Cytosorbents Corp
Form 10-K
March 31, 2011

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

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010
COMMISSION FILE NUMBER 000-51038

CYTOSORBENTS CORPORATION
(f/k/a MedaSorb Technologies Corporation)
(Name of Small Business Issuer in Its Charter)

Nevada	98-0373793
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer identification number)

7 Deer Park Drive, Suite K
Monmouth Junction, New Jersey 08852
(732) 329-8885
(Address, including zip code, and telephone number,
including area code, of registrant’s principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes þ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes þ No

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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.
þ Yes o No
Indicate by check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. þ

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.

Large Accelerated Filer o Accelerated Filer o

Non-accelerated Filer o (do not check if a smaller reporting company) Smaller reporting company þ

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

The issuer had no revenues for its fiscal year ended December 31, 2010.

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2010 was approximately $8,469,000. The number of shares outstanding of the registrant's Common Stock as of March 31, 2011 was 139,576,642.

CYTOSORBENTS CORPORATION
2010 FORM 10-K ANNUAL REPORT
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements”. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of management and information currently available to management. The use of words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “should,” “likely” or similar expressions, ir forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Many of the factors that will determine these results are beyond the ability of CytoSorbents to control or predict. Stockholders are cautioned not to put undue reliance on any forward-looking statements, which speak only to the date made. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under “Risk Factors”. However, the identification in this document of factors that may affect future performance and the accuracy of forward-looking statements is meant to be illustrative and by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

PART I

Item 1. Business.

Overview

We are a therapeutic medical device company that is currently in the development stage, headquartered in Monmouth Junction, New Jersey (near Princeton). We have developed and will seek to commercialize a blood purification technology that we believe will be able to efficiently remove middle molecular weight toxins from circulating blood and physiologic fluids. We are required to obtain required regulatory approvals from a Notified Body for the European Community (CE Mark) and the United States Food and Drug Administration (“FDA”) before we can sell our products in Europe and the United States, respectively. The Company has recently achieved European CE Mark approval for its flagship product, CytoSorbTM, as an extracorporeal cytokine filter. We are currently preparing to commercialize our CytoSorbTM device in the European Union and are continuing research of our technology to seek potential label extensions of our CE Mark as well as for potential additional regulatory approvals in countries outside of Europe (such as the United States).

We estimate that the market potential in Europe for our products is substantially equivalent to that in the U.S. Given the opportunity to conduct a much larger clinical study in Europe, and management’s belief that the path to a CE Mark should be faster than FDA approval, we have targeted Europe as the introductory market for our CytoSorb™ product. In July 2007 we prepared and filed a request for a clinical trial with a German Central Ethics Committee, which was subsequently approved.

We are currently finalizing our European Sepsis clinical trial of up to 100 patients with acute respiratory distress syndrome or acute lung injury in the setting of sepsis. To date, the Company has enrolled ninety eight (98) patients in the clinical trial with the participation of fourteen hospital units. The Sepsis Trial has successfully demonstrated the CytoSorb™’s ability to reduce circulating levels of cytokines from whole blood in treated patients. The treatment was well tolerated with no serious device related adverse events reported to date in more than 300 treatments.

In March 2011 the Company successfully completed its technical file review with its Notified Body, and has received approval to apply the CE Mark to the CytoSorbTM device as an extracorporeal cytokine filter. CytoSorbents has also achieved ISO 13485:2003 Full Quality Systems certification, an internationally recognized quality standard designed to ensure that medical device manufacturers have the necessary comprehensive management systems in place to safely design, develop, manufacture and distribute medical devices in the European Union (“E.U.”)

The Company is preparing to increase the manufacturing of its CytoSorbTM device for a controlled-market release in the second half of 2011 in the European Union. Concurrent with its commercialization plans, the Company is exploring the potential to treat additional patients in Europe in order to gather additional clinical data and expand the scope of clinical experience for marketing purposes. This will have the effect of increasing the number of treated patients and supporting potential future publications. As we analyze clinical data from the current trial and prepare to market CytoSorbTM for clinical use, we plan to conduct additional clinical studies in sepsis and other critical care diseases. Assuming availability of adequate and timely funding, and continued positive results from our clinical studies, the Company intends to begin commercializing its product in Europe before the end of 2011.

The clinical protocol for our European Sepsis Trial was designed to allow us to gather information to support future U.S. studies. In the event we are able to successfully commercialize our products in the European market, we will review our plans for the United States to determine whether to conduct clinical trials in support of 510(k) or PMA registration. No assurance can be given that our CytoSorb™ product will work as intended in these studies or that we will be able to obtain FDA approval to sell CytoSorb™ in the United States. Even though we have obtained CE Mark approval, there is no guarantee or assurance that we will be successful in obtaining FDA approval in the United States or approval in any other country or jurisdiction.

We have developed two products, CytoSorb™ and BetaSorb™ utilizing our adsorbent polymer technology. (The BetaSorb has not been approved for CE Mark and is not the current focus of our near term commercialization plans.) These products are known medically as hemoperfusion devices. During hemoperfusion, blood is removed from the body via a catheter or other blood access device, perfused through a filter medium where toxic compounds are removed, and returned to the body.

The CytoSorb™ device consists of a cartridge containing hemocompatible, highly porous, adsorbent polymer beads that are intended to remove toxins and other substances from blood and physiologic fluids. The cartridge incorporates industry standard connectors at either end of the device, which connect directly to an extra-corporeal circuit (bloodlines) on a stand alone basis. The extra-corporeal circuit consists of plastic tubing through which the blood flows, our CytoSorb™ cartridge containing adsorbent polymer beads, pressure monitoring gauges, and a blood pump to maintain blood flow. The patient's blood is accessed through a catheter inserted into his or her veins. The catheter is connected to the extra-corporeal circuit and the blood pump draws blood from the patient, pumps it through the cartridge and returns it back to the patient in a closed loop , recirculating system. As blood passes over the polymer beads in the cartridge, toxins (cytokines) are adsorbed from the blood.

To date, we have manufactured the CytoSorb™ device on a limited basis for testing purposes, including for use in clinical studies. We believe that other current state of the art blood purification technologies (such as dialysis) are incapable of effectively clearing the various toxic compounds intended to be adsorbed by our devices. We have demonstrated the ability of CytoSorb™ to remove cytokines in vitro and in vivo from whole blood. CytoSorb's™ ability to interact safely with blood (hemocompatibility) and general biocompatibility has been demonstrated through ISO 10993 testing.

Prior to the current European Sepsis Trial, the CytoSorb™ device design was tested on a single patient with bacterial sepsis, producing results that our management found encouraging and consistent with our belief that our device design was appropriate for more extensive sepsis study.

In November 2009, we announced positive clinical data on key secondary endpoints from 7 CytoSorb™ treated patients, compared to 6 control patients, with severe sepsis in the setting of respiratory failure. These data included all fully monitored, completed data sets at that time from a 22 patient sepsis pilot.

We are currently finalizing our European Sepsis Trial using our CytoSorb™ device. The study is a randomized, controlled clinical study in fourteen hospital sites in Germany of up to 100 patients with acute respiratory distress syndrome or acute lung injury in the setting of sepsis. Patients are being treated with one new device per day for up to seven (7) consecutive days. In part, as a result of this study, the CytoSorbTM device has recently received European CE Mark approval (regulatory approval to sell medical devices in the European Union). We believe that this study may also be supportive of, but not specifically definitive support for, FDA approval for the use of our CytoSorb™ device in the United States.

Concurrent with the sepsis indication, we intend to continue our research in other acute conditions where CytoSorb™ has the potential to prevent or reduce the accumulation of cytokines and other toxic compounds in the bloodstream. These conditions include, but are not limited to, the treatment of severe burn injury, trauma, acute respiratory distress syndrome, pancreatitis, the prevention of post-operative complications of cardiac surgery (cardiopulmonary bypass surgery), damage to organs donated for transplant prior to organ harvest, and removing drugs from blood.

Previous studies using our BetaSorb™ device in patients with chronic kidney failure have provided valuable data, which we use in conducting clinical studies using our CytoSorb™ device. However, limited studies have been conducted using our CytoSorb™ device to date and no assurance can be given that our proposed CytoSorb™ product will work as intended or that we will be able to obtain additional necessary regulatory body approvals to sell CytoSorb™ in markets outside of Europe. Even if we ultimately obtain additional regulatory approvals, because we cannot control the timing of responses to our regulatory submissions, there can be no assurance as to when such approvals will be obtained.

Our BetaSorb™ device is intended to remove beta2-microglobulin from the blood of patients suffering from chronic kidney failure who rely on long term dialysis therapy to sustain their life. BetaSorb™ utilizes an adsorbent polymer packed into an identically shaped and constructed cartridge as utilized for our CytoSorb™ product, although the polymers used in the two devices are physically different. The BetaSorb™ device also incorporates industry standard connectors at either end of the device, which connect directly into the extra-corporeal circuit (bloodlines) in series with a dialyzer. To date, we have manufactured the BetaSorb™ device on a limited basis for testing purposes, including for use in clinical studies.

We had initially identified end stage renal disease (ESRD) as the target market for our polymer-based adsorbent technology. However, during the development of BetaSorb™, we identified several applications for our adsorbent technology in the treatment of critical care patients. As a result, we shifted our priorities to pursue critical care applications (such as for the treatment of sepsis) for our technology given that BetaSorb's™ potential for usage in chronic conditions such as end stage renal disease is anticipated to have a longer and more complex regulatory pathway. We currently intend to pursue our BetaSorb™ product after the commercialization of the CytoSorb™ product. At such time as we determine to proceed with our proposed BetaSorb™ product, if ever, we will need to conduct additional clinical studies using the BetaSorb™ device and obtain separate regulatory approval in Europe and/or the United States.

We have conducted clinical studies using our BetaSorb™ device in patients with chronic kidney failure, which have provided valuable data that underpin the development of the critical care applications for our technology. The BetaSorb™ device has been used in a total of four human pilot studies, involving 20 patients, in the U.S. and Europe. The studies included approximately 345 treatments, with some patients using the device for up to 24 weeks (in multiple treatment sessions lasting up to four hours, three times per week) in connection with the application of our products to patients suffering from chronic kidney failure.

We have not generated any revenue to date. We have incurred losses in each of our fiscal years and expect these losses to continue for the foreseeable future. We will need to raise significant additional funds to conduct additional clinical studies, obtain additional regulatory approvals, and to support the commercialization plans for our products. No assurance can be given that we will ever successfully commercialize any products.

Corporate History

CytoSorbents Corporation was incorporated in Nevada on April 25, 2002 as Gilder Enterprises, Inc. and was originally engaged in the business of installing and operating computer networks that provided high-speed access to the Internet. On June 30, 2006, we disposed of our original business, and pursuant to an Agreement and Plan of Merger, acquired all of the stock of MedaSorb Technologies, Inc., a Delaware corporation in a merger, and its business became our business. Following the merger, in July 2006 we changed our name to MedaSorb Technologies Corporation. In November 2008 we changed the name of our operating subsidiary from MedaSorb Technologies, Inc. to CytoSorbents, Inc. In May 2010 we changed the name of our parent company to CytoSorbents Corporation. Unless otherwise indicated, all references in this Annual Report to "MedaSorb,", "CytoSorbents", "us" or "we" with respect to events prior to June 30, 2006 are references to CytoSorbents, Inc. and its predecessors. Our executive offices are located at 7 Deer Park Drive, Suite K, Monmouth Junction, New Jersey 08852. Our telephone number is (732) 329-8885.

CytoSorbents was originally organized as a Delaware limited liability company in August 1997 as Advanced Renal Technologies, LLC. The Company changed its name to RenalTech International, LLC in November 1998, and to MedaSorb Technologies, LLC in October 2003. In December 2005, MedaSorb converted from a limited liability company to a corporation.

CytoSorbents has been engaged in research and development since its inception, and prior to the merger, had raised approximately $53 million from investors. These proceeds have been used to fund the development of multiple product applications and to conduct clinical studies. These funds have also been used to establish in-house manufacturing capacity to meet clinical testing needs, expand our intellectual property through additional patents and to develop extensive proprietary know-how with regard to our products.

Immediately prior to the merger, the Company had 292 stockholders that held an aggregate of 20,340,929 shares of common stock. In connection with the merger, certain stockholders of ours (i.e., persons who were stockholders of Gilder Enterprises prior to the merger), including Joseph Bowes, a former principal stockholder and the sole director and officer of Gilder prior to the merger, sold an aggregate of 3,617,500 shares of our Common Stock to several purchasers, and forfeited 4,105,000 shares of Common Stock, which we cancelled. As a result, prior to giving effect to the merger, we had outstanding 3,750,000 shares of Common Stock and, after giving effect to the merger, we had outstanding 24,090,929 shares of Common Stock.

The principal stockholders of MedaSorb immediately prior to the merger were Margie Chassman, Guillermina Montiel, Al Kraus and Robert Shipley, who respectively beneficially owned 10,000,000 shares (49.2%), 5,052,456 shares (24.6%), 1,393,631 shares (6.9%) and 1,248,372 shares (6%), of the outstanding common stock of MedaSorb. Immediately following the merger and the closing of the Series A Preferred Stock financing described below, Ms. Chassman beneficially owned an additional 630,000 shares of Common Stock underlying the warrant we issued to her in connection with her pledge of stock to the purchasers of the Series A Preferred Stock, as described below. On July 5, 2006, Ms. Chassman transferred 2,005,000 shares of Common Stock owned by her to her designees. In addition, following the closing of the Series A Preferred Stock financing, without giving effect to applicable restrictions that prohibit conversion of the Series A Preferred Stock or exercise of warrants if as a result the holder would hold in excess of 4.99% of our Common Stock, Longview Fund, LP beneficially owned 3,600,000 shares (13%) of our Common Stock.

Principal Terms of the Reverse Merger

In connection with the merger, the stockholders of MedaSorb prior to the merger were issued an aggregate of 20,340,929 shares of Common Stock in exchange for the shares of MedaSorb common stock previously held by them. In addition, pursuant to the terms of the merger, outstanding warrants and options to purchase a total of 1,697,648 shares of the common stock of MedaSorb prior to the merger were cancelled in exchange for warrants and options to purchase the same number of shares of our Common Stock at the same exercise prices and otherwise on the same general terms as the MedaSorb options and warrants that were cancelled. Certain providers of legal services to MedaSorb who previously had the right to be issued approximately 997,000 shares of MedaSorb common stock as payment toward accrued legal fees, became entitled to instead be issued the same number of shares of our Common Stock as payment toward such services.

Concurrently with the closing of the merger, Joseph G. Bowes, the sole director and officer of MedaSorb Technologies Corporation (then Gilder Enterprises) prior to the merger, appointed Al Kraus, Joseph Rubin, Esq., and Kurt Katz to the Board of Directors, and then resigned from the Board and from his positions as an officer. In addition, at such time, Al Kraus was appointed our President and Chief Executive Officer, Vincent Capponi was appointed our Chief Operating Officer, David Lamadrid was appointed our Chief Financial Officer and James Winchester, MD was appointed our Chief Medical Officer.

For accounting purposes, the merger has been accounted for as a reverse merger, since MedaSorb Technologies Corporation (then Gilder Enterprises) was a shell company prior to the merger, the stockholders of MedaSorb prior to the merger own a majority of the issued and outstanding shares of our Common Stock after the merger, and the directors and executive officers of MedaSorb prior to the merger became our directors and executive officers. Accordingly, pre-merger MedaSorb is treated as the acquiror in the merger, which is treated as a recapitalization of pre-merger MedaSorb, and the pre-merger financial statements of MedaSorb are now deemed to be our historical financial statements.

Principal Terms of the Series A Financing Consummated upon the Closing of the Merger

On June 30, 2006, immediately following the merger, we sold to four institutional investors, in a private offering generating gross proceeds of $5.25 million, an aggregate of 5,250,000 shares of our Series A 10% Cumulative Convertible Preferred Stock initially convertible into 4,200,000 shares of Common Stock, and five-year warrants to purchase an aggregate of 2,100,000 shares of our Common Stock.

The Series A Preferred Stock has a stated value of $1.00 per share. The Series A Preferred Stock is not redeemable at the holder's option but may be redeemed by us at our option following the third anniversary of the issuance of the Series A Preferred Stock for 120% of the stated value thereof plus any accrued but unpaid dividends upon 30 days' prior written notice (during which time the Series A Preferred Stock may be converted), provided a registration statement is effective under the Securities Act with respect to the shares of our Common Stock into which such Series A Preferred Stock is then convertible, and an event of default, as defined in the Certificate of Designations relating to the Series A Preferred Stock is not then continuing.

The Series A Preferred Stock has a dividend rate of 10% per annum, payable quarterly. The dividend rate increases to 20% per annum upon the occurrence of the events of default specified in the Certificate of Designations. Dividends may be paid in cash or, provided no event of default is then continuing, with additional shares of Series A Preferred Stock valued at the stated value thereof. The Series A Preferred Stock is convertible into Common Stock at the conversion rate of one share of Common Stock for each $1.25 of stated value or accrued but unpaid dividends converted.

The warrants issued in the private placement have an initial exercise price of $2.00 per share. The aggregate number of shares of Common Stock covered by the Warrants equaled, at the date of issuance, one-half the number of shares of Common Stock issuable upon the full conversion of the Series A Preferred Stock issued to the investors on that date.

We agreed to file a registration statement under the Securities Act covering the Common Stock issuable upon conversion of the Series A Preferred Stock and exercise of the warrants within 120 days following closing of the private placement and to cause it to become effective within 240 days of that closing. We also granted the investors demand and piggyback registration rights with respect to such Common Stock.

Because the registration statement we agreed to file was not declared effective within the time required under our agreements with the June 30, 2006 purchasers of the Series A Preferred Stock, dividends on the shares of Series A Preferred Stock issued to those purchasers accrued at the rate of 20% per annum from February 26, 2007 until May 7, 2007, the date the registration statement was declared effective. During this time period, we were obligated to pay those purchasers cash dividends and an aggregate of $105,000 per 30-day period from February 26, 2007 through the date such registration statement was declared effective (May 7,2007) in cash. Pursuant to a settlement agreement with the June 30, 2006 purchasers of Series A Preferred Stock, all cash dividends and damages were paid for in full with additional shares of Series A Preferred Stock.

Both the conversion price for the June 30, 2006 purchasers of the Series A Preferred Stock and the exercise price of the warrants were subject to "full-ratchet" anti-dilution provisions, so that upon future issuances of our Common Stock or equivalents thereof, subject to specified customary exceptions, at a price below the conversion price of the Series A Preferred Stock and/or exercise price of the warrants, the conversion price and/or exercise price will be reduced to the lower price. As of the "Qualified Closing" of our Series B Preferred Stock private placement in August of 2008, these investors' agreed to a modification of their rights and pricing and gave up their anti-dilution protection – see Qualified Closing description in Series B Preferred Stock section)

In connection with the sale of the Series A Preferred Stock and warrants to the four institutional investors, to induce those investors to make the investment, Margie Chassman pledged to those investors securities of other publicly traded companies. The pledged securities consisted of a $400,000 promissory note of Xechem International, Inc. convertible into Xechem common stock at $.005 per share, and 250,000 shares of the common stock of Novelos Therapeutics, Inc. Based on the market value of the Xechem common stock ($.07 per share) and the Novelos common stock ($1.03) per share, on June 30, 2006, the aggregate fair market value of the pledged securities at the date of pledge was approximately $5,857,500.

The terms of the pledge provided that in the event those investors suffered a loss on their investment in our securities as of June 30, 2007 (as determined by actual sales by those investors or the market price of our Common Stock on such date), the investors would be entitled to sell all or a portion of the pledged securities so that the investors receive proceeds from such sale in an amount equal to their loss on their investment in our securities. In consideration of her pledge to these investors, we paid Ms. Chassman (i) $525,000 in cash (representing 10% of the cash amount raised from the institutional investors), and (ii) five-year warrants to purchase

- 525,000 shares of Series A Preferred Stock (representing 10% of the Series A Preferred Stock purchased by those investors), and

- warrants to purchase 210,000 shares of Common Stock at an exercise price of $2.00 per share (representing 10% of the Series A Preferred Stock purchased by those investors),

for an aggregate exercise price of $525,000.

As of the "Qualified Closing" of our Series B Preferred Stock private placement in August of 2008, Ms. Chassman agreed to a modification of her rights and pricing and gave up her anti-dilution protection – see Qualified Closing description in Series B Preferred Stock section)

Principal Terms of the Series B Financing Consummated in 2008

Each share of Series B Preferred Stock has a stated value of $100.00, and is convertible at the holder's option into that number of shares of Common Stock equal to the Series B stated value at a conversion price of $0.0362, subject to certain adjustments. Additionally, upon the occurrence of a stock split, stock dividend, combination of the Common Stock into a smaller number of shares, issuance of any of shares of Common Stock or other securities by reclassification of the Common Stock, merger or sale of substantially all of our assets, the conversion rate will be adjusted so that the conversion rights of the Series B Preferred Stock stockholders will remain equivalent to those prior to such event.

Dividend

The holders of Series B Preferred Stock are entitled to receive preferential dividends payable in shares of additional Series B Preferred Stock . Any dividends payable to both the Series A and Series B Preferred shareholders shall be paid before any dividend or other distribution will be paid to any Common Stock shareholder. The Series B Preferred Stock dividend is based payable at a rate of 10% per annum on the Series B Stated Value payable on the last day of each calendar quarter after June 30, 2008. However, upon the occurrence of any “Event of Default” as defined in the Certificate of Designation of Series B Preferred Stock, the dividend rate increases to 20% per annum, and revert back to 10% after the “Event of Default” is cured. An Event of Default includes, but is not limited to,

¨ the occurrence of “Non-Registration Events”;

¨ an uncured breach by us of any material covenant, term or condition in the Certificate of Designation or any of the related transaction documents; and

¨ any money judgment or similar final process being filed against us for more than $100,000.

Dividends must be delivered to the holder of the Series B Preferred Stock no later than five (5) business days after the end of each period for which dividends are payable. Dividends on the Series B Preferred Stock will be made in additional shares of Series B Preferred Stock, valued at the Series B Preferred Stock stated value. Notwithstanding the foregoing, during the first three-years following the initial closing, upon the approval of the holders of a majority of the Series B Preferred Stock, including the lead investor, NJTC Venture Fund, if it then owns 25% of the shares of Series B Preferred Stock initially purchased by it, we may pay dividends in cash instead of additional shares of Series B Preferred Stock, and after such three-year period, the holders of a majority of the Series B Preferred Stock, including NJTC if it then owns the 25% of the shares of the Series B Preferred Stock initially purchased by it, may require us to make such payments in cash.

Liquidation

In the event of the Company's dissolution, liquidation or winding up, the holders of the Series B Preferred Stock will receive, in priority over the holders of Series A Preferred Stock and Common Stock, a liquidation preference equal to the stated value of such shares plus accrued dividends on the shares.

Voting Rights; Board Rights

Holders of Series B Preferred Stock have the right to vote on matters submitted to the holders of Common Stock on an as converted basis. However, the consent of the holders of at least a majority of the shares of the Series B Preferred Stock as a separate class, including NJTC if it is then a holders of at least 25% of the shares of Series B Preferred Stock purchased by it on the Initial Closing Date, shall be required on matters related to the rights of the Series B Preferred Stock.

In addition, so long as NJTC holds 25% of the Series B Preferred Stock it purchased before the initial closing, NJTC is entitled to elect (i) two directors to our Board of Directors, which shall consist of six members, and (ii) two members to our compensation committee, which shall consist of no less than three members. Within the first twelve (12) months following the Initial Closing, the Company must reduce the Board of Directors to five (5) members.

Moreover, so long as Cahn Medical Technologies, LLC is the holder of at least 25% of the shares of the Series B Preferred Stock purchased by it on the initial closing date, it has the right to have its designee receive notices of, and attend as an observer, all meetings of our Board of Directors.

Registration Rights

Pursuant to the terms of the Registration Rights Agreement, we are required to cause the Registration Statement to become effective within 240 days of such closing. We also granted the investors demand and piggyback registration rights with respect to such Common Stock. The investors in the Series B Financing are entitled to liquidated damages in an amount equal to two percent (2%) of the purchase price of the Series B Preferred Stock if we fail to timely file that registration statement with, or have it declared effective by, the SEC. We filed a registration statement under the Securities Act covering the Common Stock issuable upon conversion of the Series B Preferred Stock on December 12, 2008. We received initial comments from the Securities and Exchange Commission related to this filing on January 7, 2009 and received additional comments from the SEC on July 15, 2009. In May 2010 the Company filed to withdraw this registration statement. The company intends to amend and refile the registration statement.

The Company has received a waiver from a majority of the Series B holders for the non-registration event and the timing of the Series B registration does not create a cross-default of the Series A Preferred Series.

Redemption Rights

Following the fifth anniversary of the initial closing, the holders of a majority of the Series B Preferred Stock, including NJTC if it then holds 25% of the shares of Series B Preferred Stock initially purchased by it, may elect to require us to redeem all, but not less than all, of their shares of Series B Preferred Stock at the original purchase price for such shares plus all accrued and unpaid dividends whether or not declared, if the market price of our Common Stock is then below the conversion price of the Series B Preferred Stock. The Company is currently not required to redeem any Series B Preferred Stock.

Dilution and Subordination

As one of the conditions to the closing of the Series B financing with an initial closing on June 25, 2008, we entered into an Agreement and Consent as of the same date with the holders of more than 80% of our Series A Preferred Stock, par value 0.001 per share and the holders of more than 80% of the outstanding common stock purchase warrants issued to the purchasers of our Series A Preferred Stock (the “Class A Warrant”). Pursuant to the Agreement and Consent, our holders of the Series A Preferred Stock consented to the permanent waiver of the anti-dilution protection previously provided to the holders of the Series A Preferred Stock and the holders of the Class A Warrant.

In connection with such Agreement and Consent, the conversion price with respect to the June 30, 2006 purchasers of Series A Preferred Stock held by the Holders was reduced effective June 25, 2008, the initial closing of the Series B Financing according to the Schedule A to the Agreement and Consent as set forth below. In the event that within the 60-day period following the Initial Closing, at additional closings, the Company issued additional shares of Series B Preferred Stock so that the aggregate gross proceeds that were raised on the Initial Closing and such additional closings (excluding the principal amount of our outstanding debt converted into the Series B Preferred Stock) from the holders of the Series A Preferred Stock or their affiliates, is $1,500,000 or more, the conversion price with respect to the Series A Preferred Stock held by these holders was agreed to be further reduced in accordance with Schedule A to the Agreement and Consent as set forth below. Based on the total amount raised and in accordance with our investor agreements, the Company’s Series B Preferred Stock private placement was considered a “Qualified” closing.

In addition, June 30, 2006 purchasers of the Series A Preferred Stock also agreed the conversion price with respect to the Class A Warrant shall be reduced effectively on the initial closing. Pursuant to our agreement for a Qualified closing, Conversion pricing and warrant exercise pricing was further reduced as disclosed in the following chart.

06/30/06 Purchasers of Series A Preferred Stock	Initial Closing (06/25/08) Preferred Stock Conversion Price	Initial Closing (06/25/08) Warrant Exercise Price	Qualified Closing (08/25/08) Preferred Stock Conversion Price	Qualified Closing (08/25/08) Warrant Exercise Price
Alpha Capital Aktiengesellschaft	$ 0.26	$ 0.52	$ 0.20	$ 0.40
Longview Fund, LP	$ 1.25	$ 2.00	$ 0.45	$ 0.90
Platinum Partners Long Term Growth III LLC	$ 1.25	$ 2.00	$ 0.10	$ 184.7
Long-term Liabilities:				
Long-term debt	591.8	496.6		
Deferred income taxes	197.7	202.1		
Accrued pension and postretirement benefits	59.5	59.7		
Other non-current liabilities	52.3	60.5		
Total long-term liabilities	901.3	818.9		
Commitments and Contingencies (Note 3)				
Redeemable Noncontrolling Interest	11.6	11.6		
Equity:				
Common stock	1,153.8	1,151.7		
Accumulated other comprehensive loss	(44.3)	(45.3)		
Retained earnings	106.8	117.2		
Total A&B Shareholders' equity	1,216.3	1,223.6		
Noncontrolling interest	3.6	3.5		
Total equity	1,219.9	1,227.1		
Total liabilities and equity	$2,319.0	$2,242.3		

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2016	2015
Cash Flows from Operating Activities:	$5.5	$26.8
Cash Flows from Investing Activities:		
Capital expenditures for property, plant and equipment	(92.1)	(8.6)
Capital expenditures related to 1031 commercial property transactions	(6.3)	—
Proceeds from disposal of property and other assets	—	5.1
Proceeds from disposals related to 1031 commercial property transactions	—	4.6
Payments for purchases of investments in affiliates	(5.4)	(11.1)
Proceeds from investments in affiliates	0.3	33.4
Change in restricted cash associated with 1031 transactions	6.3	—
Net cash provided by (used in) investing activities	(97.2)	23.4
Cash Flows from Financing Activities:		
Proceeds from issuances of long-term debt	122.0	20.0
Payments of long-term debt and deferred financing costs	(22.6)	(68.5)
Borrowings (payments) under line-of-credit, net	(2.9)	3.3
Dividends paid	(2.9)	(2.5)
Distributions to non-controlling interest	(0.5)	(1.1)
(Repurchase) proceeds from issuance of capital stock and other, net	0.8	(0.8)
Net cash provided by (used in) financing activities	93.9	(49.6)
Cash and Cash Equivalents:		
Net increase for the period	2.2	0.6
Balance, beginning of period	1.3	2.8
Balance, end of period	$3.5	$3.4
Other Cash Flow Information:		
Interest paid	$8.6	$9.7
Other Non-cash Information:		
Capital expenditures included in accounts payable and accrued expenses	$4.5	$4.2

See Notes to Condensed Consolidated Financial Statements.

ALEXANDER & BALDWIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the three months ended March 31, 2016 and 2015
(In millions) (Unaudited)

	Total Equity						
	Common Stock		Accumulated Other Compre-hensive Loss	Retained Earnings	Non-Controlling interest	Total	Redeem-able Non-Controlling interest
	Shares	Stated Value					
Balance, December 31, 2014	48.8	$1,147.3	$ (44.4)	$101.0	$ 10.9	$1,214.8	$ —
Net income				25.3	0.6	25.9	—
Other comprehensive income, net of tax			0.5			0.5	
Dividends paid on common stock ($0.05 per share)				(2.5)		(2.5)	
Share-based compensation		1.2				1.2	
Shares issued or repurchased, net	—	(0.9)		—		(0.9)	
Balance, March 31, 2015	48.8	$1,147.6	$ (43.9)	$123.8	$ 11.5	$1,239.0	$ —

	Total Equity						
	Common Stock		Accumulated Other Compre-hensive Loss	Retained Earnings	Non-Controlling interest	Total	Redeem-able Non-Controlling interest
	Shares	Stated Value					
Balance, December 31, 2015	48.9	$1,151.7	$ (45.3)	$117.2	$ 3.5	$1,227.1	$ 11.6
Net (loss) income				(7.5)	0.1	(7.4)	0.4
Other comprehensive income, net of tax			1.0			1.0	
Dividends paid on common stock ($0.06 per share)				(3.0)		(3.0)	
Distributions to noncontrolling interest						—	(0.1)
Adjustments to redemption value of redeemable noncontrolling interest				0.3		0.3	(0.3)
Share-based compensation		1.1				1.1	
Shares issued or repurchased, net	0.1	1.0		(0.2)		0.8	
Balance, March 31, 2016	49.0	$1,153.8	$ (44.3)	$106.8	$ 3.6	$1,219.9	$ 11.6

See Notes to Condensed Consolidated Financial Statements.

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

1. DESCRIPTION OF BUSINESS

Alexander & Baldwin, Inc. ("A&B" or the "Company") is headquartered in Honolulu and operates four segments: Real Estate Development and Sales; Real Estate Leasing; Agribusiness; and Materials and Construction.

Real Estate Development and Sales: The Real Estate Development and Sales segment generates its revenue through the investment in and development and sale of land and commercial and residential properties in Hawaii and through the sale of properties in the Company's Leasing portfolio.

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 urban land in Hawaii to third-party lessees.

Agribusiness: The Agribusiness segment produces bulk raw sugar, specialty food grade sugars and molasses; provides general trucking services, equipment maintenance and repair services; leases agricultural land to third parties; and generates and sells electricity to the extent not used in A&B’s Agribusiness operations. On December 31, 2015, the Company determined it would cease its Hawaiian Commercial & Sugar Company ("HC&S") sugar operations on Maui upon completion of its final harvest in 2016. See Note 13, "Cessation of HC&S Operations" ("Cessation") for further discussion regarding the Cessation and the related costs associated with such exit and disposal activities.

Materials and Construction: The Materials and Construction segment performs asphalt paving as prime contractor and subcontractor; imports and sells liquid asphalt; mines, processes and sells rock and sand aggregate; produces and sells asphaltic concrete and ready-mix concrete; provides and sells various construction- and traffic-control-related products; and manufactures and sells precast concrete products.

2. BASIS OF PRESENTATION

The interim 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 accounting principles generally accepted in the United States of America ("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, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2015 and the notes thereto included in the Company’s Annual Report filed on Form 10-K for the year ended December 31, 2015 ("2015 Form 10-K"), and other subsequent filings with the U.S. Securities and Exchange Commission.

Rounding. Amounts in the condensed consolidated financial statements 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.

New Accounting Pronouncements. In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs, ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in ASU 2015-03 are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company adopted this guidance in the first quarter of 2016. The impact of adopting the above guidance as of December 31, 2015 was as follows:

	Other assets	Total assets	Long-term debt	Total liabilities and equity
Previously reported	$65.0	$2,243.5	$ 497.8	$2,243.5
Debt Issuance Costs	(1.2)	(1.2)	(1.2)	(1.2)
Current presentation	$63.8	$2,242.3	$ 496.6	$2,242.3

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, lease arrangements exceeding a twelve month term must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2018. The Company is currently assessing the impact that adopting this new accounting standard will have on its consolidated financial statements and footnote disclosures.

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718) ("ASU 2016-09"). ASU 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. ASU 2016-09 is effective for financial statements issued for fiscal years beginning after December 15, 2016. The Company is currently assessing the impact that adopting this new accounting standard will have on its consolidated financial statements and footnote disclosures.

3. COMMITMENTS AND CONTINGENCIES

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 9 of the Company's 2015 Form 10-K, included the following (in millions) as of March 31, 2016:

Standby letters of credit[1]	$11.8
Bonds related to real estate and construction[2]	$403.6

[1] Consists of standby letters of credit, issued by the Company's lenders under the Company's revolving credit facilities, and relate primarily to the Company's real estate activities. In the event the letters of credit are drawn upon, the Company would be obligated to reimburse the issuer of the letter of credit. None of the letters of credit has been drawn upon to date, and the Company believes it is unlikely that any of these letters of credit will be drawn upon.

[2] Represents bonds related to construction and real estate activities in Hawaii. Approximately $380.9 million is related to construction bonds issued by third party sureties (bid, performance and payment bonds) and the remainder is related to 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 has 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 than the above items and those described in the Company's 2015 Form 10-K, 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 kept the existing permits on a holdover basis. Three parties filed a lawsuit on April 10, 2015 (the "4/10/15 Lawsuit") alleging that the BLNR has been renewing the revocable permits annually rather than keeping them in holdover status. The lawsuit asks the court to void the revocable permits and to declare that the renewals were illegally issued without preparation of an environmental assessment ("EA"). In December 2015, the BLNR decided to re-affirm its prior decisions to keep the permits in holdover status. This decision by the BLNR is being challenged by one of the three parties. In January 2016, the court in the 4/10/15 Lawsuit ruled that the renewals were not subject to the EA requirement but that the BLNR lacked legal authority to keep the revocable permits in holdover status beyond one year. The court has allowed the parties to take an immediate appeal of this ruling. On April 5, 2016, a party in the contested case on A&B's request for a long-term lease filed a motion for denial of the request. The BLNR has not yet set a schedule for briefing and oral argument on the motion. On April 14, 2016, the BLNR issued an order directing A&B to commence the environmental review process in support of its application for a long-term water lease.

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. The Water Commission initially took action on the petitions in 2008 and 2010, but the petitioners requested a contested case hearing to challenge the Water Commission's decisions on certain petitions. The Water Commission denied the contested case hearing request, but the petitioners successfully appealed the denial to the Hawaii Intermediate Court of Appeals, which ordered the Water Commission to grant the request. The Commission then authorized the appointment of a hearings officer for the contested case hearing and expanded the scope of the contested case hearing to encompass all 27 petitions for amendment of the IIFS for East Maui streams in 23 hydrologic units. The evidentiary phase of the hearing before the Commission-appointed hearings officer was completed on April 2, 2015. On January 15, 2016, the Commission-appointed hearings officer issued his recommended decision on the petitions. The recommended decision would restore water to streams in 11 of the 23 hydrologic units. Based on the announced closure of HC&S, the commission has ordered the re-opening of the evidentiary portion of the hearing to address changes in the water needs of HC&S. A decision from the Commission on the scope of the re-opened evidentiary hearing is pending. The Commission is not expected to issue a final decision on the petitions until at least the fourth quarter of 2016. In light of the announced closure, on April 20, 2016, the Company announced its decision to fully and permanently restore 7 priority taro streams in East Maui, and to continue to participate in the East Maui IIFS proceedings to address appropriate restoration of the other streams.

On March 9, 2016, two organizations filed a petition with the Water Commission to return more water to four streams in West Maui in light of the announced closure of HC&S's sugar operations. Previously, the parties involved in the petition, including HC&S, had entered into a settlement of a petition filed in 2004 with the Commission to establish IIFS for the four streams on the amount of water to be returned to the streams, and the Water Commission approved the settlement in 2014. No hearing date has been set by the Commission on this latest petition.

If the Company is not permitted to use sufficient quantities of stream waters, it would have a material adverse effect on the Company's sugar-growing operations in 2016 and the Company's pursuit of a diversified agricultural model in subsequent years.

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 HC&S's three boilers at the Puunene Sugar Mill. The initial deadline for compliance with the Boiler MACT rule was January 2016, with full compliance required by July 2016. The Company anticipates that the Puunene Mill boilers will meet all applicable compliance deadlines and that the remaining compliance costs will be less than $250,000, 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 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 included in the NFVO 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, cash flows or results of operations.

On July 1, 2015, a lawsuit was filed against the State of Hawaii and the Director of the Department of Health, alleging that the sugar cane burning permits issued by the State to HC&S were unlawfully issued, and seeking an injunction against the burning of cane. On July 6, 2015, the plaintiffs added the Company as a defendant. If the Company is not permitted or is substantially limited in its ability to burn sugar cane, this would have a material adverse effect on the Company's sugar operations. The Company will vigorously defend itself in this matter.

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")

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period, as adjusted for the potential dilutive effect of non-participating share-based awards.

The following table provides a reconciliation of net income (loss) to net income (loss) available to A&B shareholders (in millions):

	Quarter Ended March 31,	
	2016	2015
Net income (loss)	$(7.0)	$25.9
Less: Income attributable to noncontrolling interest	(0.5)	(0.6)
Net income (loss) attributable to A&B shareholders	(7.5)	25.3
Less: Undistributed earnings allocated from redeemable noncontrolling interests	0.4	—
Net income (loss) available to A&B shareholders	$(7.1)	$25.3

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

	Quarter Ended March 31,	
	2016	2015
Denominator for basic EPS – weighted average shares	48.9	48.8
Effect of dilutive securities:		
Employee/director stock options and restricted stock units	—	0.5
Denominator for diluted EPS – weighted average shares	48.9	49.3

During the quarter ended March 31, 2016, anti-dilutive securities totaled 0.3 million shares. There were no anti-dilutive securities outstanding for the quarter ended March 31, 2015.

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 market 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 March 31, 2016 was $683.7 million and $690.3 million, respectively, and $587.0 million and $595.8 million at December 31, 2015, 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).

6. INVENTORIES

Sugar inventories are stated at the lower of cost (first-in, first-out basis) or market value. Materials and supplies and 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 March 31, 2016 and December 31, 2015 were as follows (in millions):

	March 31, 2016	December 31, 2015
Sugar inventories	$ 11.4	$ 16.3
Work in process - sugar	15.5	—
Asphalt	11.6	12.8
Processed rock, portland cement, and sand	12.0	12.2
Work in process	3.5	3.7
Retail merchandise	1.6	1.6
Parts, materials and supplies inventories	8.1	9.3
Total	$ 63.7	$ 55.9

7. SHARE-BASED AWARDS

As of March 31, 2016, 1,195,151 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. ("Matson") 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.

The Company does not currently grant stock options under its share-based equity program. The last grant of options occurred in January 2012. Activity in the Company's equity compensation plan in 2016 was as follows (in thousands, except weighted average exercise price and weighted average contractual life):

	Options	Weighted Average Exercise Price	Weighted Average Contractual Life	Aggregate Intrinsic Value
Outstanding, January 1, 2016	1,098.6	$ 18.81		
Exercised	(98.5)	$ 24.04		
Outstanding, March 31, 2016	1,000.1	$ 18.30	3.5	$ 18,199
Exercisable, March 31, 2016	1,000.1	$ 18.30	3.5	$ 18,199

The following table summarizes non-vested restricted stock unit activity through March 31, 2016 (in thousands, except weighted average grant-date fair value amounts):

	2012 Plan Restricted Stock Units	Weighted Average Grant-Date Fair Value
Outstanding, January 1, 2016	271.9	$ 37.74
Granted	135.3	$ 29.93
Vested	(56.3)	$ 38.07
Canceled	(53.3)	$ 39.19
Outstanding, March 31, 2016	297.6	$ 33.87

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 or three years, provided that the total shareholder return of the Company's common stock over the relevant measurement period meets or exceeds pre-defined levels of relative total shareholder returns of the Standard & Poor's MidCap 400 index and the Russell 2000 index.

The fair value of the Company's time-based awards is determined using the Company's stock price on the date of grant. The fair value of the Company's market-based awards is estimated using the Company's stock price on the date of grant and the probability of vesting using a Monte Carlo simulation with the following weighted average assumptions:

	2016 Grants	2015 Grants
Volatility of A&B common stock	26.3%	29.5%
Average volatility of peer companies	27.7%	34.2%
Risk-free interest rate	1.1%	0.7%

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

	Quarter Ended March 31, 2016	2015
Share-based compensation expense (net of estimated forfeitures):		
Restricted stock units	$1.1	$1.2
Total share-based expense	1.1	1.2
Total recognized tax benefit	(0.3)	(0.3)

Share-based compensation expense (net of tax)	$0.8	$0.9

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8. RELATED PARTY TRANSACTIONS

Construction Contracts and Material Sales. The Company has contracts in the ordinary course of business, as a supplier, with affiliates that are members in entities in which the Company also is a member. Revenues earned from transactions with affiliates totaled approximately $2.1 million and $6.2 million for the quarters ended March 31, 2016 and 2015, respectively. Receivables from these affiliates were $1.6 million and $3.0 million at March 31, 2016 and 2015, respectively. Amounts due to these affiliates were $0.5 million and $0.2 million at March 31, 2016 and 2015, respectively.

Real Estate Leasing and Development. The Company has contracts in the ordinary course of business, as a lessor of property, with unconsolidated affiliates in which the Company has an interest, as well as with certain entities that are owned by a director of the Company. Revenues earned from these transactions were immaterial for each of the quarters ended March 31, 2016 and 2015. Receivables from these affiliates were immaterial as of March 31, 2016 and 2015.
During the quarter ended March 31, 2016, the Company recorded developer fee revenues of approximately $0.2 million related to management and administrative services provided to certain unconsolidated investments in affiliates. Developer fee revenues recorded for the quarter ended March 31, 2015 were $0.6 million.

9. EMPLOYEE BENEFIT 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 March 31, 2016 and 2015 were as follows (in millions):

	Pension Benefits		Post-retirement Benefits	
	2016	2015	2016	2015
Service cost	$0.8	$0.8	$ —	$ —
Interest cost	2.3	2.3	0.1	0.2
Expected return on plan assets	(2.5)	(2.7)	—	—
Curtailment	(0.2)	—	—	—
Amortization of prior service credit	(0.3)	(0.2)	—	—

Amortization of net loss	1.8	1.0	—	0.1
Net periodic benefit cost	$1.9	$1.2	$ 0.1	$ 0.3

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10. ACQUISITIONS

Manoa Marketplace Acquisition. The Company applies the provisions of FASB ASC Topic No. 805, Business Combinations, ("ASC 805") to acquisitions. Under ASC 805, assets acquired and liabilities assumed are recorded at fair value. The excess of the purchase price over the net fair value of assets acquired and liabilities assumed is recorded as goodwill. The fair values of assets acquired and liabilities assumed are determined through the market, income or cost approaches, and the valuation approach is generally based on the specific characteristics of the asset or liability. Under the market approach, value is estimated using information from transactions in which other participants in the market have paid for reasonably similar assets that have been sold within a reasonable period from the valuation date. Adjustments are made to compensate for differences between reasonably similar assets and the item being valued. Under the income approach, the future cash flows expected to be received over the life of the asset, taking into account a variety of factors, such as long-term growth rates and the amount and timing of cash flows, are discounted to present value using a rate of return that accounts for the time value of money and investment risk factors. Under the cost approach, the Company estimates the cost to replace the asset with a new asset taking into consideration a variety of factors such as age, physical condition, functional obsolescence and economic obsolescence. The fair value of liabilities assumed is calculated as the net present value of estimated payments using prevailing market interest rates for liabilities with similar credit risk and terms.

On January 29, 2016 the Company consummated the purchase of the leasehold and leased fee interests in Manoa Marketplace, a multi-tenant neighborhood shopping center in Honolulu for $82.4 million.

The allocation of purchase price to assets acquired and liabilities assumed is as follows (in millions):

Assets acquired:	
Land	$40.5
Building	36.8
In-place leases	7.0
Favorable leases	1.3
Total assets acquired	85.6
Total liabilities assumed	3.2
Net assets acquired	$82.4

The finite-lived intangible assets related to in-place leases and favorable leases are amortized over their respective lease terms. As of March 31, 2016, the weighted-average remaining lives of the in-place leases and favorable leases were approximately 5 and 3 years, respectively.

In connection with the Manoa Marketplace transaction, the Company incurred approximately $1.1 million of acquisition-related expenses during the quarter ended March 31, 2016. The costs are included in selling, general and administrative costs in the accompanying condensed consolidated statements of operations and are reported in the Development and Sales segment for segment reporting purposes.

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component for the three months ended March 31, 2016 were as follows (in millions, net of tax):

	Pension and Postretirement Plans Three Months Ended March 31, 2016
Beginning balance	$ (45.3)
Amounts reclassified from accumulated other comprehensive income, net of tax	1.0
Ending balance	$ (44.3)

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The reclassifications of other comprehensive income components out of accumulated other comprehensive loss for the quarter ended March 31, 2016 and 2015 were as follows (in millions):

	Quarter Ended March 31,	
Details about Other Comprehensive Income Components	2016	2015
Amortization of defined benefit pension items reclassified to net periodic pension cost:		
Net loss*	$1.8	$1.1
Prior service credit*	(0.3)	(0.3)
Total before income tax	1.5	0.8
Income taxes	(0.5)	(0.3)
Other comprehensive income net of tax	$1.0	$0.5

* These other comprehensive income components are included in the computation of net periodic pension cost (see Note 9 for additional details).

12. INCOME TAXES

The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of tax credits, tax benefits and deductions, and in the calculation of certain deferred tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Deferred tax assets and deferred tax liabilities are adjusted to the extent necessary to reflect tax rates expected to be in effect when the temporary differences reverse. Adjustments may be required to deferred tax assets and deferred tax liabilities due to changes in tax laws and audit adjustments by tax authorities. To the extent adjustments are required in any given period, the adjustments would be included within the tax provision in the condensed consolidated statements of operations or balance sheet.

Subsequent to the separation from Matson, Inc. (formerly "Alexander & Baldwin Holding, Inc.") on June 30, 2012, the Company began reporting as a separate taxpayer. Upon separation, the Company's unrecognized tax benefits were reflected on Matson Inc.'s ("Matson") financial statements because Matson is considered the successor parent to the former Alexander & Baldwin, Inc. affiliated tax group. In connection with the separation, the Company entered into a Tax Sharing Agreement with Matson. As of March 31, 2016, the Company's liability for the indemnity to Matson in the event the Company's pre-separation unrecognized tax benefits are not realized was $0.1 million. As of March 31, 2016, the Company has not identified any material unrecognized tax positions.

The Company is subject to taxation by the United States and various state and local jurisdictions. As of March 31, 2016, the Company’s tax years 2012, 2013 and 2014 are open to examination by the tax authorities. In addition, tax year 2012, for which the Company was included in the consolidated tax group with Matson, is open to examination by the tax authorities in the Company's material jurisdictions. In addition, the 2011 tax year is also open to examination by California. The 2012 tax return for the Company on a standalone basis and the 2012 tax return for which the Company was included in the consolidated tax group with Matson are currently under examination by the Internal Revenue Service.

13. CESSATION OF HC&S SUGAR OPERATIONS

In connection with the Cessation, the Company currently projects recording total pre-tax book charges in the range of $112 million to $133 million, which consists of $23 million to $28 million of employee severance and related benefit charges, $69 million to $76 million of asset write-offs and accelerated depreciation, and $20 million to $29 million of property removal, restoration and other exit-related costs. The Company expects that the activities related to the Cessation will be substantially completed by the end of 2016. During the quarter ended March 31, 2016, the Company recorded pre-tax restructuring charges of $15.5 million related to employee severance benefits, accelerated depreciation, and other exit-related costs in connection with the Cessation.

A summary of the pre-tax costs and remaining costs associated with the restructuring is as follows (in millions):

	Charges Recognized During Quarter	Cumulative Amount Recognized as of March 31, 2016	Range of Expected Remaining Cessation Charges		Total	
			Low	High	Low	High
Employee severance benefits and related costs	$ 0.4	$ 13.8	$9.2	$14.2	$23.0	$28.0
Asset write-offs and accelerated depreciation	14.9	24.1	44.9	51.9	69.0	76.0
Property removal, restoration and other exit-related costs	0.2	0.2	19.8	28.8	20.0	29.0
Total cessation costs	$ 15.5	$ 38.1	$73.9	$94.9	$112.0	$133.0

A rollforward of the Cessation-related liabilities during the quarter ended March 31, 2016 is as follows (in millions):

	Employee Severance Benefits and Related Costs	Other Exit Costs[1]	Total
Balance at December 31, 2015	$ 13.4	$ 4.1	$17.5
Expense	0.8	0.2	1.0
Cash payments	(1.5)	(0.2)	(1.7)
Change in estimates[2]	(0.4)	—	(0.4)
Balance at March 31, 2016	$ 12.3	$ 4.1	$16.4

[1] Includes asset retirement obligations of $4.1 million.

[2] Changes in estimates primarily relate to voluntary employee attrition which resulted in the forfeiture of severance and related benefits.

The Cessation-related liabilities were included in the accompanying condensed consolidated balance sheets as follows (in millions):

	Classification on Balance Sheet	March 31, 2016	December 31, 2015
Current:			
Employee severance benefits and related costs	HC&S Cessation Related Liabilities - Current	$ 12.3	$ 5.8
Other exit costs	HC&S Cessation Related Liabilities - Current	2.3	0.6
Total current portion		14.6	6.4
Long-term:			
Employee severance benefits and related costs	Other Non-Current Liabilities	—	7.6
Other exit costs	Other Non-Current Liabilities	1.8	3.5
Total long-term portion		1.8	11.1
Total Cessation-related liabilities		$ 16.4	$ 17.5

14.INVESTMENT IN AFFILIATES

At March 31, 2016, investments in affiliates consisted of equity investments in limited liability companies. The Company has the ability to exercise significant influence over the operating and financial policies of these investments and, accordingly, accounts for its investments using the equity method of accounting. The Company's operating results include its share of net earnings from its equity method investments. During the quarter ended March 31, 2015, the Company closed the remaining units and completed its Waihonua joint venture project which resulted in $242.3 million of operating revenue and $32.2 million for operating income and net income.

15. DERIVATIVE INSTRUMENTS

The Company is exposed to interest rate risk related to its floating rate debt. The Company balances its cost of debt and exposure to interest rates primarily through its mix of fixed and floating rate debt. From time to time, the Company may use interest rate swaps to manage its exposure to interest rate risk.

The Company measures its interest rate swaps at fair value. The fair values of the Company's interest rate swaps (Level 2) are determined based on discounted cash flow analysis, reflecting the terms of the contracts, and utilize observable inputs such as interest rates and yield curves.

As of March 31, 2016, the Company had a gross notional amount of $18.4 million related to interest rate swaps that were assumed in connection with 2013 acquisitions, in which the floating rates were swapped for fixed rates. The table below presents the fair value of derivative financial instruments, which are included in Other non-current liabilities in the condensed consolidated balance sheets (in millions):

	As of March 31,	As of December 31,

	2016	2015
Interest rate swap liability - floating to fixed rate	$ 2.7	$ 2.5

The amount of expense the Company recorded in Interest income and other in the condensed consolidated statements of operations for the change in the fair values of the interest rate swaps was not material in 2015 or 2016.

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16. SEGMENT RESULTS

Segment results were as follows (in millions):

	Quarter Ended March 31, 2016	2015
Revenue:		
Real Estate:		
Leasing	$34.8	$32.7
Development and sales	0.3	36.5
Reconciling item[1]	—	(4.3)
Materials and construction	50.7	56.9
Agribusiness	23.0	28.9
Total revenue	$108.8	$150.7
Operating Profit (Loss):		
Real Estate:		
Leasing	$14.1	$13.2
Development and sales	(3.8)	32.0
Materials and construction	8.0	7.2
Agribusiness operations	1.2	1.9
HC&S cessation costs[2]	(15.5)	—
Total operating profit	4.0	54.3
Interest expense	(6.9)	(7.1)
General corporate expenses	(6.8)	(5.6)
Reduction in KRS II carrying value	—	(0.1)
Income (loss) before income taxes	(9.7)	41.5
Income tax expense (benefit)	(2.7)	15.6
Net income (loss)	(7.0)	25.9
Income attributable to noncontrolling interest	(0.5)	(0.6)
Net income (loss) attributable to A&B	$(7.5)	$25.3

1 Represents the sales of a Colorado retail property in March 2015 that is classified as "Gain on the sale of improved property" in the Condensed Consolidated Statements of Operations, but reflected as revenue for segment reporting purposes.

2 Costs related to the cessation of HC&S sugar operations, see Note 13.

17. SUBSEQUENT EVENTS

On April 26, 2016, the Company's Board of Directors declared a quarterly cash dividend of $0.06 per share of outstanding common stock, which will be paid on June 2, 2016 to shareholders of record as of May 9, 2016.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following analysis of the condensed consolidated financial condition and results of operations of Alexander & Baldwin, Inc. and its subsidiaries (collectively, the "Company") should be read in conjunction with the condensed consolidated financial statements and related notes thereto included in Item 1 of this Form 10-Q and the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the U.S. Securities and Exchange Commission ("SEC").

FORWARD-LOOKING STATEMENTS

Alexander & Baldwin, Inc. ("A&B" or the "Company"), from time to time, may make or may have made certain forward-looking statements, whether orally or in writing, such as forecasts and projections of the Company's future performance or statements of management's plans and objectives. These statements are "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be contained in, among other things, SEC filings, such as the Forms 10-K, 10-Q and 8-K, the Annual Report to Shareholders, press releases made by the Company, the Company's web sites (including web sites of its subsidiaries), and oral statements made by the officers of the Company. Except for historical information contained in these written or oral communications, such communications contain forward-looking statements. New risk factors emerge from time to time and it is not possible for the Company to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of future results and involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to the factors that are described in "Risk Factors" of the Company's 2015 Annual Report on Form 10-K and other filings with the SEC. The Company is not required, and undertakes no obligation, to revise or update forward-looking statements or any factors that may affect actual results, whether as a result of new information, future events, or circumstances occurring after the date of this report.

INTRODUCTION

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is a supplement to the accompanying condensed consolidated financial statements and provides additional information about A&B's business, recent developments, financial condition, liquidity and capital resources, cash flows, results of operations and how certain accounting principles, policies and estimates affect A&B's financial statements. MD&A is organized as follows:

- Business Overview: This section provides a general description of A&B's business, as well as recent developments that the Company believes are important in understanding its results of operations and financial condition or in understanding anticipated future trends.
- Consolidated Results of Operations: This section provides an analysis of A&B's consolidated results of operations for the three months ended March 31, 2016 and 2015.
- Analysis of Operating Revenue and Profit by Segment: This section provides an analysis of A&B's results of operations by business segment.
- Liquidity and Capital Resources: This section provides a discussion of A&B's financial condition and an analysis of A&B's cash flows for the three months ended March 31, 2016 and 2015, as well as a discussion of A&B's ability to fund its future commitments and ongoing operating activities through internal and external sources of capital.
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Outlook: This section provides a discussion of management’s general outlook about the Hawaii economy and the Company’s markets.

- Other Matters: This section provides a summary of other matters, such as officer and management changes.

BUSINESS OVERVIEW

A&B, whose history in Hawaii dates back to 1870, is a corporation headquartered in Honolulu that conducts business in four operating segments—Real Estate Development and Sales; Real Estate Leasing; Agribusiness; and Materials and Construction.

Real Estate Development and Sales: The Real Estate Development and Sales segment generates its revenue through the investment in and development and sale of land and commercial and residential properties in Hawaii and through the sale of properties in the Company's leasing portfolio.

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 urban land in Hawaii to third-party lessees.

Agribusiness: The Agribusiness 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; and generates and sells electricity to the extent not used in A&B's Agribusiness operations.
On December 31, 2015, the Company determined it would cease its HC&S sugar operation on Maui and transition to a diversified agribusiness model. The Company expects that the final harvest and the cessation-related activities will be substantially completed by the end of 2016.

Materials and Construction: The Materials and Construction segment performs asphalt paving as prime contractor and subcontractor; imports and sells liquid asphalt; mines, processes and sells basalt aggregate; produces and sells asphaltic and ready-mix concrete; provides and sells various construction- and traffic-control-related products and manufactures and sells precast concrete products.

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated – First quarter of 2016 compared with 2015

	Quarter Ended March 31,		
(dollars in millions)	2016	2015	Change
Operating revenue	$108.8	$150.7	(27.8)%
Operating costs and expenses	114.0	126.2	(9.7)%
Operating income (loss)	(5.2)	24.5	NM
Other income (expense)	(4.5)	17.0	NM
Income (loss) before income taxes	(9.7)	41.5	NM
Income tax expense (benefit)	(2.7)	15.6	NM
Net income (loss)	(7.0)	25.9	NM
Income attributable to noncontrolling interest	(0.5)	(0.6)	16.7 %
Net income (loss) attributable to A&B	$(7.5)	$25.3	NM
Basic earnings (loss) per share available to A&B	$(0.15)	$0.52	NM
Diluted earnings (loss) per share available to A&B	$(0.15)	$0.51	NM

The Company's consolidated operating revenue decreased $41.9 million, or 27.8 percent, to $108.8 million for the first quarter of 2016 as compared to the first quarter of 2015, reflecting a decline in revenue in each of the Real Estate Development and Sales, Materials and Construction, and Agribusiness segments, offset by an increase in revenue for the Real Estate Leasing segment. The reasons for the revenue changes are described below, by business segment, in the Analysis of Operating Revenue and Profit by Segment.

Consolidated operating costs and expenses for the first quarter of 2016 decreased $12.2 million, or 9.7 percent, to $114.0 million compared to the first quarter of 2015. The overall decrease was primarily attributed to the Real Estate Development and Sales and the Material and Construction operating segments, offset by an overall increase in costs for the Agribusiness segment due to the cessation of the HC&S sugar operations. The reasons for the operating cost and expense changes are described below, by business segment, in the Analysis of Operating Revenue and Profit by Segment.

Other income (expense) was $(4.5) million in the first quarter of 2016 compared to $17.0 million in the first quarter of 2015, primarily reflecting a reduction of $(21.9) million in earnings from joint ventures due principally to the 2015 closing of unit sales at Waihonua, a high-rise condominium project in Honolulu.

The effective tax rate on income from operations for the first quarter of 2016 was lower compared to the first quarter of 2015 primarily due to the benefit of excluding income from non-controlling interest, state tax credits and the relative impact of other permanent differences between pre-tax GAAP income and taxable income.

ANALYSIS OF OPERATING REVENUE AND PROFIT BY SEGMENT

REAL ESTATE INDUSTRY

Impact of Property Sales Mix on Operating Results: Direct year-over-year comparison of the real estate development and sales results may not provide a consistent, measurable indicator of future performance because results from period to period are significantly affected by the mix and timing of property sales. Operating results, by virtue of each project's asset class, geography and timing are inherently variable. Earnings from joint venture investments are not included in segment revenue, but are included in operating profit. The mix of real estate sales in any year or quarter can be diverse and can include developed residential real estate, commercial properties, developable subdivision lots, undeveloped land, and property sold under threat of condemnation. The sale of undeveloped land and vacant parcels in Hawaii generally provides higher margins than does the sale of developed and commercial property, due to the low historical-cost basis of A&B's Hawaii land. Consequently, real estate sales revenue trends, cash flows from the sales of real estate, and the amount of real estate held for sale on the balance sheets do not necessarily indicate future profitability trends for this segment. Additionally, the operating profit reported in each quarter does not necessarily follow a percentage of sales trend because the cost basis of property sold can differ significantly between transactions.

Real Estate Leasing – First quarter of 2016 compared with 2015

	Quarter Ended March 31,		
(dollars in millions)	2016	2015	Change
Real estate leasing segment operating revenue	$34.8	$32.7	6.4 %
Real estate leasing segment operating costs and expenses	(20.4)	(19.2)	(6.3)%
Selling, general and administrative	(0.5)	(0.5)	— %
Other income	0.2	0.2	— %
Real estate leasing operating profit	$14.1	$13.2	6.8 %
Operating profit margin	40.5 %	40.4 %	
Net Operating Income*			
Hawaii	$18.5	$16.3	13.5 %
Mainland	3.9	4.6	(15.2)%
Total	$22.4	$20.9	7.2 %
Leasable Space (million sq. ft.) at period end			
Hawaii - improved	2.9	2.6	
Mainland - improved	2.2	2.5	
Total improved	5.1	5.1	
Hawaii urban ground leases (acres)	106	115	

* Refer to page 21 for a discussion of management's use of a non-GAAP financial measure and the required reconciliation of non-GAAP measures to GAAP measures.

Real Estate Leasing revenue for the first quarter of 2016 was $34.8 million, or 6.4 percent, higher than 2015, primarily attributed to higher Hawaii same-store revenue, as well as the impact of commercial properties that were acquired and disposed during the respective periods. "Same-store" refers to properties that were owned throughout the entire duration of both periods under comparison, including stabilized properties. Stabilized properties refer to commercial properties developed by the Company that have achieved 80 percent economic occupancy in each of the periods presented for comparison.

Operating profit and net operating income ("NOI") for the first quarter of 2016 increased 6.8 percent and 7.2 percent, respectively, as compared to the first quarter of 2015 primarily due to the same factors cited for the revenue increase.

Tenant improvement costs and leasing commissions were $2.0 million and $1.9 million for the three months ended March 31, 2016 and 2015, respectively.

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The Company's commercial portfolio's weighted average occupancy summarized by geographic location and property type for the quarter ended March 31, 2016 was as follows:

Weighted average occupancy - percent	Hawaii	Mainland	Total
Retail	93%	93%	93%
Industrial	95%	99%	97%
Office	82%	91%	89%
Total	93%	95%	94%

Leasable space was approximately 5.0 million square feet as of March 31, 2016. The table below identifies sales and acquisitions between April 1, 2015 and March 31, 2016:

Dispositions			Acquisitions		
Date	Property	Leasable sq. ft.	Date	Property	Leasable sq. ft.
5-15	San Pedro Plaza	171,900	5-15	Aikahi Shopping Center*	98,000
12-15	Union Bank	84,000	1-16	Manoa Marketplace	139,300
	Total Dispositions	255,900		Total Improved Acquisitions	237,300

*Leasehold improvements acquired (fee interest was acquired in 2013).

Same-store occupancy during each of the first quarters of 2016 and 2015 was 94 percent.

Use of Non-GAAP Financial Measures

The Company calculates NOI as operating profit, less general and administrative expenses, straight-line rental adjustments, interest income, interest expense, depreciation and amortization, and gains on sales of interests in real estate. NOI is considered by management to be an important and appropriate supplemental performance metric because management believes it helps both investors and management understand the ongoing core operations of our properties excluding corporate and financing-related costs and noncash depreciation and amortization. NOI is an unlevered operating performance metric of our properties and allows for a useful comparison of the operating performance of individual assets or groups of assets. This measure thereby provides an operating perspective not immediately apparent from GAAP income (loss) from operations or net income (loss). NOI should not be considered as an alternative to GAAP net income as an indicator of the Company's financial performance, or as an alternative to cash flow from operating activities as a measure of the Company's liquidity. Other real estate companies may use different methodologies for calculating NOI, and accordingly, the Company's presentation of NOI may not be comparable to other real estate companies. The Company believes that the Real Estate Leasing segment's operating profit is the most directly comparable GAAP measurement to NOI. A reconciliation of Real Estate Leasing segment operating profit to Real Estate Leasing segment NOI is as follows:

Reconciliation of Real Estate Leasing Operating Profit to NOI

	Quarter Ended March 31,	
(In Millions, Unaudited)	2016	2015
Real Estate Leasing segment operating profit	$14.1	$13.2
Adjustments:		
Depreciation and amortization	7.4	7.2
Straight-line lease adjustments	(0.5)	(0.6)
General and administrative expenses	1.4	1.1
Real Estate Leasing segment NOI	$22.4	$20.9

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Real Estate Development and Sales – First quarter of 2016 compared with 2015

	Quarter Ended March 31,	
(dollars in millions)	2016	2015
Improved property sales revenue	$—	$4.3
Development sales revenue	—	23.2
Unimproved/other property sales revenue	0.3	9.0
Total Real Estate Development and Sales segment operating revenue	0.3	36.5
Cost of Real Estate Development and Sales	—	(24.6)
Operating expenses	(4.9)	(3.8)
Earnings from joint ventures	0.5	22.8
Other income	0.3	1.1
Total Real Estate Development and Sales operating profit (loss)	$(3.8)	$32.0

First quarter 2016: Real Estate Development and Sales operating revenue and operating loss were $0.3 million and $3.8 million, respectively. Operating expenses included approximately $1.1 million of costs related to the acquisition of Manoa Marketplace. Operating results included joint venture sales of five units at Kukui'ula on Kauai, partially offset by joint venture expenses.

First quarter 2015: Real Estate Development and Sales operating revenue and operating profit were $36.5 million and $32.0 million, respectively, and were principally related to the sales of a 4-acre parcel at Maui Business Park, two Kahala Avenue parcels, a 46,500-square-foot retail property in Colorado, a non-core parcel on Maui and a vacant parcel in Santa Barbara, California. Operating profit also included the following joint venture unit sales: all 328 remaining units at the 340-unit Waihonua condominium on Oahu (12 units closed in December 2014), two units at Ka Milo on Hawaii Island, the last unit at Kai Malu at Wailea on Maui, and three units at Kukui'ula on Kauai, partially offset by joint venture expenses.

MATERIALS AND CONSTRUCTION

Materials and Construction - First quarter of 2016 compared with 2015

	Quarter Ended March 31,		
(dollars in millions)	2016	2015	Change
Revenue	$50.7	$56.9	(10.9)%
Operating profit	$8.0	$7.2	11.1 %
Operating profit margin	15.8 %	12.7 %	
Depreciation and amortization	$2.9	$2.9	— %
Aggregate used and sold (tons in thousands)	183.2	235.0	(22.0)%
Asphaltic concrete placed (tons in thousands)	117.9	116.4	1.3 %
Backlog[1] at period end	$226.7	$206.1	10.0 %

[1] Backlog represents the amount of revenue that Grace (and consolidated subsidiaries) and Maui Paving, LLC, a 50-percent-owned non-consolidated affiliate, expect to realize on contracts awarded, primarily related to asphalt paving and, to a lesser extent, Grace's consolidated revenue from its construction- and traffic-control-related products. Backlog includes estimated revenue from the remaining portion of contracts not yet completed, as well as revenue from approved change orders. The length of time that projects remain in backlog can span from a few days for a small volume of work to 36 months for large paving contracts and contracts performed in phases. Maui Paving's backlog at March 31, 2016 and 2015 were $12.3 million and $30.2 million, respectively.

Materials and Construction revenue for the first quarter of 2016 decreased $6.2 million, or 10.9 percent, compared to the first quarter of 2015, primarily attributed to lower asphalt prices, partially offset by higher aggregate sales prices per ton. Revenue during 2016 reflected approximately 183.2 thousand tons of aggregate used and sold and 117.9 thousand tons of asphaltic concrete placed as compared to 235.0 thousand tons of aggregate used and sold and 116.4 thousand tons of asphaltic concrete placed during 2015. Backlog at the end of March 31, 2016 was $226.7 million, compared to $226.5 million as of December 31, 2015.

Operating profit increased $0.8 million, or 11.1 percent, for the first quarter of 2016 as compared to the first quarter of 2015, primarily due to increased aggregate material sales and tons paved, as well as operational efficiencies realized in the quarry operations.

AGRIBUSINESS

The quarterly results of the Agribusiness segment are subject to fluctuations from a number of factors, including the timing of sugar deliveries, which typically commence after the first quarter of each year. Additionally, each delivery is generally priced independently, which could result in significant variations in margins between deliveries. Accordingly, quarterly results are not indicative of the results that may be achieved for a full year.

Agribusiness – First quarter of 2016 compared with 2015

	Quarter Ended March 31,		
(dollars in millions)	2016	2015	Change
Revenue	$23.0	$ 28.9	(20.4)%
Operating profit	$1.2	$ 1.9	(36.8)%
Cessation costs	$(15.5)	$ —	NM
Tons sugar produced	11,800	3,200	4X
Tons sugar sold (raw and specialty sugar)	21,400	37,100	(42.3)%

Agribusiness revenue for the first quarter of 2016 decreased $5.9 million, or 20.4 percent, compared to the first quarter of 2015. The decrease was primarily due to lower raw sugar revenue in the first quarter of 2016, as compared to the first quarter of 2015, resulting primarily from lower tonnage carried per voyage on the sugar vessel.

Agribusiness operating profit for the first quarter of 2016, excluding sugar cessation costs, decreased by $0.7 million compared to the first quarter of 2015, primarily due to lower raw sugar and power margins and higher terminal costs attributed to vessel repairs, partially offset by increased molasses margins. During the quarter ended March 31, 2016, the Agribusiness segment also recognized charges of $15.5 million related to the cessation of the HC&S sugar operations, which consisted of accelerated depreciation, severance and employee benefits, and other exit-related costs.

Tons of sugar produced for the first quarter of 2016 was 4X higher than the first quarter of 2015 primarily due to improved weather conditions which resulted in an increase in the acres harvested and higher yields.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s primary liquidity needs have historically been to support working capital requirements and fund capital expenditures and real estate developments. A&B’s principal sources of liquidity have been cash flows provided by operating activities, available cash and cash equivalent balances, and borrowing capacity under its various credit facilities.
A&B’s operating income is generated by its subsidiaries. There are no material restrictions on the ability of A&B’s subsidiaries to pay dividends or make other distributions to A&B. A&B regularly evaluates investment opportunities, including development projects, joint venture investments, share repurchases, business acquisitions and other strategic transactions to increase shareholder value. A&B cannot predict whether or when it may enter into acquisitions or joint ventures or what impact any such transactions could have on A&B’s results of operations, cash flows or financial condition. A&B’s cash flows from operations, borrowing availability and overall liquidity are subject to certain risks and uncertainties, including those described in the section entitled “Risk Factors” of the Company’s 2015 Annual Report on Form 10-K.

Cash Flows: Cash flows from operating activities totaled $5.5 million for the quarter ended March 31, 2016 as compared to $26.8 million for the quarter ended March 31, 2015. The decrease in cash flows from operating activities is primarily attributed to the decrease in revenue from the Real Estate Development and Sales segment which resulted in a decrease in real estate development sales proceeds of $22.2 million for the first quarter of 2016 as compared to the first quarter of 2015.

Cash flows used in investing activities totaled $97.2 million during the first quarter of 2016, as compared to cash flows provided by investing activities of $23.4 million during the first quarter of 2015. The decrease in cash flows from investing activities was primarily due to higher capital expenditures during 2016 primarily related to the acquisition of Manoa Marketplace, as well as higher proceeds from joint venture sales during 2015 related to the Waihonua condominium development project.

Capital expenditures for the first quarter of 2016 totaled $92.1 million as compared to $8.6 million for the first quarter of 2015. Net cash flows used in investing activities for capital expenditures were as follows:

	Three Months Ended March 31,		
(dollars in millions)	2016	2015	Change
Quarrying and paving	$2.8	$1.6	75.0 %
Commercial real estate property improvements	84.2	1.8	47X
Tenant improvements	1.4	1.7	(17.6)%
Agribusiness and other	3.7	3.5	5.7 %
Total capital expenditures*	$92.1	$8.6	11X

* Capital expenditures for real estate developments to be held and sold as real estate development inventory are classified in condensed consolidated statement of cash flows as operating activities.

Cash flows provided by financing activities were $93.9 million for the first quarter of 2016, as compared to cash flows used in financing activities of $49.6 million during the first quarter of 2015. The increase in cash flows used in financing activities was primarily due to an increase in amounts borrowed under the Company's revolving senior credit facility during the quarter ended March 31, 2016, principally related to the reverse 1031 acquisition of Manoa Marketplace.

The Company believes that funds generated from results of operations, available cash and cash equivalents, and available borrowings under credit facilities will be sufficient to finance the Company’s business requirements for the next fiscal year, including working capital, capital expenditures, and potential acquisitions and stock repurchases. There can be no assurance, however, that the Company will continue to generate cash flows at or above current levels or that it will be able to maintain its ability to borrow under its available credit facilities.

Sources of Liquidity: Additional sources of liquidity for the Company, consisting of cash and cash equivalents, receivables, and quarry and sugar inventory, totaled $112.6 million at March 31, 2016, an increase of $8.6 million from December 31, 2015, primarily due to an increase of $9.0 million in quarry and sugar inventories.

The Company also has revolving credit facilities that provide additional sources of liquidity for working capital requirements or investment opportunities on a short-term as well as longer-term basis. Total debt as of March 31, 2016 was $683.7 million compared to $587.0 million as of December 31, 2015. The 16.5 percent increase in debt during the first quarter of 2016 was primarily due to the acquisition of Manoa Marketplace in the first quarter of 2016 under a reverse 1031 exchange. The Company expects to sell several Mainland commercial properties in 2016 whose proceeds would fund the reverse 1031 exchange and reduce the outstanding debt. As of March 31, 2016, the Company had a total borrowing availability of $152.6 million under its revolving credit facilities.

Balance Sheet: The Company's working capital deficit declined by $3.9 million, or 12.1 percent, from $32.2 million as of December 31, 2015 to $28.3 million as of March 31, 2016. The reduction in the working capital deficit is primarily attributed to an increase in inventories and reduction in accounts payable, partially offset by an increase in cessation related accruals.

At March 31, 2016, the Company believes it was in compliance with all of its covenants under its credit facilities. While there can be no assurance that the Company will remain in compliance with its covenants, the Company expects that it will remain in compliance.

Tax-Deferred Real Estate Exchanges: Sales - During the first quarter of 2016, there were no sales that qualified for tax-deferral treatment under Internal Revenue Code Section 1031.

Purchases - During the first quarter of 2016, the Company acquired both the leasehold and leased fee interests of Manoa Marketplace, a retail center on Oahu for $82.4 million, that it intends to fund under reverse 1031 transactions through future sales of Mainland properties that qualify for tax-deferral treatment under Internal Revenue Code 1031.

The proceeds from 1031 tax-deferred sales are held in escrow pending future use to purchase new real estate assets. The proceeds from 1033 condemnations are held by the Company until the funds are redeployed. As of March 31, 2016, there were $11.2 million from tax-deferred sales that has been designated for reinvestment in Manoa Marketplace.

Commitments, Contingencies and Off-balance Sheet Arrangements: A description of other commitments, contingencies, and off-balance sheet arrangements at March 31, 2016, and herein incorporated by reference, is included in Note 3 to the condensed consolidated financial statements of Item 1 in this Form 10-Q.

OUTLOOK

All of the forward-looking statements made herein are qualified by the inherent risks of the Company's operations and the markets it serves, as more fully described on pages 17 to 29 of the Company's 2015 Form 10-K and other filings with the SEC.

There are two primary sources of periodic economic forecasts and data for the State of Hawaii: The University of Hawaii Economic Research Organization (UHERO) and the State's Department of Business, Economic Development and Tourism (DBEDT). Much of the economic information included herein has been derived from economic reports available on UHERO's and DBEDT's websites, which provide more complete information about the status of, and forecast for, the Hawaii economy. Information below on Oahu residential re-sales is published by the Honolulu Board of Realtors and Title Guaranty of Hawaii, Incorporated. Information below on the Oahu commercial real estate market is provided by Colliers International (Hawaii). Bankruptcy filing information cited below is published by the U.S. Bankruptcy Court District of Hawaii. Information below on foreclosures is from the Hawaii State Judiciary. Debit and credit card same-store sales activity is provided by First Hawaiian Bank. Certain statistics can be volatile due to the relatively small size of the market and/or low number of transactions, including neighbor island residential resale prices and volumes, and bankruptcy and foreclosure filings.

The Company's overall outlook assumes steady growth for the U.S. and Hawaii economies. The Hawaii economy is projected to produce real growth of 2.3 percent in 2016, and is expected to continue to grow at a similar pace for the next several years.

The primary driver of growth for the Hawaii economy is tourism, which set an all-time record for visitor arrivals and expenditures for a fourth consecutive year in 2015. For the first quarter of 2016, arrivals and expenditures increased by 3.6 percent and 2.6 percent, respectively, compared to the same period last year.

UHERO projects the value of real private building permits to grow by 8.1 percent for the full year, continuing its upward trend in 2016.

The median resale price for a single family home on Oahu in the first quarter was $724,900, up 7.2 percent compared to the same quarter last year, and the median resale price of an Oahu condominium was $380,000, up 4.5 percent. Days on market for the first quarter remained low at 20 days for both homes and condos. Single-family resale prices and volumes on Maui improved for the first quarter of 2016 compared to the same quarter last year. Although resales volumes on Kauai were positive in the first quarter of 2016, single-family resale prices were moderately lower than for the same quarter last year.

Oahu commercial real estate continues to perform well, as detailed in the table below. Vacancy has trended lower, with

the exception of retail vacancy rates, which were higher for the first quarter of 2016 compared to the first quarter of 2015
due to the addition of a new wing at the Ala Moana Shopping Center. Average asking rents have increased for all asset classes.

Property Type	Vacancy Rate for the Quarter Ended March 31, 2016	Vacancy Rate for the Quarter Ended March 31, 2015	Percentage Point Change	Average Asking Rent Per Square Foot Per Month for the Quarter Ended March 31, 2016	Average Asking Rent Per Square Foot Per Month for the Quarter Ended March 31, 2015	Percent Change
Retail	4.6 %	4.3 %	0.3	$ 3.93	$ 3.69	6.5 %
Industrial	1.5 %	2.1 %	(0.6)	$ 1.17	$ 1.15	1.7 %
Office	12.2 %	13.4 %	(1.2)	$ 1.67	$ 1.65	1.2 %

Unemployment in March 2016 was 3.1 percent, down from 3.9 percent in March 2015, and below the national unemployment rate of 5.0 percent. Bankruptcy filings year to date through March 2016 were down by 15.8 percent compared to the same period of 2015. Foreclosures, however, were up 21.1 percent through March 2016 compared to low levels last year. First Hawaiian Bank reported that its debit and credit card same-store sales activity increased 5.4 percent for the first quarter of 2016 compared to the first quarter of 2015.

The Company's Real Estate Leasing segment's net operating income ("NOI") was up 7.2 percent[1] for the first quarter of 2016, compared to the first quarter of 2015, due principally to the acquisitions of Manoa Marketplace in January 2016 and the leasehold improvements of the Aikahi Park Shopping Center in May 2015. As a result of this stronger-than-expected performance, the Company now expects full-year 2016 NOI to grow at a rate that is closer to the high end of its previous guidance of one percent to two percent. The continued migration of Mainland commercial assets to Hawaii, the strategic repositioning of certain Hawaii retail assets, and the timing of lease expirations for several large tenants are tempering the Company's full-year 2016 NOI growth expectations. Hawaii same-store NOI, however, is expected to increase by five percent in 2016.

There are no updates to the Company's previously provided outlook for its Real Estate Development and Sales, Agribusiness or Materials and Construction segments.

[1] Refer to page 21 for a discussion of management's use of a non-GAAP financial measure and the required reconciliation of non-GAAP measures to GAAP measures.

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OTHER MATTERS

Officer and Management Changes: The A&B Board of Directors appointed Christopher J. Benjamin, President and Chief Operating Officer of the Company, to Chief Executive Officer of the Company and a member of the A&B Board of Directors, effective January 1, 2016.

Significant Accounting Policies: The Company's significant accounting policies are described in Note 2 to the consolidated financial statements included in Item 8 of the Company's 2015 Form 10-K.

Critical Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, upon which the Management's Discussion and Analysis is based, requires that management exercise judgment when making estimates and assumptions about future events that may affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty and actual results will, inevitably, differ from those critical accounting estimates. These differences could be material. The most significant accounting estimates inherent in the preparation of A&B's financial statements were described in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's 2015 Form 10-K.

Dividends: On April 26, 2016, the Company's Board of Directors declared a quarterly cash dividend of $0.06 per share of outstanding common stock, which will be paid on June 2, 2016 to shareholders of record as of May 9, 2016.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning market risk is incorporated herein by reference to Item 7A of the Company's Form 10-K for the fiscal year ended December 31, 2015. There has been no material change in the quantitative and qualitative disclosures about market risk since December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting

There have not been any changes in the company's internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under the “Legal Proceedings and Other Contingencies” section in Note 3 of Notes to Condensed Consolidated Financial Statements, included in Part I, Item 1 of this report, is incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
Jan 1 - 31, 2016	24,042	$30.47	—	—
Feb 1 - 29, 2016	12,916	$30.24	—	—
Mar 1 - 31, 2016	10,823	$36.09	—	—

1 Represents shares accepted in satisfaction of tax withholding obligations arising upon option exercises or the vesting of restricted stock units.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulations S-K (17 CFR 229.104) is included in Exhibit 95 to this periodic report on Form 10-Q.

ITEM 6. EXHIBITS

31.1 Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following information from Alexander & Baldwin, Inc.’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the three and three months ended March 31, 2016 and March 31, 2015, (ii) Condensed Consolidated Statement of Comprehensive Income (Loss) for the three months ended March 31,

2016 and March 31, 2015, (iii) Condensed Consolidated Balance Sheets at March 31, 2016 and December 31, 2015, (iv) Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2016 and March 31, 2015, (v) Condensed Consolidated Statements of Equity for the three months ended March 31, 2016 and March 31, 2015, and (vi) the Notes to the Condensed Consolidated Financial Statements.

95 Mine Safety Disclosure

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALEXANDER & BALDWIN, INC.
(Registrant)

Date: May 6, 2016 /s/ Paul K. Ito
Paul K. Ito
Senior Vice President,
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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95 Mine Safety Disclosure

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