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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______________________ to _________________

Commission file number 001-35492

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

Hawaii	45-4849780
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. Box 3440, Honolulu, Hawaii	96801
822 Bishop Street, Honolulu, Hawaii	96813
(Address of principal executive offices)	(Zip Code)

(808) 525-6611
(Registrant's telephone number, including area code)

N/A
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every
Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Number of shares of common stock outstanding as of June 30, 2014: 48,745,770

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(In millions, except per share amounts) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Operating Revenue:				
Real estate leasing	$31.0	$17.7	$62.0	$35.4
Real estate development and sales	21.4	1.4	22.3	1.9
Construction and natural materials	64.5	—	114.7	—
Agribusiness	29.8	43.5	42.7	58.2
Total operating revenue	146.7	62.6	241.7	95.5
Operating Costs and Expenses:				
Cost of real estate leasing	19.4	10.7	39.0	20.3
Cost of real estate development and sales	11.2	0.2	11.1	0.3
Cost of construction contracts and natural materials	51.8	—	93.9	—
Costs of agribusiness revenues	29.2	34.9	39.0	45.7
Selling, general and administrative	12.3	7.2	25.7	14.8
Grace acquisition costs	—	1.5	—	2.5
Total operating costs and expenses	123.9	54.5	208.7	83.6
Operating Income	22.8	8.1	33.0	11.9
Other Income and (Expense):				
Income (loss) related to joint ventures	0.4	0.6	(1.2)	1.1
Interest income and other	0.7	0.4	1.4	0.4
Interest expense	(7.2)	(3.9)	(14.5)	(7.5)
Income From Continuing Operations Before Income Taxes	16.7	5.2	18.7	5.9
Income tax expense	6.5	2.6	9.0	2.8
Income From Continuing Operations	10.2	2.6	9.7	3.1
Income From Discontinued Operations (net of income taxes)	—	2.4	34.3	6.9
Net Income	10.2	5.0	44.0	10.0
Income attributable to noncontrolling interest	(1.0)	—	(1.4)	—
Net Income Attributable to A&B	$9.2	$5.0	$42.6	$10.0
Basic Earnings Per Share:				
Continuing operations attributable to A&B shareholders	$0.19	$0.06	$0.17	$0.07
Discontinued operations attributable to A&B shareholders	—	0.05	0.70	0.16
Net income attributable to A&B shareholders	$0.19	$0.11	$0.87	$0.23
Diluted Earnings Per Share:				
Continuing operations attributable to A&B shareholders	$0.19	$0.06	$0.17	$0.07
Discontinued operations attributable to A&B shareholders	—	0.05	0.70	0.16
Net income attributable to A&B shareholders	$0.19	$0.11	$0.87	$0.23
Weighted Average Number of Shares Outstanding:				
Basic	48.7	43.1	48.7	43.0
Diluted	49.3	43.7	49.2	43.6
Amounts Attributable to A&B Shareholders:				

Income from continuing operations, net of tax	$9.2	$2.6	$8.3	$3.1
Discontinued operations, net of tax	—	2.4	34.3	6.9
Net income	$9.2	$5.0	$42.6	$10.0
Cash dividends declared per share	$0.04	$—	$0.08	$—

See Notes to Condensed Consolidated Financial Statements.

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ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(In millions) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Income	$10.2	$5.0	$44.0	$10.0
Other Comprehensive Income:				
Defined benefit pension plans:				
Net gain (loss) and prior service cost	1.2	(2.0)	1.2	(2.0)
Amortization of prior service cost (credit) included in net periodic pension cost	(0.3)	(0.3)	(0.6)	(0.6)
Amortization of net loss included in net periodic pension cost	0.3	1.9	2.2	3.9
Income taxes related to other comprehensive income	(0.4)	0.2	(1.1)	(0.5)
Other Comprehensive Income (Loss)	0.8	(0.2)	1.7	0.8
Comprehensive Income	$11.0	$4.8	$45.7	$10.8
Comprehensive income attributable to noncontrolling interest	(1.0)	—	(1.4)	—
Comprehensive income attributable to A&B	$10.0	$4.8	$44.3	$10.8

See Notes to Condensed Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In millions) (Unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$6.2	$3.3
Accounts and other notes receivable, net	41.2	36.5
Contracts retention	9.5	9.3
Costs and estimated earnings in excess of billings on uncompleted contracts	11.8	10.5
Inventories	92.1	68.1
Real estate held for sale	—	15.9
Deferred income taxes	7.8	7.8
Income tax receivable	—	3.0
Prepaid expenses and other assets	15.2	17.0
Total current assets	183.8	171.4
Investments in Affiliates	342.6	341.4
Real Estate Developments	252.7	249.1
Property – net	1,266.8	1,273.7
Intangible assets - net	67.5	74.1
Goodwill	100.0	99.6
Other Assets	70.3	75.9
Total assets	$2,283.7	$2,285.2
LIABILITIES AND EQUITY		
Current Liabilities:		
Notes payable and current portion of long-term debt	$46.0	$105.2
Accounts payable	32.2	32.6
Income taxes - current	5.8	—
Billings in excess of costs and estimated earnings on uncompleted contracts	4.3	4.4
Accrued interest	5.8	5.9
Deferred revenue	0.1	17.8
Indemnity holdback related to Grace Acquisition	23.5	18.8
Accrued and other liabilities	30.3	33.5
Total current liabilities	148.0	218.2
Long-term Liabilities:		
Long-term debt	630.1	605.5
Deferred income taxes	200.9	188.7
Accrued pension and postretirement benefits	32.9	37.3
Other non-current liabilities	52.8	60.7
Total long-term liabilities	916.7	892.2
Commitments and Contingencies (Note 3)		
Equity:		
Common stock	1,146.0	1,142.3
Accumulated other comprehensive loss	(28.4)	(30.1)
Retained earnings	91.1	53.7
Total A&B Shareholders' equity	1,208.7	1,165.9
Noncontrolling interest	10.3	8.9
Total equity	1,219.0	1,174.8

Total liabilities and equity	$2,283.7	$2,285.2

See Notes to Condensed Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In millions) (Unaudited)

	Six Months Ended June 30, 2014	2013
Cash Flows used in Operating Activities:	$(20.6)	$(16.8)
Cash Flows from Investing Activities:		
Capital expenditures for property, plant and equipment	(19.7)	(13.1)
Capital expenditures related to 1031 commercial property transactions	—	(25.3)
Proceeds from investment tax credits and grants related to renewable energy projects	4.5	—
Proceeds from disposal of property and other assets	8.2	2.3
Proceeds from disposals related to 1031 commercial property transactions	71.7	15.5
Payments for purchases of investments in affiliates	(9.0)	(28.0)
Proceeds from investments in affiliates	6.2	2.1
Change in restricted cash associated with 1031 transactions	(0.5)	9.8
Net cash provided by (used in) investing activities	61.4	(36.7)
Cash Flows from Financing Activities:		
Proceeds from issuances of long-term debt	73.0	79.0
Payments of long-term debt and deferred financing costs	(43.4)	(30.4)
Proceeds (payments) from line-of-credit agreements, net	(63.7)	2.2
Dividends paid	(3.9)	—
Proceeds from issuance (repurchase) of capital stock and other, net	0.1	2.3
Net cash provided by (used in) financing activities	(37.9)	53.1
Cash and Cash Equivalents:		
Net increase (decrease) for the period	2.9	(0.4)
Balance, beginning of period	3.3	1.1
Balance, end of period	$6.2	$0.7
Other Cash Flow Information:		
Interest paid	$(14.8)	$(8.1)
Income taxes paid	$(11.0)	$(5.2)
Other Non-cash Information:		
Real estate exchanged for note receivable	$3.6	$—
Note payable assumed in connection with acquisition of Waianae Mall	$—	$19.7
Capital expenditures included in accounts payable and accrued expenses	$3.1	$7.4

See Notes to Condensed Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the six months ended June 30, 2014 and 2013
(In millions) (Unaudited)

	June 30, 2014			June 30, 2013		
	A&B Share-holders' Equity	Non-controlling interest	Total	A&B Share-holders' Equity	Non-controlling interest	Total
Beginning balance	$ 1,165.9	$ 8.9	$ 1,174.8	$ 914.4	$ —	$ 914.4
Net Income	42.6	1.4	44.0	10.0	—	10.0
Other comprehensive income, net of tax	1.7	—	1.7	0.8	—	0.8
Dividends paid on common stock	(3.9)	—	(3.9)	—	—	—
Share-based compensation	2.4	—	2.4	2.2	—	2.2
Shares issued or repurchased, net	(1.3)	—	(1.3)	(0.9)	—	(0.9)
Excess tax benefit from share-based awards	1.3	—	1.3	1.2	—	1.2
Ending balance	$ 1,208.7	$ 10.3	$ 1,219.0	$ 927.7	$ —	$ 927.7

Alexander & Baldwin, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) Description of Business. A&B is headquartered in Honolulu and operates four segments: Real Estate Development and Sales; Real Estate Leasing; Agribusiness; and Natural Materials and Construction.

Real Estate Leasing: The Real Estate Leasing segment owns, operates, and manages retail, office, and industrial properties in Hawaii and on the Mainland. The Real Estate Leasing segment also leases land in Hawaii. Real estate activities are conducted through A&B Properties, Inc. and various other wholly owned subsidiaries of A&B.

Real Estate Development and Sales: The Real Estate Development and Sales segment generates its revenues through the investment in and development and sale of land and commercial and residential properties in Hawaii.

Agribusiness: Agribusiness, which contains one segment, produces bulk raw sugar, specialty food grade sugars, and molasses; markets and distributes specialty food-grade sugars; provides general trucking services, equipment maintenance and repair services; leases agricultural land to third parties; charters the MV Moku Pahu between sugar voyages; and generates and sells electricity to the extent not used in A&B’s Agribusiness operations.

Natural Materials and Construction: On October 1, 2013, the Company acquired Grace Pacific ("Grace"), a Hawaii-based natural materials and infrastructure construction company. Natural Materials and Construction, which contains one segment and includes the results of Grace from the date of acquisition, mines, processes, and sells basalt aggregate; imports sand and aggregates for sale and use; imports and markets liquid asphalt; manufactures and markets asphaltic concrete; performs asphalt paving as prime contractor and subcontractor; manufactures and supplies precast/prestressed concrete products; and provides various construction and traffic-control related products and services.

(2) Basis of Presentation. The condensed consolidated financial statements are unaudited. Because of the nature of the Company’s operations, the results for interim periods are not necessarily indicative of results to be expected for the year. While these condensed consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (GAAP) for complete financial statements. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013 and the notes thereto included in the Company’s Annual Report filed on Form 10-K for the year ended December 31, 2013, and other subsequent filings with the SEC.

Rounding: Amounts in the condensed consolidated financial statement and Notes are rounded to the nearest tenth of a million, but per-share calculations and percentages were determined based on amounts before rounding. Accordingly, a recalculation of some per-share amounts and percentages, if based on the reported data, may be slightly different.

Certain amounts reflected in the condensed consolidated statements of cash flows were reclassified to improve the transparency of the Company's cash flows. The Company's 1031 activities in the condensed consolidated statement of cash flows were previously presented as non-cash activities, but those activities are now reflected as additional items within cash flows from investing activities. Net cash provided by (used in) operations, net cash provided by (used in) investing activities and net cash provided by (used in) financing activities did not change as a result of the reclassifications.

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(3) Commitments, Guarantees and Contingencies: Commitments and financial arrangements not recorded on the Company's condensed consolidated balance sheet, excluding lease commitments that are disclosed in Note 10 of the Company's Annual Report filed on Form 10-K for the year ended December 31, 2013, included the following (in millions) as of June 30, 2014:

Standby letters of credit related to real estate projects	$11.4
Bonds related to real estate and construction*	$326.1

* Represents bonds related to construction and real estate activities in Hawaii, and include construction bonds issued by third party sureties (bid, performance, and payment bonds) and commercial bonds issued by third party sureties (permit, subdivision, license, and notary bonds). In the event the bonds are drawn upon, the Company would be obligated to reimburse the surety that issued the bond. None of the bonds have been drawn upon to date, and the Company believes it is unlikely that any of these bonds will be drawn upon.

Indemnity Agreements: For certain real estate joint ventures, the Company may be obligated under bond indemnities to complete construction of the real estate development if the joint venture does not perform. These indemnities are designed to protect the surety in exchange for the issuance of surety bonds that cover joint venture construction activities, such as project amenities, roads, utilities, and other infrastructure, at its joint ventures. Under the indemnities, the Company and its joint venture partners agree to indemnify the surety bond issuer from all losses and expenses arising from the failure of the joint venture to complete the specified bonded construction. The maximum potential amount of aggregate future payments is a function of the amount covered by outstanding bonds at the time of default by the joint venture, reduced by the amount of work completed to date. The recorded amounts of the indemnity liabilities were not material individually or in the aggregate.

Other Obligations: Certain of the real estate businesses in which the Company holds a non-controlling interest have long-term debt obligations. One of the Company's joint ventures has a $10 million loan that matures in August 2015. As a condition to providing the loan to the joint venture, the lender required that the Company and its joint venture partner guarantee certain obligations of the joint venture under a maintenance agreement. The maintenance agreement specifies that the Company and its joint venture partner make payments to the lender to the extent that the loan-to-value measure or debt service ratio of the property held by the joint venture is below pre-determined thresholds. The Company has determined that the fair value of its obligation under this maintenance agreement is not material, and as of June 30, 2014, the Company had not paid or accrued any amounts under the guaranty.

The Company's Waihonua joint venture has a $120 million construction loan to finance the construction of a 43-story, 341-unit high-rise condominium, which was sold-out in July 2013. The Company provided a limited guaranty to the lenders for up to $20 million, as well as certain other limited guaranties and a completion guaranty. The Company has determined that the fair value of its obligation under the guaranties is not material, and as of June 30, 2014, the Company had not paid or accrued any amounts under the guaranties.

The Company's Club Villas joint venture has a $14 million construction loan to finance the construction of up to six units, all of which have been pre-sold under binding sales contracts. The Company and its joint venture partner each provided a separate limited loan guaranty of 50 percent of $14 million on a several basis, and a completion guaranty. The Company has determined that the fair value of its obligation under the guaranties is not material, and as of June 30, 2014, the Company had not paid or accrued any amounts under the guaranties.

Other than obligations described above, obligations of the Company's non-consolidated joint ventures do not have recourse to the Company and the Company's "at-risk" amounts are limited to its investment.

Legal Proceedings and Other Contingencies: A&B owns 16,000 acres of watershed lands in East Maui that supply a significant portion of the irrigation water used by Hawaiian Commercial & Sugar Company (“HC&S”), a division of A&B that produces raw sugar. A&B also held four water licenses to another 30,000 acres owned by the State of Hawaii in East Maui which, over the last ten years, have supplied approximately 56 percent of the irrigation water used by HC&S. The last of these water license agreements expired in 1986, and all four agreements were then extended as revocable permits that were renewed annually. In 2001, a request was made to the State Board of Land and Natural Resources (the “BLNR”) to replace these revocable permits with a long-term water lease. Pending the conclusion by the BLNR of this contested case hearing on the request for the long-term lease, the BLNR has renewed the existing permits on a holdover basis. If the Company is not permitted to utilize sufficient quantities of stream waters from State lands in East Maui, it could have a material adverse effect on the Company's sugar-growing operations.

In addition, on May 24, 2001, petitions were filed by a third party, requesting that the Commission on Water Resource Management of the State of Hawaii ("Water Commission") establish interim instream flow standards ("IIFS") in 27 East Maui streams that feed the Company's irrigation system. On September 25, 2008, the Water Commission took action on eight of the petitions, resulting in some quantity of water being returned to the streams rather than being utilized for irrigation purposes. In May 2010, the Water Commission took action on the remaining 19 streams resulting in additional water being returned to the streams. A petition requesting a contested case hearing to challenge the Water Commission's decisions was filed with the Commission by the opposing third party. On October 18, 2010, the Water Commission denied the petitioner's request for a contested case hearing. On November 17, 2010, the petitioner filed an appeal of the Water Commission's denial to the Hawaii Intermediate Court of Appeals. On August 31, 2011, the Intermediate Court of Appeals dismissed the petitioner's appeal. On November 29, 2011, the petitioner appealed the Intermediate Court of Appeals' dismissal to the Hawaii Supreme Court. On January 11, 2012, the Hawaii Supreme Court vacated the Intermediate Court of Appeals' dismissal of the petitioner's appeal and remanded the appeal back to the Intermediate Court of Appeals. On November 30, 2012, the Intermediate Court of Appeals remanded the case back to the Water Commission, ordering the Commission to grant the petitioner's request for a contested case hearing.

The water loss that may result from the Water Commission's future decisions will impose challenges to the Company's sugar growing operations. The water loss will result in a combination of future suppression of sugar yields and negative financial impacts on the Company that will only be quantifiable over time. Accordingly, the Company is unable to predict, at this time, the total impact of the water proceedings.

On June 25, 2004, two organizations filed a petition with the Water Commission to establish IIFS for four streams in West Maui to increase the amount of water to be returned to these streams. The West Maui irrigation system provided approximately 14 percent of the irrigation water used by HC&S over the last ten years. The Water Commission issued a decision in June 2010, which required the return of water in two of the four streams. In July 2010, the two organizations appealed the Water Commission's decision to the Hawaii Intermediate Court of Appeals. On June 23, 2011, the case was transferred to the Hawaii Supreme Court. On August 15, 2012, the Hawaii Supreme Court overturned the Water Commission's decision and remanded the case to the Water Commission for further consideration in connection with the establishment of the IIFS. On April 4, 2014, the parties entered into a settlement on the amount of water to be returned to the four streams, and the Water Commission approved the settlement on April 17, 2014.

In January 2013, the Environmental Protection Agency ("EPA") finalized nationwide standards for controlling hazardous air pollutant emissions from industrial, commercial, institutional boilers and process heaters (the "Boiler MACT" rule), which apply to Hawaiian Commercial & Sugar Company's three boilers at the Puunene Sugar Mill. Compliance with the Boiler MACT rule is required by 2016. The Company anticipates that the Puunene Mill boilers will be able to meet the new emissions limits without significant modifications, and that compliance costs will be less than $5 million based on currently available information. The Company is currently developing strategies for achieving compliance with the new regulations, including identifying required upgrades to boiler and air pollution control instrumentation and developing the complex compliance monitoring approaches necessary to accommodate the facility's multi-fuel operations. There remains significant uncertainty as to the final requirements of the Boiler MACT rule, pending an EPA response to various petitions for reconsideration and ongoing litigation. Any resulting changes to the Boiler MACT rule could adversely impact the Company's compliance schedule or cost of compliance.

On June 24, 2014, the Hawaii State Department of Health ("DOH") Clean Air Branch issued a Notice and Finding of Violation and Order ("NFVO") to Hawaiian Commercial & Sugar Company ("HC&S") alleging various violations relating to the operation of HC&S's three boilers at its sugar mill. The DOH reviewed a five-year period (2009-2013) and alleged violations relating primarily to periods of excess visible emissions and operation of the wet scrubbers installed to control particulate matter emissions from the boiler stacks. All incidents were self-reported by HC&S to the DOH prior to the DOH's review, and there is no indication that these deviations resulted in any violation of health-based air quality standards. The NFVO includes an administrative penalty of $1.3 million, which HC&S has contested. The Company is unable to predict, at this time, the outcome or financial impact of the NFVO, but does not believe that the financial impact of the NFVO will be material to its financial position or results of operations.

In June 2011, the Equal Employment Opportunity Commission ("EEOC") served McBryde Resources, Inc., formerly known as Kauai Coffee Company, Inc. ("McBryde Resources") with a lawsuit, which alleged that McBryde

Resources and five other farms were complicit in illegal acts by Global Horizons Inc., a company that had hired Thai workers for the farms. The lawsuit was filed in the U.S. District Court for the District of Hawaii. In July 2011, the EEOC amended the lawsuit to name Alexander & Baldwin, LLC (formerly known as Alexander & Baldwin, Inc.), a wholly owned subsidiary of the Company, as a defendant. After motions to dismiss the complaint, and amended complaints, certain claims against the defendants remain and McBryde Resources and Alexander & Baldwin, LLC are defending the lawsuit. Discovery is pending while the parties discuss possible settlement of this matter. The Company is unable to predict, at this time, the outcome or financial impact, if any, of the lawsuit, but does not believe that the financial impact will be material to its financial position or results of operations.

A&B is a party to, or may be contingently liable in connection with, other legal actions arising in the normal conduct of its businesses, the outcomes of which, in the opinion of management after consultation with counsel, would not have a material effect on A&B's condensed consolidated financial statements as a whole.

(4) Earnings Per Share ("EPS"): The following table provides a reconciliation of income from continuing operations to income from continuing operations attributable to A&B (in millions):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Income from continuing operations	$10.2	$2.6	$9.7	$3.1
Noncontrolling interest	(1.0)	—	(1.4)	—
Income from continuing operations attributable to A&B, net of tax	$9.2	$2.6	$8.3	$3.1

The number of shares used to compute basic and diluted earnings per share is as follows (in millions):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Denominator for basic EPS – weighted average shares	48.7	43.1	48.7	43.0
Effect of dilutive securities:				
Employee/director stock options and restricted stock units	0.6	0.6	0.5	0.6
Denominator for diluted EPS – weighted average shares	49.3	43.7	49.2	43.6

Basic earnings per share is computed based on the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed based on the weighted-average number of common shares outstanding adjusted by the number of additional shares, if any, that would have been outstanding had the potentially dilutive common shares been issued. Potentially dilutive shares of common stock include non-qualified stock options, time-based restricted stock units and performance share units. The vesting of performance share units is contingent upon the achievement of relative total shareholder return metrics. Prior to vesting, if all necessary conditions would have been satisfied by the end of the reporting period (as if the end of the reporting period were deemed to be the end of the performance measurement period), the dilutive effect of the performance share units, if any, is included in the computation of diluted EPS using the treasury stock method.

During the three and six month periods ended June 30, 2014 and 2013, there were no anti-dilutive securities outstanding.

(5) Fair Value of Financial Instruments. The fair values of receivables and short-term borrowings approximate their carrying values due to the short-term nature of the instruments. The Company's cash and cash equivalents, consisting principally of cash on deposit, may from time to time include short-term money markets funds. The fair values of these money market funds, based on market prices (level 2), approximate their carrying values due to their short-maturities. The carrying amount and fair value of the Company's long-term debt at June 30, 2014 was

$676.1 million and $700.1 million, respectively, and $710.7 million and $723.2 million at December 31, 2013, respectively. The fair value of long-term debt is calculated by discounting the future cash flows of the debt at rates based on instruments with similar risk, terms and maturities as compared to the Company's existing debt arrangements (level 2).

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(6) Inventories. Sugar inventories are stated at the lower of cost (first-in, first-out basis) or market value. Materials and supplies and Natural Materials and Construction segment inventory are stated at the lower of cost (principally average cost, first-in, first-out basis) or market value.

Inventories at June 30, 2014 and December 31, 2013 were as follows (in millions):

	June 30, 2014	December 31, 2013
Sugar inventories	$20.8	$16.8
Work in process - sugar	21.2	—
Asphalt	19.7	17.9
Processed rock, portland cement, and sand	15.3	12.9
Work in process - aggregate	2.7	2.7
Retail merchandise	1.4	1.8
Parts, materials and supplies inventories	11.0	16.0
Total	$92.1	$68.1

(7) Share-Based Compensation. Under the 2012 Plan, which provides for grants of equity-based incentive compensation, 4.3 million shares of common stock were initially reserved for issuance, and as of June 30, 2014, 1,376,473 shares of the Company's common stock remained available for future issuance, which is reflective of a 2.7 million share reduction for outstanding equity awards replaced in the separation transaction from Matson, Inc. in 2012. The shares of common stock authorized to be issued under the 2012 Plan may be drawn from the shares of the Company's authorized but unissued common stock or from shares of its common stock that the Company acquires, including shares purchased on the open market or in private transactions.

Activity in the Company's stock option plans in 2014 was as follows (in thousands, except weighted average exercise price and weighted average contractual life):

	2012 Plan	Weighted Average Exercise Price	Weighted Average Contractual Life	Aggregate Intrinsic Value
Outstanding, January 1, 2014	1,337.3	$19.21		
Exercised	(153.6)	$21.23		
Forfeited and expired	—	$—		
Outstanding, June 30, 2014	1,183.7	$18.94	4.9	$25,895
Exercisable, June 30, 2014	1,134.2	$18.79	4.7	$24,989

The following table summarizes non-vested restricted stock unit activity through June 30, 2014 (in thousands, except weighted average grant-date fair value amounts):

	2012 Plan Restricted Stock Units	Weighted Average Grant-Date Fair Value
Outstanding, January 1, 2014	242.3	$27.92
Granted	123.0	$39.38
Vested	(83.0)	$25.37
Outstanding, June 30, 2014	282.3	$33.66

A portion of the restricted stock unit awards are time-based awards that vest ratably over three years. The remaining portion of the awards represents market-based awards that cliff vest after two years, provided that the total shareholder return of the Company's common stock over the two-year measurement period meets or exceeds pre-defined levels of relative total shareholder returns of the Standard & Poor's MidCap 400 index.

A summary of compensation cost related to share-based payments is as follows (in millions):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Share-based expense (net of estimated forfeitures):				
Stock options	$0.1	$0.3	$0.3	$0.7
Restricted stock units	1.1	0.7	2.1	1.4
Total share-based expense	1.2	1.0	2.4	2.1
Total recognized tax benefit	(0.3)	(0.3)	(0.7)	(0.6)
Share-based expense (net of tax)	$0.9	$0.7	$1.7	$1.5

(8) Discontinued Operations. The revenues and expenses related to the sale of Maui Mall, a retail property on Maui, have been classified as discontinued operations. During 2013, the sales of four industrial properties, three retail properties and two office buildings were classified as discontinued operations.

The results of operations from these properties in prior periods were reclassified from continuing operations to discontinued operations to conform to the current period's accounting presentation. Consistent with the Company's intention to reinvest the sales proceeds into new investment property, the proceeds from the sales of property treated as discontinued operations were deposited in escrow accounts for tax-deferred reinvestment in accordance with Section 1031 of the Internal Revenue Code. As described in Note 10, the Company early adopted Accounting Standards Update (ASU) 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity("ASU 2014-08"), which changes the requirements for reporting discontinued operations.

The revenue, operating profit, income tax expense and after-tax effects of these transactions were as follows (in millions):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Proceeds from the sale of income-producing properties	$—	$—	$70.1	$14.9
Real estate leasing revenue	—	8.5	0.2	17.1
	—	8.5	70.3	32.0
Gain on sale of income-producing properties	—	—	55.9	4.2
Real estate leasing operating profit	—	3.9	0.2	7.0
Total operating profit before taxes	—	3.9	56.1	11.2
Income tax expense	—	1.5	21.8	4.3
Income from discontinued operations	$—	$2.4	$34.3	$6.9

(9) Pension and Post-retirement Plans. The Company has defined benefit pension plans that cover substantially all non-bargaining unit and certain bargaining unit employees. The Company also has unfunded non-qualified plans that provide benefits in excess of the amounts permitted to be paid under the provisions of the tax law to participants in qualified plans. In 2007, the Company changed the traditional defined benefit pension plan formula for new non-bargaining unit employees hired after January 1, 2008 and replaced it with a cash balance defined benefit pension plan formula. Subsequently, effective January 1, 2012, the Company froze the benefits under its traditional defined benefit plans for non-bargaining unit employees hired before January 1, 2008 and replaced the benefit with the same cash balance defined benefit pension plan formula provided to those employees hired after January 1, 2008. Retirement benefits under the cash balance pension plan formula are based on a fixed percentage of employee eligible compensation, plus interest. The plan interest credit rate will vary from year-to-year based on

the ten-year U.S. Treasury rate.

The assumptions related to discount rates, expected long-term rates of return on invested plan assets, salary increases, age, mortality and health care cost trend rates, along with other factors, are used in determining the assets, liabilities and expenses associated with pension benefits. Management reviews the assumptions annually with its independent actuaries, taking into consideration existing and future economic conditions and the Company's intentions with respect to these plans. Management believes that its assumptions and estimates are reasonable. Different assumptions, however, could result in material changes to the assets, obligations and costs associated with benefit plans.

The components of net periodic benefit cost recorded for the three months ended June 30, 2014 and 2013 were as follows (in millions):

	Pension Benefits		Post-retirement Benefits
	2014	2013	2014