural land to third parties, and earned $410 - $835 of NOI per acre
- Valuing this acreage over a range of cap rates further supports our valuation of $5,000 - $10,000 per acre for ALEX's agricultural landholdings

	2006	2007	2008	2009	2010
2010 NOI from leasing unimproved land in Hawaii (1)	$9.6	$8.5	$6.2	$4.6	$3.8
Unimproved land leased to third parties in Hawaii (2)		10,183	11,054	10,220	9,260
Market rent / acre of ag land		$835	$561	$450	$410

Assumed "Normalized" Market Rent / Acre	$450	$500
Cap Rate	8.0%	6.5%
Value / Acre of Ag Land	**$5,625**	**$7,692**

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(1) Real Estate Supplement, p. 8

(2) Real Estate Supplement, p. 18

Additional Valuation Considerations

- We note that our valuation of A&B Properties ascribes NO value to:
  - 28 acres available for development adjacent to Heritage Business Park
  - Waiawa
  - Santa Barbara Ranch
  - Centre Pointe Marketplace
  - The option to "urbanize" land currently zoned for agricultural use (1)
  - 29,170 acres of conservation lands, which may provide certain water access and tax benefits

(1) We note that in the 2007 Real Estate Supplement, the Company listed an additional 10,270 acres of land as "Designated Urban" or "Potential Development Land"

Illustrative Hypothetical Transaction Structuring:

Partial IPO of Matson, Followed by Spin-Off of Remaining Shares

- Objectives:
  - Leave real estate entity with enough cash for property development
  - Minimize tax leakage

Real Estate Business: Cash Needs

- We note that over the past 7 years, the real estate business has spent cash CapEx, including all development activity, of $130m / year, on average

Real Estate Spending

	2005	2006	2007	2008	2009	2010	2011E	Average
Real Estate CapEx (CFI)	$51	$44	$34	$54	$14	$17		
Held for Sale Development (CFO)	34	69	110	39	6	22		
JV Development Investments	32	40	43	60	48	100		
Total Real Estate Cash CapEx	**$117**	**$153**	**$187**	**$153**	**$68**	**$139**	**$105**	**$132**
Memo: Other Spending								
1031 Exchanges	28	49	91	46	95	148	25	
Total Real Estate CapEx (Company definition)	$145	$202	$278	$199	$163	$287	$130	
Transportation CapEx	174	217	66	36	13	71	105	
Agribusiness CapEx	13	15	21	15	4	7	10	
Total CapEx (Company definition)	$332	$434	$365	$250	$180	$365	$245	

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Source: Company documents

Real Estate Business: Cash Needs (Cont'd)

We note that, conservatively assuming A&B Properties must cash fund all remaining project costs on all announced development activity, the total future cash needs are just over $1bn

Development Project	Voting Interest	Total Project Cost	A&B Investment To Date	Assumed Remaining Investment	
Wailea MF-7		$90	$6	$84	
Kane Street		35	1	34	
Kukui'ula	50%	810	231	412	(1)
Ka Milo	50%	120	12	54	(2)
Brydeswood		17	1	16	
Haliimaile		35	1	34	
Palmdale Center	50%	45	4	0	(3)
Bakersfield	50%	90	11	0	(3)
Maui Business Park II		95	13	82	
Kahului Town Center		255	2	253	
Wailea MF-6		20	6	14	
Wailea MF-10		60	4	56	
Wailea MF-16		10	3	7	
Total				**$1,046**	

Source: Company Real Estate Supplement, Marcato estimates

(1) Based on commentary in the Real Estate Supplement, p. 14

(2) Assumed to be 50% of remaining project cost

(3) Assumption based on experience with Bridgeport Marketplace and Crossroads Plaza

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An IPO of 20% of Matson Will Raise Pre-Tax Proceeds of ~$234m

We estimate that an IPO of 20% of Matson will raise pre-tax proceeds of ~$234m

Matson Equity Share Price	$28.00
FD Shares Outstanding	41.8
Matson, Equity Value	$1,170.4
% Sold in IPO	20.0%
Pre-Tax Proceeds to Remaining Parent (A&B Properties)	**$234.1**

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Source: Marcato estimates

Real Estate Business: Sources of Cash

The remaining Real Estate parent company should have ample cash to fund development activities

Likely Cash Over the Next 3 Years

After-Tax Proceeds from Matson IPO	$218
3 Years of CRE NOI, Fully Taxed [1]	138
Total	**$356**

Likely Additional Cash Sources Over the Next 2 - 10 Years

	Maui Business Park	Kukui'ula	7 More Years of Taxed NOI (1)	Total to A&B (2)
Available Lots	160	1,100		
Average Sale Price	$1.0	$1.5		
Total Sale Proceeds	$160	$1,650		
Remaining Investment	(82)	(412)		
Net Proceeds	**$78**	**$1,238**		
Total Sale Proceeds	$160	$1,650		
Tax Basis	(95)	(810)		
Gain on Sale	$65	$840		
Tax Rate	35%	35%		
Tax Expense	**($23)**	**($294)**		
After-Tax Net Proceeds	**$55**	**$944**	**$322**	**$1,104**

Source: Company Real Estate Supplement, Marcato estimates

Note: Excludes potential net cash proceeds from other development activities and land sales

(1) Assumes $60m average NOI/year, $40m average EBIT/year, and 35% tax rate

(2) Assumes 77% ownership of Kukui'ula

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Transaction Will Result in Minimal Tax Leakage (1)

Assuming the IPO takes place at 12/31/11, we believe this transaction will result in minimal tax leakage, given our tax advisors' estimate of the 12/31/10 tax basis of Matson's assets (including SSAT) of ~$433m (2)

ALEX Debt Breakdown	
Ship-level Debt:	
Maunawili	$42
Manukai	40
Manulani	66
Total ship-level	$148
Matson Revolvers ($163m capacity) (3)	50
Total Matson	$198
Property-level:	
Deer Valley Financial Ctr	$11
Midtstate 99 DC	11
Little Cottonwood Center	6
Total Property-Level	$28
Corporate	
Corporate Prudential Facilities	97
Other/unknown net debt (assumed corporate) (3)	214
Total Corporate Net Debt to be Shifted	**$311**
Total Net Debt	$537

Tax Leakage Estimate	
Corporate Debt to Be Shifted	$311
Proceeds from IPO	234
Total IPO Benefit	$545
Tax Basis at 12/31/10	$433
2011E Transportation Retained Earnings (4)	65
Estimated Tax Basis at 12/31/11	$498
Gain	47
Tax Rate	35%
Tax Leakage	**($16)**
FD Shares Outstanding	41.8
Per Share	**($0.39)**

(1) It may be possible to minimize any tax leakage further by effecting the separation as a tax-free spin of the Real Estate business instead

(2) Estimate based on book values of assets (2010 10-K, p. 94) and deferred tax liabilities – basis differences for property and equipment (2010 10-K, p. 85)

(3) Actual split of outstanding revolver borrowings between Matson and corporate revolvers is unknown. Estimate based on proportional size of the entities

(4) Estimate based on Company's 2011 outlook of flat YoY earnings in transportation businesses, 5% weighted average interest cost on Matson debt, a 35% tax rate, and tax depreciation roughly equal to book depreciation in 2011

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Source: Company Documents, Marcato estimates

Other Options For Raising Cash

- To the extent more cash is needed at the Real Estate parent company, it could:
  - Issue debt against its CRE portfolio
    - Current market conditions allow long-term fixed-rate debt at attractive rates
  - Issue equity of the new, pure-play Real Estate company
  - Fund future development projects using JVs or project-level financing

Nothing to Lose By Structuring Transaction This Way

- Importantly, we want to emphasize that another benefit of separating through a 20% IPO followed by a spinoff, is that there is very little to lose
- By initially floating 20% of an independent Matson, you can “test the waters” and see how the market will value the independent company
- If we are wrong about the valuation post-IPO, you can buy back in the shares of Matson that you floated
- You would incur minimal frictional costs along the way, relative to the size of the value creation opportunity

Illustrative Hypothetical Transaction Structuring:

Sale of SSAT Interest

Matson's SSAT Interest Could Generate Pre-Tax Proceeds of $327m

- Valuing Matson's SSAT interest at 23x Net Income, a discount to the comps, would generate $327m of pre-tax proceeds in a sale transaction
- Despite challenging labor dynamics, we believe this multiple is justified due to its growth profile and scarcity value in desirable port locations
- The multiple is further justified by what we believe Goldman Sachs infrastructure fund paid for the parent of the owner of the other 65% of SSAT (1), as well as recent conversations that Marcato has had with potential buyers

Matson's Share of SSAT Net Income, 2011E (2)	$14.2
Net Income Multiple	23.0x
Pre-Tax Proceeds	**$326.6**

(1) We do not have these exact numbers, but assume the Company does

(2) Marcato conservative estimate, based on $12.8m 2010 Net Income contribution, and 8% assumed volume growth in 2011

After-Tax Proceeds Will Be $5 - $6 / share

- Since we believe Matson's interest in SSAT to have a tax basis of ~$53m (1), an outright sale would result in some tax expense (2)
- Factoring this in, we believe the after-tax proceeds will be $5 - $6 / share

Pre-Tax Sale Proceeds	$327
Tax Basis	53
Gain on Sale	$274
Tax Rate	35%
Tax Expense	$96
Pre-Tax Sale Proceeds	$327
Tax Expense	(96)
After-Tax Sale Proceeds	$231
FD Shares Outstanding	41.8
After-Tax Proceeds per Share	**$5.52**

(1) Book value of Investment in Unconsolidated Affiliates – Transportation, per 2010 10-K, pp. 71, 94

(2) However, it may be possible to mitigate some or all of this expense by spinning off the Real Estate business rather than the Transportation business, perhaps coupled with the contribution of SSAT to a leveraged partnership in lieu of an outright sale

Illustrative Hypothetical Transaction Structuring:

REIT Conversion

We Believe A&B Properties Could Convert to a REIT

After consulting with tax advisors, we believe that, following the separation from the Transportation business, the remaining Real Estate and Agribusiness assets can be restructured to qualify as a REIT

- Certain development assets would have to be held through a taxable REIT subsidiary (TRS)
  - Alternatively, the REIT could lease the land for development to the TRS and the TRS could sell the land subject to the lease or the REIT could sell the land at the same time(1)
- The agricultural land could be held in the REIT but the farming operations would have to be transferred to a Third Party Operator, which would pay fair market rent to the REIT
- For this reason, the Company may want to consider leaving the Agribusiness operations at Matson (provided that A&B Properties and Matson are not considered "related" under the REIT rules)

Assets	Structure
Leased commercial Properties	Held by REIT
Residential real estate projects currently under development	Transferred to TRS
Other land holdings / ag land	**Held by REIT and leased to Third Party Operator for farming activity** If a decision is made to develop land, it should be leased or sold to the TRS

(1) However, there are rules requiring a REIT to pay a corporate level tax on the amount of any built-in gain in the property that existed at the time of conversion to REIT status. Any such tax on the disposition of land by the REIT might be avoided by carving out the land as a ground lease position and doing a like kind exchange. There are also special rules for the sale of so-called "dealer property" that must be considered

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Leasing Farmland From REIT Could Generate Additional ~$20m of REIT NOI

We believe that holding the ag land in the REIT, and leasing it to a Third Party Operator of the Agribusiness operations, could generate another ~$20m of REIT NOI per year

2010 NOI from leasing unimproved land in Hawaii [1]	$3.8
Unimproved land leased to third parties in Hawaii [2]	9,260
Market rent / acre of ag land	$410
Company-operated and other ag land [2]	48,650
Additional NOI at market rate	**$20.0**

Source: Company Real Estate Supplement, Marcato estimates

(1) 2010 Real Estate Supplement, p. 8

(2) 2010 Real Estate Supplement, p. 18

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We Believe REIT Conversion Would Only Require a Cash Dividend of ~$43m

After consulting with tax advisors, we believe this REIT conversion would require a cash dividend of only ~$43m

Tax Advisors' Estimate of ALEX's Current Earnings and Profits [1]	$412	
Matson Assumed Enterprise Value	$1,757	*48%*
A&B Properties Assumed Enterprise Value	1,938	*52%*
Matson Share of E&P	$196	
A&B Properties Share of E&P	**216**	
% of E&P Required to be Paid in Cash	20%	
Cash Dividend Required on REIT Conversion	**$43**	

- Key assumptions and takeaways:
  - Company's Current Earnings and Profits ("E&P") calculated based on retained earnings, lowered by significant tax-deferred gains on real estate transactions
  - After the separation of Matson, A&B Properties would only retain its proportional share of E&P, based on the entities' sizes
  - On REIT conversion, it is expected that at least 20% of A&B Properties' E&P would have to be paid as a cash dividend. The rest could be paid as a stock dividend (tantamount to a stock split for existing shareholders)

Source: Marcato estimates

(1) Estimate based on retained earnings (3/31/2011 10-Q, balance sheet) and deferred tax liabilities – tax-deferred gains on real estate transactions (2010 10-K, p. 85)

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We Estimate REIT Conversion Would Be Worth $6 - 7 / Share

	2010	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Real Estate Leasing EBIT	$35.0											
Additional NOI from Ag Land	20.0											
PF EBIT	$55.0	$56.6	$58.3	$60.1	$61.9	$63.7	$65.6	$67.6	$69.6	$71.7	$73.9	$76.1
Assumed % Growth		*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Tax Rate		35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Additional FCF		$19.8	$20.4	$21.0	$21.7	$22.3	$23.0	$23.7	$24.4	$25.1	$25.9	$26.6

Dicount Rate	10%
PV of Interim Cash Flows	$145.7
Terminal Growth Rate	3%
Terminal Value	$391.8
PV of Terminal Value	137.3
DCF Value	**$283.1**
FD Shares Outstanding	41.8
Per Share Value	**$6.77**

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Source: Marcato estimates

Further Background on ALEX

Alexander & Baldwin, Inc.

ALEXANDER & BALDWIN, INC.

Ticker: "ALEX"

Recent Stock Price: $47.00

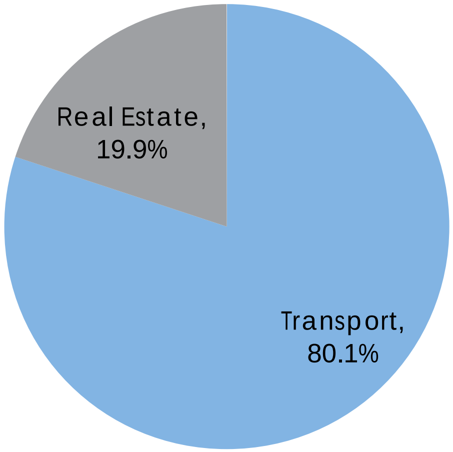
- Alexander & Baldwin is a company with a rich tradition, and long and storied history
- One of the most important companies in Hawaii's history and present-day economy
- Founded as a sugar plantation in 1870 in Hawaii, Alexander & Baldwin owns transportation and real estate businesses
  - 17 owned vessels carrying freight between Hawaii, Guam, China, and the U.S. west coast
  - 35% ownership of JV with interests in 6 port terminals on the U.S. west coast
  - 7.8 million square feet of developed GLA on Hawaii and the U.S. mainland
  - Real estate development pipeline on Hawaii comprising ~90,000 acres
- Operating Statistics:
  - LTM Revenue: $1,710 million
  - LTM EBITDA: $227 million
  - LTM EPS: $1.91

Source: Company documents

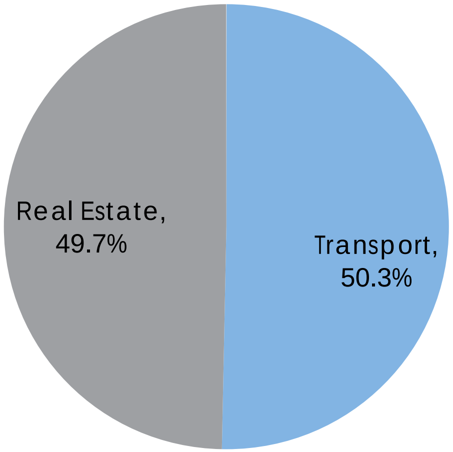
Operating Profit is Split 50/50

- Although transportation businesses comprise 80% of ALEX's revenue, operating profit is split equally between real estate and transportation

LTM Revenue (1)



LTM EBIT (1)

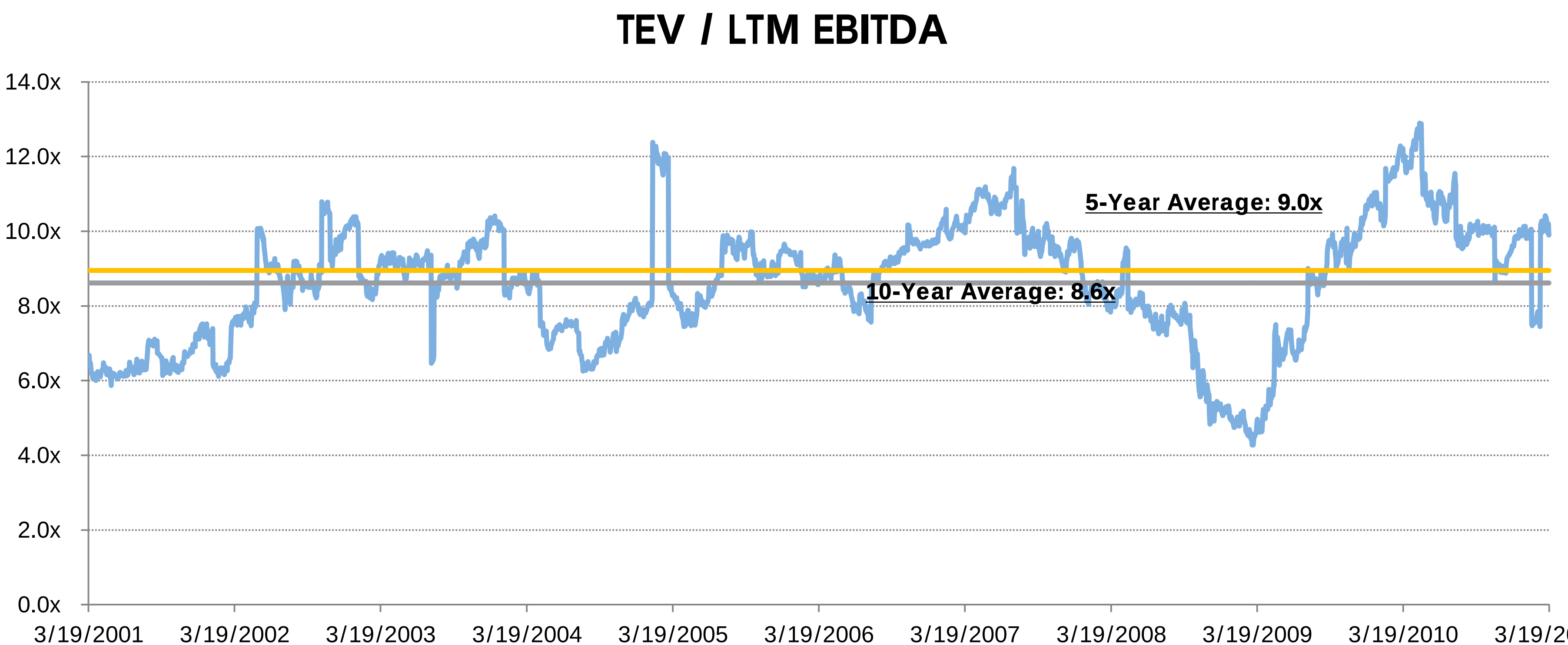


(1) Transport includes Logistics and Real Estate includes Agribusiness. Analysis ignores intercompany eliminations and includes Discontinued Operations.

Source: Company documents

Historical EBITDA Multiples

- We believe that, in the absence of a separation, ALEX will continue to trade in line with its historical EBITDA multiple of 9x



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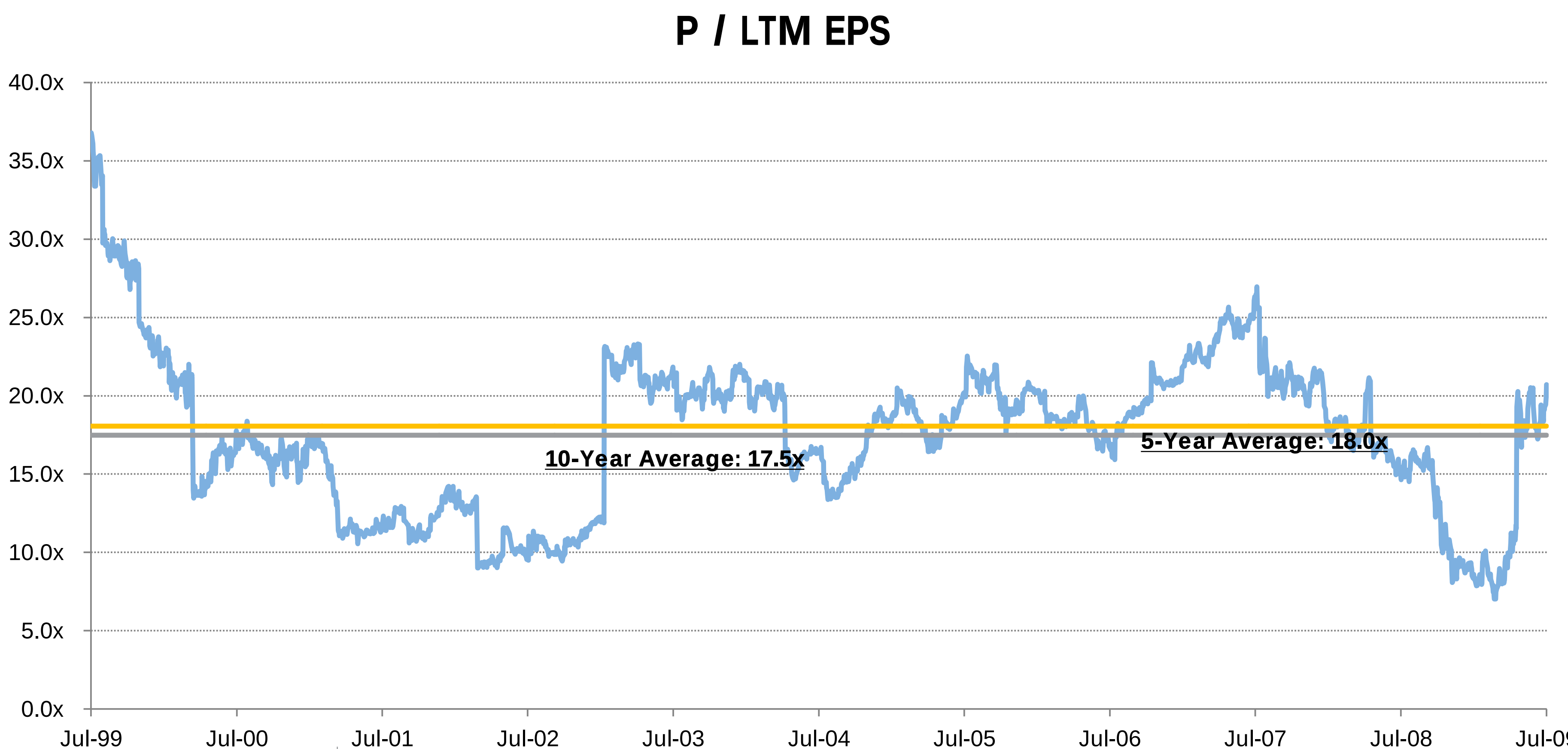
Source: Capital IQ

- We believe that, in the absence of a separation, ALEX will continue to trade in line with its historical P/E multiple. EPS was de minimus in 2009, rendering the multiple less meaningful, but for many years before that the average multiple was 18x



Source: Capital IQ