

Alexander & Baldwin, Inc.  
Form DEF 14A  
March 13, 2017  
[Table of Contents](#)

**SCHEDULE 14A INFORMATION**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**ALEXANDER & BALDWIN, INC.**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Date Filed:

**Table of Contents**

**822 Bishop Street, Honolulu, Hawaii 96813**

March 13, 2017

To the Shareholders of Alexander & Baldwin, Inc.:

You are invited to attend the 2017 Annual Meeting of Shareholders of Alexander & Baldwin, Inc., to be held at the Pomaikai Ballroom, Dole Cannery, 735 Iwilei Road, Honolulu, Hawaii, on Tuesday, April 25, 2017 at 8:00 a.m. We look forward to the opportunity to meet with you.

**Whether or not you now plan to attend the Annual Meeting, please vote as soon as possible.** You may vote via the Internet, by telephone or by requesting a paper proxy card to complete and return by mail. Specific instructions for shareholders are included in the enclosed proxy or on a Notice of Internet Availability of Proxy Materials being distributed to shareholders on or around March 13, 2017.

Your vote is important and your shares should be represented. Thank you for your continued support of A&B.

Sincerely,  
CHRISTOPHER J. BENJAMIN  
President and Chief Executive Officer

**Table of Contents**

**822 Bishop Street, Honolulu, Hawaii 96813**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders of Alexander & Baldwin, Inc. will be held at the Pomaikai Ballroom, Dole Cannery, 735 Iwilei Road, Honolulu, Hawaii, on Tuesday, April 25, 2017, at 8:00 a.m., Honolulu time, to:

1. Elect three Class II directors for a three-year term expiring at the 2020 Annual Meeting of Shareholders;
2. Conduct an advisory vote on executive compensation;
3. Ratify the appointment of the independent registered public accounting firm for the ensuing year; and
4. Transact such other business as properly may be brought before the meeting or any adjournment or postponement thereof.

The Board of Directors has set the close of business on February 16, 2017 as the record date for the meeting. Owners of Alexander & Baldwin, Inc. stock at the close of business on that date are entitled to receive notice of and to vote at the meeting. Shareholders will be asked at the meeting to present valid photo identification. Shareholders holding stock in brokerage accounts must present a copy of a brokerage statement reflecting stock ownership as of the record date.

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. PLEASE PROMPTLY VOTE VIA THE INTERNET OR BY TELEPHONE, OR REQUEST A PAPER PROXY CARD TO COMPLETE AND RETURN BY MAIL.**

By Order of the Board of Directors,

ALYSON J. NAKAMURA  
Corporate Secretary and Assistant General  
Counsel

March 13, 2017

**Table of Contents****SUMMARY INFORMATION**

To assist you in reviewing this Proxy Statement, we would like to call your attention to key elements of this document. The following description is only a summary. For more information, please read the complete Proxy Statement.

**ANNUAL MEETING OF SHAREHOLDERS****Time and**

**Date:** Tuesday, April 25, 2017, 8:00 a.m. HST

**Place:** Pomaikai Ballroom  
Dole Cannery  
735 Iwilei Road  
Honolulu, Hawaii

**Record Date:** February 16, 2017

**Voting:** Shareholders as of the record date are entitled to vote.

**Admission:** Shareholders will be asked to present valid photo identification. Shareholders holding stock in brokerage accounts must present a copy of a brokerage statement reflecting stock ownership as of the record date.

**MEETING AGENDA**

<b>Agenda Item</b>	<b>Board Recommendation</b>	<b>Page Reference</b>
Election of three Class II directors	FOR each director nominee	2
Advisory vote on executive compensation	FOR	46
Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm	FOR	47

**BOARD NOMINEES**

The following table provides summary information about each director nominee. Each director nominee is elected for a three-year term.

<b>Name</b>	<b>Director Since</b>	<b>Occupation</b>	<b>Committees</b>
W. Allen Doane	2012	Retired Chairman of the Board and CEO of A&B Predecessor	Leadership Real Estate Finance
David C. Hulihee	2013	Chairman of the Board and President, Royal Contracting Co., Ltd.	Leadership Construction

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		Retired CEO of Grace Pacific LLC, a wholly-owned subsidiary of A&B	Finance
Stanley M. Kuriyama	2012	Chairman of the Board of A&B Retired CEO of A&B	Leadership
			Real Estate
			Finance

**Table of Contents**

**EXECUTIVE COMPENSATION LINKED TO PERFORMANCE**

All elements of executive compensation are generally targeted at the 50th percentile of survey data. The Company firmly believes in pay for performance and aligning pay with shareholder interests and the Company's business objectives. Accordingly, the majority of executive compensation is tied to performance. In 2016, our Chief Executive Officer ( CEO ), Christopher Benjamin, received 70% of his target compensation in the form of performance-based pay, consisting of annual incentives (cash) and long-term incentives (equity), with the remaining 30% set as fixed pay. For our other Named Executive Officers, approximately 60% of their target compensation was performance-based with the remaining 40% set as fixed pay. In 2016, our executive compensation program received strong support from shareholders with over 97% of the votes cast in approval of the program.

We encourage you to read our Compensation Discussion and Analysis ( CD&A ), which begins on page 20 and describes our pay for performance philosophy and each element of compensation. Our Board of Directors recommends approval, on an advisory basis, of the compensation of our Named Executive Officers, as further described in the CD&A and Proposal No. 2: Advisory Vote on Executive Compensation beginning on page 46.



**Table of Contents****TABLE OF CONTENTS**

	Page
<u>Notice of 2017 Annual Meeting of Shareholders</u>	i
<u>Summary Information</u>	ii
<u>General Information About the Annual Meeting</u>	1
<u>Proposal No. 1: Election of Directors</u>	2
<u>Director Nominees and Qualifications of Directors</u>	2
<u>Certain Information Concerning the Board of Directors</u>	9
<u>Director Independence</u>	9
<u>Board Leadership Structure</u>	9
<u>The Board's Role in Risk Oversight</u>	9
<u>Pay Risk Assessment</u>	10
<u>Board of Directors and Committees of the Board</u>	10
<u>Nominating Committee Processes</u>	12
<u>Corporate Governance Guidelines</u>	13
<u>Code of Ethics</u>	13
<u>Code of Conduct</u>	13
<u>Shareholder Engagement</u>	13
<u>Compensation of Directors</u>	13
<u>Director Share Ownership Guidelines</u>	16
<u>Communications with Directors</u>	16
<u>Security Ownership of Certain Shareholders</u>	16
<u>Certain Information Regarding Directors and Executive Officers</u>	17
<u>Security Ownership of Directors and Executive Officers</u>	17
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	18
<u>Certain Relationships and Transactions</u>	18
<u>Executive Compensation</u>	20
<u>Compensation Discussion and Analysis</u>	20
<u>Compensation Committee Report</u>	34
<u>Compensation Committee Interlocks and Insider Participation</u>	34
<u>Summary Compensation Table</u>	35
<u>Grants of Plan-Based Awards</u>	36
<u>Outstanding Equity Awards at Fiscal Year-End</u>	37
<u>Option Exercises and Stock Vested</u>	38
<u>Pension Benefits</u>	38
<u>Non-Qualified Deferred Compensation</u>	40
<u>Other Potential Post-Employment Payments</u>	40
<u>Use of Non-GAAP Financial Measures</u>	44
<u>Proposal No. 2: Advisory Vote on Executive Compensation</u>	46
<u>Audit Committee Report</u>	47
<u>Proposal No. 3: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	47
<u>Shareholder Proposals for 2018</u>	49

**Table of Contents**

**822 Bishop Street, Honolulu, Hawaii 96813**

**PROXY STATEMENT**

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

**Why am I receiving these materials?**

The Board of Directors of Alexander & Baldwin, Inc. ( **A&B** or the **Company** ) is soliciting proxies for the Annual Meeting of Shareholders to be held on April 25, 2017 and at any adjournment or postponement of the meeting (the **Annual Meeting** ).

**Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the full set of proxy materials?**

On or around March 13, 2017, we mailed to our shareholders (other than to certain street name shareholders or those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials, which contains instructions for accessing and reviewing on the Internet all of our proxy materials, including this Proxy Statement and our 2016 Annual Report to Shareholders. In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission ( **SEC** ), instead of mailing a printed copy of our proxy materials to each shareholder of record, we are furnishing proxy materials on the Internet. This process is designed to expedite shareholders' receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources.

**How can I request a paper copy of these materials?**

You will not receive a printed copy of the proxy materials unless you request it. If you would prefer to receive printed proxy materials, please follow the instructions for requesting such materials contained in the Notice of Internet Availability of Proxy Materials. This process is designed to expedite shareholders' receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources.

**Can I vote using the Internet?**

The Notice of Internet Availability of Proxy Materials also provides instructions for voting your proxy on the Internet.

**Who is entitled to vote at the Annual Meeting?**

Shareholders of record at the close of business on February 16, 2017 are entitled to notice of and to vote at the Annual Meeting. On that date, there were 49,081,500 shares of common stock outstanding, each of which is entitled to one vote.

**What is the voting requirement to approve each of the proposals?**

Provided a quorum is present, a majority of the votes cast will be necessary for the ratification of the appointment of the independent registered public accounting firm and for the approval, on an advisory basis, of our executive compensation. Directors are elected by a plurality of votes cast, provided a quorum is present; provided, however, that any director nominee who receives a greater number of withhold votes than affirmative votes in an uncontested election will promptly submit his or her resignation for consideration by the Nominating and Corporate Governance

Committee and the Board, as described further in the Company's Corporate Governance Guidelines.

## **Table of Contents**

### **What effect do abstentions and broker non-votes have on the proposals?**

Abstentions and broker non-votes will be included for purposes of establishing a quorum at the Annual Meeting. However, abstentions and broker non-votes will have no effect on the voting results for any matter, as they are not considered to be votes cast.

### **Who will bear the cost of soliciting votes for the Annual Meeting?**

Officers, employees and directors of A&B and its subsidiaries may, without additional compensation, solicit proxies by telephone or by other appropriate means. Arrangements also will be made with brokerage firms and other persons that are record holders of A&B's common stock to forward proxy soliciting material to the beneficial owners of the stock, and A&B will reimburse those record holders for their reasonable expenses. A&B has retained the firm of Morrow Sodali Global, LLC to assist in the solicitation of proxies at a cost of \$10,000 plus reasonable out-of-pocket expenses.

### **May I change my vote or revoke my proxy?**

You may revoke your proxy or change your vote any time before it is voted at the Annual Meeting by:

Filing a written revocation with the Corporate Secretary;

Submitting a later-dated proxy or a later-dated vote by Internet or telephone; or

Voting in person at the Annual Meeting.

### **When were the Proxy Statement materials made publicly available?**

This Proxy Statement and the enclosed proxy are being mailed to shareholders and are being made available on the Internet at [www.alexanderbaldwin.com](http://www.alexanderbaldwin.com), on or about March 13, 2017.

### **Who can I contact to obtain directions to the Annual Meeting site?**

You may contact Stacy Mercado at (808) 525-6661 to obtain directions to the site of the Annual Meeting, Pomaikai Ballroom, Dole Cannery, 735 Iwilei Road, Honolulu, HI.

### **What do the references to the term "A&B Predecessor" mean in this document?**

References in this Proxy Statement to "A&B Predecessor" mean Alexander & Baldwin, Inc. prior to its separation from Matson, Inc. on June 29, 2012.

## **PROPOSAL NO. 1: ELECTION OF CLASS II DIRECTORS**

Three Class II Directors will be elected at the Annual Meeting to serve a three-year term and until their successors are duly elected and qualified.

***Director Nominees and Qualification of Directors.*** The Class II nominees of the Board of Directors are the three persons named below. All nominees are current members of the Board of Directors. The Board of Directors believes that all nominees will be able to serve. However, if any nominee should decline or become unable to serve for any reason, shares represented by the accompanying proxy will be voted for the replacement person nominated by the Board of Directors. Each director nominee identified below was unanimously nominated by the Board at the recommendation of the Nominating and Corporate Governance Committee.

The following table provides the name, age (as of March 31, 2017), and principal occupation of each person nominated by the A&B Board and each director continuing in office, their business experience during at least the last five years, the year each first was elected or appointed a director and qualifications of each director.

## **Table of Contents**

Our Nominating Committee is focused on creating a Board that consists of members that have a diversity of professional experience and a combined skill set to help oversee our business effectively. The Board weighs the alignment of Board capabilities with the needs of A&B as part of the Board's self-assessment process. The Nominating Committee's processes for selecting director nominees are described in greater detail in "Certain Information Concerning the Board of Directors - Nominating Committee Processes" below.

Our Board members have a diverse range of perspectives and are knowledgeable about our businesses. Each director contributes in establishing a board climate of trust and respect, where deliberations are open and constructive. A&B's business strategy is Hawaii-focused and, accordingly, the Board believes it is valuable to shareholders that the great majority of our directors be Hawaii-based executives who can provide extensive local knowledge and insight.

### **Skills Aligned with Board Needs**

***Strong combined skillset\* and local Hawaii expertise effectively position the Board to navigate Hawaii's unique business environment:***

***\* This skills matrix represents the diverse skillsets of our ten directors. All directors are included in multiple categories.***

In selecting nominees, the Board has considered the factors noted above; the current mix of skills and experience represented by our directors; and the qualifications of each nominated director, which includes the factors reflected as follows.

**Table of Contents**

**W. Allen Doane**

**Age: 69**

**Director Since: 2012**

Director of A&B since June 2012

Director of A&B Predecessor from October 1998 through June 2012

Chairman of the Board of A&B Predecessor from April 2006 through December 2009

Chief Executive Officer of A&B Predecessor from October 1998 through December 2009

President of A&B Predecessor from October 1998 through September 2008

Director of A&B Predecessor's subsidiary, Matson Navigation Company, Inc. ( MNC ) from October 1998 through June 2012, Chairman of the Board of MNC from April 2006 through September 2008 and from July 2002 to January 2004

Director, First Hawaiian, Inc. ( FHI ) (NASDAQ: FHB) since August 2016

**Director Qualifications**

As a member of A&B Predecessor's senior management team for almost two decades, Mr. Doane, who was Chief Executive Officer and Chairman of the Board of A&B Predecessor until his retirement from those positions in 2009, brings to the Board an in-depth knowledge of all aspects of the Company's real estate operations, including commercial real estate and real estate development, and its agribusiness operations. Mr. Doane's experience managing a complex business organization has provided him with financial expertise and he has been designated by the Board of Directors as an Audit Committee Financial Expert. He also has board experience, including his service on various corporate and non-profit boards, and is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations.

**Stanley M. Kuriyama**

**Age: 63**

**Director Since: 2012**

Chairman of the Board since June 2012

Chief Executive Officer of A&B from June 2012 through December 2015

Director and Chief Executive Officer of A&B Predecessor from January 2010 through June 2012

President of A&B Predecessor from October 2008 through June 2012

President and Chief Executive Officer, A&B Land Group from July 2005 through September 2008

Chief Executive Officer and Vice Chairman of A&B Predecessor's subsidiary, A&B Properties, Inc., from December 1999 through September 2008

Director and Chairman of the Board of MNC from September 2009 through June 2012

Director, Matson Inc. (NYSE: MATX) (ocean transportation) since June 2016

**Director Qualifications**

As a member of A&B's and A&B Predecessor's senior management team for two decades, Mr. Kuriyama, who is Chairman of the Board and former Chief Executive Officer of A&B, brings to the Board an in-depth knowledge of all aspects of the Company's real estate operations, including commercial real estate and real estate development, and its agribusiness operations. He is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations.



**Table of Contents**

**David C. Hulihee**

**Age: 68**

**Director Since: 2013**

Chairman of the Board and President of Royal Contracting Co., Ltd. since December 1971

Chief Executive Officer of Grace Pacific LLC, formerly Grace Pacific Corporation ( Grace Pacific ) from August 2008 through December 2015; consultant to Grace Pacific from January 2016 through December 2016

President of Grace Pacific from August 2008 through August 2015

Chairman of the Board of Grace Pacific from August 2008 through September 2013

**Director Qualifications**

As former President and Chief Executive Officer of Grace Pacific and Chairman of the Board and President of Royal Contracting Co., Ltd., both major Hawaii infrastructure and construction companies, Mr. Hulihee brings to the Board construction and development expertise and experience in managing complex business organizations. Mr. Hulihee has board experience, including his service on various corporate and non-profit boards, and is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations. Mr. Hulihee also is A&B's largest individual shareholder, owning or controlling approximately 4.6% of our outstanding shares, and as such his interests are well-aligned with those of shareholders.

**CONTINUING DIRECTORS**

***Continuing Class III Directors Whose Terms Expire at the 2018 Annual Meeting***

**Charles G. King**

**Age: 71**

**Director Since: 2012**

Managing General Partner, Kaonoulu Ranch, LLLP (agricultural and real estate investments) since November 2013

President, KAC Land, Inc. (land holdings) since October 2016

President and Dealer Principal, King Auto Center, Kauai (automobile dealership) from October 1995 through September 2016

Dealer Principal, King Infiniti of Honolulu (automobile dealership) from April 2004 through August 2013

Director of A&B Predecessor from April 1989 through June 2012

**Director Qualifications**

With executive positions in Hawaii-based agricultural and real estate entities and as the former head of automotive dealerships located on Kauai and Oahu, Mr. King is an experienced businessman with executive and leadership skills and is the recipient of a number of business leadership awards. He contributes insights about Hawaii and A&B's operating markets, particularly on Kauai, where A&B has significant business interests. He is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations.

**Table of Contents**

**Douglas M. Pasquale**

**Age: 62**

**Director Since: 2012**

Founder and Chief Executive Officer of Capstone Enterprises Corporation (investment and consulting firm) since January 2012

Director of Ventas, Inc. (NYSE:VTR) ( Ventas ) (healthcare real estate investment trust) since July 2011

Senior Advisor to the Chief Executive Officer of Ventas from July 2011 through December 2011 upon Ventas' s acquisition of Nationwide Health Properties, Inc. (formerly NYSE:NHP) ( NHP ) in July 2011

Chairman of the Board, President and Chief Executive Officer of NHP (healthcare real estate investment trust) from May 2009 to July 2011; President and Chief Executive Officer of NHP from April 2004 to July 2011; Executive Vice President and Chief Operating Officer of NHP from November 2003 to April 2004

Director of NHP from November 2003 through July 2011

Chairman of the Board and Chief Executive Officer of ARV Assisted Living, Inc. from December 1999 to September 2003 and, concurrently, President and Chief Executive Officer of Atria Senior Living Group from April 2003 to September 2003

Director of Terreno Realty Corporation (NYSE:TRNO) ( Terreno ) since February 2010

Director of Sunstone Hotel Investors, Inc. (NYSE:SHO) since November 2011

Director of DineEquity, Inc. (NYSE:DIN) since March 2013

Director of A&B Predecessor from April 2005 through June 2012

**Director Qualifications**

As Chief Executive Officer of Capstone Enterprises and as former President, Chief Executive Officer and Chairman of the Board of Nationwide Health Properties, Inc. prior to its merger in July 2011 with Ventas, Mr. Pasquale contributes experience in real estate, one of A&B's main businesses, as well as experience in finance, accounting and managing a complex business organization. This experience has provided Mr. Pasquale with financial expertise, and he has been designated by the Board of Directors as an Audit Committee Financial Expert. He also has board experience, including his service on the boards of other publicly traded companies.

**Jenai S. Wall**

**Age: 58**

**Director Since: 2015**

Chairman and Chief Executive Officer of Foodland Super Market, Ltd. ( Foodland ), Food Pantry, Ltd., Kalama Beach Corporation and Pacific Warehouse Inc. since 1998

**Director Qualifications**

As Chairman and Chief Executive Officer of Foodland, the largest locally-owned grocery retailer in Hawaii, and other entities in its family of companies, Ms. Wall brings to the Board experience in managing complex business organizations and has commercial real estate and retail expertise. She also has board experience, through her service on various corporate and non-profit boards, and is knowledgeable about Hawaii and A&B's operating markets through her involvement in the Hawaii business community and local community organizations.

**Table of Contents**

***Continuing Class I Directors Whose Terms Expire at the 2019 Annual Meeting***

**Christopher J. Benjamin**

**Age: 53**

**Director Since: 2016**

Chief Executive Officer and Director of A&B since January 2016

President of A&B since June 2012

Chief Operating Officer of A&B from June 2012 through December 2015

President of A&B Land Group from September 2011 through June 2012

President of A & B Properties, Inc. from September 2011 through August 2015

Senior Vice President of A&B Predecessor from July 2005 through August 2011

Chief Financial Officer of A&B Predecessor from February 2004 through August 2011

Treasurer of A&B Predecessor from May 2006 through August 2011

Plantation General Manager of Hawaiian Commercial & Sugar Company from March 2009 through March 2011

**Director Qualifications**

As a member of A&B's and A&B Predecessor's senior management team for over a decade, Mr. Benjamin, who is President and Chief Executive Officer of A&B, brings to the Board an in-depth knowledge of all aspects of the Company's real estate operations, including commercial real estate and real estate development, its agribusiness operations and its financial operations. He is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations.

**Robert S. Harrison**

**Age: 56**

**Director Since: 2012**

Chairman of the Board and Chief Executive Officer of FHI since August 2016

Chairman of the Board of First Hawaiian Bank ( FHB ) since May 2014

Chief Executive Officer and Director of FHB since January 2012

President of FHB from December 2009 to June 2015

Chief Operating Officer of FHB from December 2009 through December 2011

Vice Chairman of FHB from December 2007 to December 2009

Chief Risk Officer of FHB from January 2006 to December 2009

**Director Qualifications**

As Chairman and Chief Executive Officer of FHB, Hawaii's largest financial institution, Mr. Harrison brings to the Board experience in managing complex business organizations. He also has banking and financial expertise. Mr. Harrison has board experience through his service on various corporate and non-profit boards and is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations.

**Table of Contents**

**Michele K. Saito**

**Age: 57**

**Director Since: 2012**

President and Director of DTRIC Insurance Company (insurance) since March 2014

Chief Operating Officer of Healthways Hawaii (healthcare) from March 2013 through July 2013

President and Director of Farmers Insurance Hawaii ( Farmers ) from January 2010 through August 2012

Executive Vice President and Chief Operating Officer of AIG Hawaii/Farmers from April 2009 through December 2009

Senior Vice President, Secretary and Treasurer of AIG Hawaii from 2001 through March 2009

Vice President of Finance and Operations of AIG Hawaii from 1995 through 2000

**Director Qualifications**

As President of DTRIC Insurance Company and former President of Farmers, two of Hawaii's largest insurance companies, Ms. Saito brings to the Board experience in managing a complex business organization and financial and accounting expertise. Ms. Saito also has board experience, including her service on various corporate and non-profit boards, and is knowledgeable about Hawaii and A&B's operating markets through her involvement in the Hawaii business community and local community organizations.

**Eric K. Yeaman**

**Age: 49**

**Director Since: 2012**

President and Chief Operating Officer of FHI since August 2016

President, Chief Operating Officer and Director of FHB since June 2015

President and Chief Executive Officer of Hawaiian Telcom Holdco, Inc. (NASDAQ:HCOM) ( Hawaiian Telcom ) (telecommunications) from June 2008 to June 2015

Director of Hawaiian Telcom since June 2008

Chief Operating Officer of Hawaiian Electric Company, Inc. from January 2008 through June 2008

Financial Vice President, Treasurer and Chief Financial Officer of Hawaiian Electric Industries, Inc. (NYSE: HE) ( HEI ) from January 2003 through January 2008

Chief Operating Officer and Chief Financial Officer of The Kamehameha Schools from 2000 to January 2003

Director of Alaska Air Group, Inc., (NYSE:ALK) since November 2012

#### **Director Qualifications**

As President and Chief Operating Officer of FHB and former Chief Executive Officer of Hawaiian Telecom, the state's leading integrated communications company, Mr. Yeaman brings to the Board experience in managing complex business organizations. He also has financial and accounting expertise and has been designated by the Board of Directors as an Audit Committee Financial Expert. Mr. Yeaman has board experience, including his service on the boards of other publicly traded companies. He is knowledgeable about Hawaii and A&B's operating markets through his involvement in the Hawaii business community and local community organizations.



**Table of Contents**

**CERTAIN INFORMATION CONCERNING THE BOARD OF DIRECTORS**

**Director Independence.** The Board has reviewed each of its current directors and nominees and has determined that all such persons, with the exception of Mr. Benjamin, Mr. Kuriyama (who retired as an employee of A&B on December 31, 2016) and Mr. Hulihee (who retired as an employee of A&B on December 31, 2015) who are or were employees of A&B or its subsidiaries within the past three years, are independent under New York Stock Exchange ( NYSE ) rules. In making its independence determinations, the Board considered the transactions, relationships or arrangements in Certain Information Regarding Directors and Executive Officers Certain Relationships and Transactions below, as well as the following: Mr. Doane his status as a former executive officer of A&B Predecessor, banking relationships with FHB, an entity of which Mr. Doane is a director, and the purchase of a condominium unit in an A&B project at full market price; Mr. Harrison A&B s banking relationships with FHB, an entity of which Mr. Harrison is Chairman of the Board and Chief Executive Officer; Mr. Yeaman A&B s banking relationships with FHB, an entity of which Mr. Yeaman is President and Chief Operating Officer; Mr. Pasquale partial reimbursement of professional fees and related costs incurred in determining the applicability of a local excise tax to a non-resident director; and Ms. Wall A&B s banking relationships with FHB, an entity of which Ms. Wall is a director.

**Board Leadership Structure.** The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management. It understands that there is no single approach to providing Board leadership and that the right Board leadership structure may vary as circumstances warrant.

Mr. Kuriyama transitioned from executive Chairman of the Board ( Chairman ) to non-executive Chairman, effective January 1, 2017. The Board currently has a separate non-executive Chairman, a Chief Executive Officer ( CEO ) and a Lead Independent Director (Charles G. King). At this time, the Board believes that a separate Chairman is beneficial in providing oversight and leadership in handling board responsibilities. This also allows our CEO to focus on Company strategy and business operations. A Lead Independent Director allows the Board to function independently from management and is capable of objective judgment regarding management s performance. The Board has determined that its leadership structure is appropriate for A&B at this time.

**Lead Independent Director Duties Include**

Consulting with the Chairman of the Board on agendas and meeting schedules

Facilitating the process for the Board s self-evaluation

Presiding at Board meetings in the absence of the Chairman

Presiding at executive sessions of non-management Directors

Facilitating communication between the Independent Directors and the Chairman and Chief Executive Officer

***The Board's Role in Risk Oversight.*** The Board has oversight of the risk management process, which it administers in part through the Audit Committee. One of the Audit Committee's responsibilities involves discussing policies regarding risk assessment and risk management. Risk oversight plays a role in all major Board decisions and the evaluation of risk is a key part of the decision-making process. For example, the identification of risks and the development of sensitivity analyses are key requirements for capital requests that are presented to, and evaluated by, the Board.

This risk management process occurs throughout all levels of the organization but is also facilitated through a formal process in which the Company identifies significant risks through regular discussions with all levels of management. Risk management is reflected in the Company's compliance, auditing and risk management functions, and its risk-based approach to strategic and operating decision-making. Management reviews its risk management activities with the Audit Committee and the full Board of Directors on a regular basis. In addition, risk management perspectives from each of A&B's business segments are included in the Company's operating and strategic plans. The Board believes that its current leadership structure is conducive to the risk oversight process.

## **Table of Contents**

**Pay Risk Assessment.** The Compensation Committee has a formal review process to consider and discuss the compensation policies, plans and structure for all of the Company's employees, including the Company's executive group, to ascertain whether any of the compensation programs and practices create excessive risks or motivate risky behaviors that are reasonably likely to have a material adverse effect on the Company. Management has worked with the Compensation Committee to review all Company incentive plans and related policies and practices, and the overall structure and positioning of total pay, pay mix, the risk management process and related internal controls.

Based on its formal review process, the Compensation Committee concluded that there continues to be no material adverse effects due to pay risk. Management and the Compensation Committee concluded that A&B's employee compensation programs represent an appropriate balance of fixed and variable pay, cash and equity, short-term and long-term compensation, financial and non-financial performance, and an appropriate level of enterprise-wide risk oversight.

### **Strong Compensation Risk Management**

Robust stock ownership guidelines

Multi-year vesting periods of equity awards

Capped incentive payments

Use of multiple performance metrics

Pay philosophy for all elements of pay targeted at the 50<sup>th</sup> percentile

Reasonable payout tied to performance (e.g., incentive pool funding of 50% at threshold, 100% at target, 200% at maximum, with linear interpolation between each goal); individual awards can be further modified, ranging from 0% (no award) to 150%, so long as the aggregate incentive pool is not exceeded (i.e., zero sum)

50% of NEOs' equity awards granted are performance-based, using total shareholder return over three years as a performance metric

Review of goal-setting by the Compensation Committee to ensure that goals are reasonable

Mix of pay that is consistent with competitive practices for organizations similar in size and complexity

Insider trading and hedging prohibitions

A compensation clawback policy

Oversight by a Compensation Committee composed of independent directors

**Board of Directors and Committees of the Board.** The Board of Directors held ten meetings during 2016. In conjunction with five of these meetings, the independent directors of A&B met in formally-scheduled executive sessions led by the Lead Independent Director (Charles G. King). In 2016, all directors were present at more than 75%, and eight directors were present at 100%, of the meetings of the A&B Board of Directors and Committees of the Board on which they serve. The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which is governed by a charter, which is available on the corporate governance page of A&B's website, [www.alexanderbaldwin.com](http://www.alexanderbaldwin.com).

**Table of Contents**

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Christopher J. Benjamin			
W. Allen Doane	X		
Robert S. Harrison			
David C. Hulihee			
Charles G. King			X
Stanley M. Kuriyama			
Douglas M. Pasquale			X
Michele K. Saito		X	
Jenai S. Wall		X	
Eric K. Yeaman	X		

## Committee Chair

**Audit Committee:** The current members of the Audit Committee are:

Mr. Pasquale, Chairman

Mr. Doane

Mr. Yeaman

The Board has determined that each member is independent under the applicable NYSE listing standards and SEC rules. In addition, the Board has determined that Messrs. Pasquale, Doane and Yeaman are audit committee financial experts under SEC rules. The duties and responsibilities of the Audit Committee are set forth in a written charter adopted by the Board of Directors and are summarized in the Audit Committee Report, which appears in this Proxy Statement. The Audit Committee met five times during 2016.

**Compensation Committee:** The current members of the Compensation Committee are:

Mr. King, Chairman

Ms. Saito

Ms. Wall

The Board has determined that each member is independent under the applicable NYSE listing standards. The Compensation Committee has general responsibility for management and other salaried employee compensation and benefits, including incentive compensation and stock incentive plans, and for making recommendations to the Board on director compensation. The Compensation Committee may form subcommittees and delegate such authority as the Committee deems appropriate, subject to any restrictions by law or listing standard. For further information on the

processes and procedures for consideration of executive compensation, see the Compensation Discussion and Analysis section below. The Compensation Committee met four times during 2016.

**Table of Contents**

**Nominating and Corporate Governance Committee:** The current members of the Nominating and Corporate Governance Committee (the Nominating Committee ) are:

Mr. Harrison, Chairman

Mr. King

Mr. Pasquale

The Board has determined that each member is independent under the applicable NYSE listing standards. The functions of the Nominating Committee include recommending to the Board individuals qualified to serve as directors; recommending to the Board the size and composition of committees of the Board and monitoring the functioning of the committees; advising on Board composition and procedures; reviewing corporate governance issues; overseeing the annual evaluation of the Board; and ensuring that an evaluation of management is occurring. The Nominating Committee met twice during 2016.

***Nominating Committee Processes.*** The Nominating Committee identifies potential nominees by asking current directors to notify the Nominating Committee of qualified persons who might be available to serve on the Board. The Nominating Committee also engages, when appropriate, firms that specialize in identifying director candidates.

The Nominating Committee will consider director candidates recommended by shareholders. In considering such candidates, the Nominating Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the Nominating Committee, a shareholder must submit a written recommendation that includes the name of the shareholder, evidence of the shareholder's ownership of A&B stock (including the number of shares owned and the length of time of ownership), the name of the candidate, the candidate's qualifications to be a director and the candidate's consent for such consideration.

The shareholder recommendation and information described above must be sent to the Corporate Secretary at 822 Bishop Street, Honolulu, Hawaii, 96813 and must be received not less than 120 days before the anniversary of the date on which A&B's Proxy Statement was released to shareholders in connection with the previous year's annual meeting.

The Nominating Committee believes that the minimum qualifications for serving as a director are high ethical standards, a commitment to shareholders, a genuine interest in A&B and a willingness and ability to devote adequate time to a director's duties. The Nominating Committee also may consider other factors it deems to be in the best interests of A&B and its shareholders, such as business experience, financial expertise and knowledge and involvement in Hawaii communities and businesses. While the Nominating Committee does not have a written diversity policy, it considers diversity of knowledge, skills, professional experience, education and expertise, and representation in industries and geographies relevant to the Company as important factors in its evaluation of candidates.

Once a potential candidate has been identified by the Nominating Committee, the Nominating Committee reviews information regarding the person to determine whether the person should be considered further. If appropriate, the Nominating Committee may request information from the candidate, review the person's accomplishments, qualifications and references, and conduct interviews with the candidate. The Nominating Committee's evaluation

process does not vary based on whether or not a candidate is recommended by a shareholder.



**Table of Contents**

**Corporate Governance Guidelines.** The Board of Directors has adopted Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities and to promote the more effective functioning of the Board and its committees. The guidelines provide details on matters such as:

**Select Corporate Governance Guideline Topics**

Goals and responsibilities of the Board

Selection of directors, including the Chairman of the Board

Board membership criteria and director retirement age

Stock ownership guidelines

Director independence, and executive sessions of non-management directors

Board self-evaluation

Board compensation

Board access to management and outside advisors

Board orientation and continuing education

Leadership development, including annual evaluations of the CEO and management succession plans  
The full text of the A&B Corporate Governance Guidelines is available on the corporate governance page of A&B's corporate website, [www.alexanderbaldwin.com](http://www.alexanderbaldwin.com).

**Code of Ethics.** A&B has adopted a Code of Ethics (the Code) that applies to the CEO, Chief Financial Officer and Controller. A copy of the Code is posted on the corporate governance page of A&B's corporate website, [www.alexanderbaldwin.com](http://www.alexanderbaldwin.com). A&B intends to disclose any changes in or waivers from its Code by posting such information on its website.

**Code of Conduct.** A&B has adopted a Code of Conduct, which is applicable to all directors, officers and employees, and is posted on the corporate governance page of A&B's corporate website, [www.alexanderbaldwin.com](http://www.alexanderbaldwin.com).

**Shareholder Engagement.** A&B values the views of its shareholders. Members of our management team met or offered to meet with shareholders during 2016 owning a significant percentage of our stock to discuss our operations, corporate governance, executive compensation and environmental initiatives and to solicit feedback on these and a variety of other topics. Shareholder perspectives are shared with the Board.

**Compensation of Directors.** The Company periodically reviews the compensation of its non-employee Directors with the assistance of its executive compensation consultant, Willis Towers Watson ( WTW ). The compensation levels, components, and share-ownership guidelines were last reviewed in July 2016 and deemed to be well aligned with market competitive practices. The following table summarizes the compensation earned by or paid to our directors (other than Mr. Benjamin, whose compensation is included in the Summary Compensation Table) for services as a member of our Board of Directors for the period from January 1, 2016 through December 31, 2016.

**Table of Contents****2016 DIRECTOR COMPENSATION**

Name	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (1) (c)	Option Awards (\$) (2) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (f)	All Other Compensation (\$) (g)	Total (\$) (h)
W. Allen Doane	67,250	90,028	0	0	N/A	0	157,278
Robert S. Harrison	71,000	90,028	0	0	N/A	0	161,028
David C. Hulihee	58,250	90,028	0	0	N/A	211,424 <sup>(3)</sup>	359,702
Charles G. King	106,750	90,028	0	0	629 <sup>(4)</sup>	0	197,407
Stanley M. Kuriyama	385,000 <sup>(5)</sup>	134,976 <sup>(5)</sup>	0	0	N/A	9,950 <sup>(6)</sup>	529,926
Douglas M. Pasquale	87,250	90,028	0	0	N/A	30,000 <sup>(7)</sup>	207,278
Michele K. Saito	65,750	90,028	0	0	N/A	0	155,778
Jenai S. Wall	65,750	90,028	0	0	N/A	0	155,778
Eric K. Yeaman	66,500	90,028	0	0	N/A	0	156,528

- (1) Represents the aggregate grant-date fair value of restricted stock unit awards granted in 2016 as computed under ASC Topic 718. See discussion of the assumptions underlying the valuation of equity awards included in Note 13 of the Company's consolidated financial statements, included in the Company's 2016 Annual Report on Form 10-K. At the end of 2016, Mr. King had 34,670 restricted stock units, Messrs. Doane, Harrison, Pasquale and Yeaman and Ms. Saito each had 4,555 restricted stock units, Ms. Wall had 3,755 restricted stock units, Mr. Hulihee had 3,558 restricted stock units and 1,873 performance stock units, and Mr. Kuriyama had 13,138 restricted stock units and 8,679 performance stock units.
- (2) At the end of 2016, Mr. Kuriyama had 477,737 stock option awards outstanding. No other director has any outstanding options and no new director options have been granted by A&B or by A&B Predecessor since 2007.
- (3) Represents the amount paid to Mr. Hulihee under a consulting agreement of \$200,000 plus 4.712% general excise tax (\$9,424), as described on page 20 below, and charitable contributions under the matching gifts program described on page 16 below.
- (4) Mr. King's amount is attributable to the aggregate change in the actuarial present value of his accumulated benefit under a defined benefit pension plan for directors, which was frozen in 2004. No other A&B director is eligible to participate in the plan.
- (5) Represents compensation paid to Mr. Kuriyama as executive Chairman of the Board.
- (6) Represents charitable contributions under the matching gifts program described on page 16 below and amounts contributed by A&B under the A&B Individual Deferred Compensation and Profit Sharing Plan.
- (7) Represents partial reimbursement of professional fees and related costs incurred in determining the applicability of a local excise tax to a non-resident director.

**Table of Contents**

Our Board of Directors approved the following non-employee director compensation schedule of annual fees, which was developed with the assistance of WTW.

<b>Pay Element</b>	<b>Amount</b>
Annual Board Retainer	\$ 56,000
Lead Director Retainer (additional)	\$ 25,000
Committee Chair	Audit \$ 14,000
Retainers (in addition to committee member retainer)	Compensation \$ 10,000
	Nominating and Corporate Governance \$ 7,500
Committee Member	Audit \$ 9,000
Retainers (additional)	Compensation \$ 7,500
	Nominating and Corporate Governance \$ 6,000
Annual Equity Award	\$ 90,000

Directors are provided an additional per meeting fee of \$750 if the number of board or committee meetings exceeds an annual predefined number, which is currently set at:

Board 7 meetings

Audit 6 meetings

Compensation 5 meetings

Nominating and Corporate Governance 4 meetings

Under the terms of the Alexander & Baldwin, Inc. 2012 Incentive Compensation Plan ( 2012 Plan ), an automatic annual grant of approximately \$90,000 in restricted stock units ( RSUs ) is made to each director at each Annual Meeting of Shareholders. A prorated grant is made upon appointment as a director at any time between Annual Meetings. These awards vest in equal increments of one-third each over three years. Non-employee directors may defer all or a portion of their vested shares until cessation of board service or the fifth anniversary of the award date. Non-employee directors may defer half or all of their annual cash retainer and meeting fees until retirement or until a later date they may select; no directors have deferred any of these fees as of December 31, 2016. Directors who are employees of A&B or its subsidiaries do not receive compensation for serving as directors. Mr. Kuriyama, who became Chairman of A&B (in an executive capacity) on January 1, 2016, received compensation of \$385,000 and an equity award of \$135,000 for service as Chairman. Mr. Kuriyama, who transitioned to non-executive Chairman of A&B on January 1, 2017, will receive for 2017 annual cash compensation of \$85,000 and be eligible for an equity award of \$135,000.

Under A&B Predecessor's retirement plan for directors, which was frozen effective December 31, 2004, a director with five or more years of service will receive a lump-sum payment upon retirement or attainment of age 65, whichever is later, that is actuarially equivalent to a payment stream for the life of the director consisting of 50 percent of the amount of the annual retainer fee in effect on December 31, 2004, plus 10 percent of that amount for each year of service as a director over five years (up to an additional 50 percent). Only Mr. King has an accrued benefit under the retirement plan for directors.

***Director Business Travel Accident Coverage.*** Directors have coverage of \$200,000 for themselves and \$50,000 for their accompanying spouses while traveling on A&B business.

**Table of Contents**

**Matching Gift Program.** Directors may participate in A&B's matching gifts program for employees, in which A&B matches contributions to qualified cultural and educational organizations up to a maximum of \$3,000 annually.

**Director Share Ownership Guidelines.** The Board has adopted guidelines that encourage each non-employee director to own A&B common stock (including RSUs) with a value of \$280,000, which is five times the current cash retainer of \$56,000, within five years of becoming a director. All directors have met or are on track to meet the established guidelines.

**Communications with Directors.** Shareholders and other interested parties may contact any of the directors by mailing correspondence c/o A&B Law Department to A&B's headquarters at 822 Bishop Street, Honolulu, Hawaii 96813. The Law Department will forward such correspondence to the appropriate director(s). However, the Law Department reserves the right not to forward any offensive or otherwise inappropriate materials.

In addition, A&B's directors are encouraged to attend the Annual Meeting of Shareholders. All of the A&B directors attended the 2016 Annual Meeting.

**SECURITY OWNERSHIP OF CERTAIN SHAREHOLDERS**

The following table lists the names and addresses of the only shareholders known by A&B on February 16, 2017 to have owned beneficially more than five percent of A&B's common stock outstanding, the number of shares they beneficially own, and the percentage of outstanding shares such ownership represents, based upon the most recent reports filed with the SEC. Except as indicated in the footnotes, such shareholders have sole voting and dispositive power over shares they beneficially own.

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	4,982,948 <sup>(a)</sup>	10.2%
The London Company 1801 Bayberry Court, Suite 301 Richmond, VA 23226	3,545,072 <sup>(b)</sup>	7.2%
The Vanguard Group 100 Vanguard Blvd. Malvin, PA 19355	3,502,853 <sup>(c)</sup>	7.1%
T. Rowe Price Associates, Inc.	3,363,823 <sup>(d)</sup>	6.9%

100 E. Pratt Street

Baltimore, MD 21202

EJF Capital LLC

2107 Wilson Boulevard, Suite 410

Arlington, VA 22201

2,623,130<sup>(e)</sup>

5.3%

- (a) As reported in Amendment No. 6 to Schedule 13G dated January 9, 2017 (the BlackRock 13G ) filed with the SEC. According to the BlackRock 13G, as of December 31, 2016, BlackRock, Inc. has sole voting power over 4,883,288 shares and sole dispositive power over 4,982,948 shares, and does not have shared voting or shared dispositive power over any shares.
- (b) As reported in Amendment No. 1 to Schedule 13G dated February 14, 2017 (the London Company 13G ) filed with the SEC. According to the London Company 13G, London Company has sole voting power and sole dispositive power over 2,635,053 shares, has shared dispositive power over 910,019 shares and no shared voting power over any shares.

**Table of Contents**

- (c) As reported in Amendment No. 5 to Schedule 13G dated February 9, 2017 (the Vanguard 13G ) filed with the SEC. According to the Vanguard 13G, as of December 31, 2016, The Vanguard Group has sole voting power over 75,103 shares and sole dispositive power over 3,423,950 shares, has shared voting power over 6,100 shares, and has shared dispositive power over 78,903 shares.
- (d) As reported in Schedule 13G dated February 7, 2017 (the T. Rowe 13G ) filed with the SEC. According to the T. Rowe 13G, T. Rowe Price Associates has sole voting power over 436,792 shares and sole dispositive power over 3,363,823 shares and does not have shared voting or shared dispositive power over any shares.
- (e) As reported in Schedule 13D dated September 11, 2015 (the EJP 13D ) filed with the SEC. According to the EJP 13D, as of September 11, 2015, EJP Capital LLC has shared voting power and shared dispositive power over all 2,623,130 shares and has no sole dispositive power or sole voting power over any shares.

**CERTAIN INFORMATION REGARDING DIRECTORS AND EXECUTIVE OFFICERS**

**Security Ownership of Directors and Executive Officers.** The following table shows the number of shares of A&B common stock beneficially owned as of February 16, 2017 by each director and nominee, by each executive officer named in the Summary Compensation Table below, and by directors and executive officers as a group and, if at least one-tenth of one percent, the percentage of outstanding shares such ownership represents. Except as indicated in the footnotes, directors, nominees and executive officers have sole voting and dispositive power over shares they beneficially own.

Name or Number in Group	Number of Shares			Total	Percent of Class
	Owned (a)(b)	Stock Options (c)			
W. Allen Doane	47,012	0		47,012	0.1
Robert S. Harrison	8,259	0		8,259	
David C. Hulihee	2,273,503	0		2,273,503	4.6
Charles G. King	48,114	0		48,114	0.1
Stanley M. Kuriyama	209,501	477,737		687,238	1.4
Douglas M. Pasquale	36,142	0		36,142	0.1
Michele K. Saito	8,259	0		8,259	
Jenai S. Wall	723	0		723	
Eric K. Yeaman	8,259	0		8,259	
Christopher J. Benjamin	93,106	146,460		239,566	0.5
Paul K. Ito	22,405	69,350		91,755	0.2
Nelson N. S. Chun	72,505	66,671		139,176	0.3
Meredith J. Ching	51,764	76,340		128,104	0.3
Lance K. Parker	5,169	1,152		6,321	
15 Directors and Executive Officers as a Group	2,891,882	837,710		3,729,592	7.6

- (a) Amounts include 20,000 shares held in a trust by the spouse of Mr. Benjamin, 150 shares held by the spouse of Ms. Ching and 76,000 shares pledged by Mr. Kuriyama as security for a loan.
- (b) Amounts include shares as to which certain persons have (i) shared voting and dispositive power, as follows: Mr. Hulihee 2,000 shares, Mr. Pasquale 36,142 shares, Ms. Ching 2,800 shares, and directors, nominees and executive officers as a group 40,942 shares and (ii) sole voting power only: Ms. Ching 393 shares, and directors and executive officers as a group 393 shares.





**Table of Contents**

(c) Amounts reflect shares deemed to be beneficially owned because they may be acquired prior to April 16, 2017 through the exercise of stock options. Amounts do not include 220,140 restricted stock units that have been granted to the directors and executive officers as a group that may not be acquired prior to April 16, 2017.

**Section 16(a) Beneficial Ownership Reporting Compliance.** Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act ) requires A&B s directors and executive officers, and persons who own more than 10 percent of A&B s common stock, to file reports of ownership and changes in ownership with the SEC. A&B believes that, during fiscal 2016, its directors and executive officers filed all reports required to be filed under Section 16(a) on a timely basis.

**Certain Relationships and Transactions.** A&B has adopted a written policy under which the Audit Committee must pre-approve all related person transactions that are disclosable under Item 404(a) of SEC Regulation S-K. Prior to entering into a transaction with A&B, directors and executive officers (and their family members) must make full disclosure of all facts and circumstances to the Law Department. The Law Department then determines whether such transaction requires the approval of the Audit Committee. The Audit Committee considers all of the relevant facts available, including (if applicable) but not limited to: the benefits to the Company; the impact on a director s or executive s independence, an immediate family member of a director or executive or an entity in which a director or executive is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. The Audit Committee will approve only those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders. If a related person transaction involves a member of the Audit Committee, that member recuses himself or herself from the process of review and approval.

The Audit Committee has established written procedures to address situations when approvals need to be sought between meetings. Whenever possible, proposed related person transactions will be included as an agenda item at the next scheduled Audit Committee meeting for review and approval. However, if it appears that a proposed related person transaction will occur prior to the next scheduled Audit Committee meeting, approval will be sought from Audit Committee members between meetings. Approval by a majority of the Committee members will be sufficient to approve the related person transaction. If a related person transaction is approved in this manner, the action will be reported at the next Audit Committee meeting.

A&B s business strategy is Hawaii-focused and, accordingly, a number of our directors are Hawaii-based executives who provide extensive local knowledge and insight. Hawaii s business community is relatively small and isolated. Given A&B s position as Hawaii s fourth largest private landowner, the largest owner of grocery-anchored retail assets, the largest materials and construction company in the state, and as one of the state s premier real estate developers, it is to be expected that relationships will exist between the Company and key business leaders and their companies, as disclosed below. The transactions described were made in the ordinary course of business, on substantially the same terms as those made with persons not related to A&B.

**Related Person Relationships with First Hawaiian Bank:** Robert S. Harrison and Eric K. Yeaman, directors of A&B, are Chairman and Chief Executive Officer, and President and Chief Operating Officer, respectively, of FHB.

FHB is the largest bank in Hawaii and is the top-ranked Hawaii bank in commercial and industrial lending and in construction and land development loans.

FHB has been a lending partner to the Company and its predecessor for many years prior to Messrs. Harrison and Yeaman joining the Board.

**Table of Contents**

Mr. Yeaman was a member of the Board for three years prior to joining FHB in 2015. Upon joining FHB, he reported his change in employment to the Board; the Board reviewed the change, including consideration of relationships with FHB and Mr. Yeaman's skill set and contributions to the Board, and approved his continued service on the Board.

The Audit Committee reviews all FHB related person transactions.

All transactions were made in the ordinary course of business, on commercially reasonable, prevailing terms and rates.

FHB (i) has a 19.3 percent participation in A&B's \$350 million revolving credit and term loan agreement (the Revolver), of which, in 2016, the largest aggregate amount of principal outstanding was \$180,000,000; \$184,000,000 and \$2,503,754 were paid in principal and interest, respectively, to Revolver lenders that include FHB; and \$23,000,000 was outstanding on February 16, 2017, with interest payable on a sliding scale at rates between 1.35 percent to 2.15 percent (based on A&B's Total Debt to Total Assets, as defined in the loan agreement) plus LIBOR, (ii) has a 34.5 percent participation in a \$177 million construction loan made to a limited liability company in which a subsidiary of A&B is a member, of which, in 2016, the largest aggregate amount of principal outstanding was \$125,937,000; and \$129,298,000 and \$2,112,000 were paid in principal and interest to lenders that include FHB; and no amount was outstanding on February 16, 2017 as the loan was paid off in December 2016, (iii) has a \$5,000,000 loan made to a limited liability company in which a subsidiary of A&B is a member, of which, in 2016, the largest aggregate amount of principal outstanding was \$4,472,000; \$212,000 and \$161,000 were paid in principal and interest, respectively; and \$4,257,000 was outstanding on February 16, 2017, with interest payable at a rate of LIBOR plus 2 percent, and of which a subsidiary of A&B is a guarantor in the amount of the lesser of \$3.15 million or the outstanding indebtedness, (iv) has a \$42,000,000 loan made to a subsidiary of A&B, of which, in 2016, the largest aggregate amount of principal outstanding was \$8,230,000; \$8,230,000 and \$244,000 were paid in principal and interest, respectively; and no amount was outstanding on February 16, 2017 as the loan was paid off in December 2016, (v) has a \$11,700,000 loan made to a limited liability company in which a subsidiary of A&B is a member, of which, in 2016, the largest aggregate amount of principal outstanding was \$11,667,000; \$0 and \$409,000 were paid in principal and interest, respectively; and \$11,667,000 was outstanding on February 16, 2017, with interest payable at a rate of LIBOR plus 3.0 percent, (vi) has a \$25,000,000 loan made to a limited liability company in which a subsidiary of A&B is a member, of which, in 2016, the largest aggregate amount of principal outstanding was \$11,643,000; \$0 and \$160,000 were paid in principal and interest, respectively; and \$2,126,000 was outstanding on February 16, 2017, with interest payable at a rate of LIBOR plus 3.0 percent, and of which a subsidiary of A&B is a guarantor in the amount of the lesser of \$2,500,000 or the outstanding indebtedness, and (vii) is a commercial tenant in three properties owned by A&B subsidiaries, under leases with terms that expire between 2017 and 2063, with aggregate gross rents in 2016 of \$720,000 and aggregate net rent from and after January 1, 2017 to the expiration date of the leases of \$8,690,000.

In addition, after the acquisition of Grace Pacific on October 1, 2013, FHB has the following loans or lines of credit with the Company or its subsidiaries/affiliates: (i) A line of credit totaling \$2,000,000 with a limited liability company in which a subsidiary of A&B is a 50 percent member, of which, in 2016, there was no principal outstanding; and no amount was outstanding on February 16, 2017, with interest payable at rates between 1.82 percent to 2.25 percent plus LIBOR; (ii) an \$18,000,000 loan, of which, in 2016, the largest aggregate amount of principal outstanding was \$8,366,000; \$1,915,000 and \$395,000 were paid in principal and interest, respectively; and \$6,123,000 was outstanding on February 16, 2017, with interest payable at a rate of 5.18 percent; and (iii) a \$13,500,000 loan, of which, in 2016, the largest aggregate amount of principal outstanding was \$5,327,000; \$2,752,000 and \$77,000 were paid in principal and interest, respectively; and \$2,112,000 was outstanding on February 16, 2017, with interest

payable at a rate of 1.85 percent.

Jenai S. Wall, a director of A&B, is Chairman and Chief Executive Officer of Foodland. Foodland or its subsidiaries are commercial tenants in seven properties owned by A&B subsidiaries, under leases with terms that expire between

## **Table of Contents**

2017 and 2031, with aggregate gross rents in 2016 of \$4,107,000 and aggregate net rent from and after January 1, 2017 to the expiration date of the leases of \$14,110,000. These leases were entered into in the ordinary course of business, and all but one were in effect prior to the election of Ms. Wall as a director.

David C. Hulihee Consulting Agreement: After Mr. Hulihee's retirement as Chief Executive Officer of Grace Pacific as of December 31, 2015, Grace Pacific entered into a one-year consulting agreement with Mr. Hulihee in which he provided services in connection with the operation of Grace and its subsidiaries, including assisting in leadership transition, operating performance and government and community affairs. The agreement was for \$200,000, plus 4.712% general excise tax (\$9,424) for calendar year 2016, and terminated on December 31, 2016.

## **EXECUTIVE COMPENSATION**

### ***Compensation Discussion and Analysis ( CD&A )***

The CD&A addresses A&B's compensation practices for 2016 for the five executive officers named in the Summary Compensation Table on page 35 (collectively, the Named Executive Officers or NEOs). The NEOs are:

Christopher J. Benjamin, President and Chief Executive Officer, A&B

Paul K. Ito, Senior Vice President, Chief Financial Officer and Treasurer, A&B

Nelson N. S. Chun, Senior Vice President and Chief Legal Officer, A&B

Meredith J. Ching, Senior Vice President, Government & Community Relations, A&B

Lance K. Parker, President, A & B Properties Hawaii, LLC ( ABP )

### **Executive Summary**

In 2016, our executive compensation program received strong support from shareholders, with over 97% of the Say-on-Pay votes cast in approval of the program. We believe this is because our pay program links pay with performance, aligns pay with shareholder interests and follows good governance practices. The vote on executive compensation is just one source of insight regarding shareholder views on our compensation practices. A&B also has an extensive shareholder outreach program that incorporates discussion of various governance topics, including compensation. In 2016 we met or offered to meet on governance-focused matters with shareholders owning a significant percentage of our stock. The feedback we received regarding our compensation practices was very positive. The Compensation Committee welcomes shareholder perspectives on our program and is informed regarding feedback gathered in discussions with shareholders.

*Approach to Compensation Governance.* The Compensation Committee consistently evaluates the Company's executive compensation practices and modifies or adopts programs or practices to provide an appropriate balance of risk and reward. A&B firmly believes in pay for performance and alignment with shareholder interests. Thus, a majority of NEO compensation is tied to performance to ensure alignment with shareholders. 70% of CEO and 60%

of other NEO target total direct compensation ( TDC ) is performance-based pay aligned with shareholder interests. A&B adheres to good governance practices, as listed below, to ensure that it adopts the best practices to the extent that they are best aligned to the business goals and strategy of the Company as well as shareholder interests.

**Table of Contents**

**Promote Good Pay Practices**

Direct components of pay are generally targeted at the 50<sup>th</sup> percentile of market pay data

TDC consisting heavily of performance-based compensation

Multiple relevant performance metrics to determine incentive payments

Multi-year performance periods on performance-based equity awards

Multi-year vesting periods on equity awards

Double trigger change-in-control severance that requires both a change-in-control and termination of employment before any payments are made

Robust stock ownership guidelines for senior executives

NEOs participate in the same health and welfare benefit plans as other salaried employees

Clawback policies established for senior executives

Use of tally sheets and wealth assessments

*Performance Accomplishments in 2016.* 2016 represented a year of significant change for the Company. In early 2016, the Company announced that it would exit its sugar business after 146 years of sugar cultivation. Throughout the year,

**Avoid Poor Pay Practices**

No employment contracts

No guaranteed bonus payments

No large bonus payouts without justifiable performance linkage

No perquisites, other than Company-provided parking

No excessive severance or change-in-control provisions

No tax gross-ups

No speculative transactions by executives using Company stock in hedging activities

No unreasonable internal pay disparity

No repricing or replacing of underwater stock options without prior shareholder approval



the Company made significant progress toward the Company's strategic objectives to simplify its business model, focus on growing the cash flow and portfolio value of its commercial real estate assets, accelerate the monetization of the development pipeline, and adhere to disciplined and prudent financial management. In late 2016, the Company announced it would conduct an in-depth evaluation of a real estate investment trust (REIT) structure.

### ***Segment Realignment***

During the fourth quarter of 2016, the Company completed an internal reorganization of the operations and reporting structure in order to facilitate operational efficiencies and enhance the execution in the Company's businesses. Prior to October 1, 2016, the Company operated under four reportable segments: Commercial Real Estate, Real Estate Development and Sales, Materials and Construction, and Agribusiness. As a result of the segment reorganization, the Company's former Real Estate Development and Sales and Agribusiness segments have been combined into the Land Operations reportable segment. Additionally, the following items were realigned in connection with the segment changes: (1) agricultural leases that were previously included in the Commercial Real Estate segment were reclassified to the Land Operations segment, (2) certain industrial leases that were previously included in the former Agribusiness segment were reclassified to the Commercial Real Estate segment, (3) sales of commercial properties that were previously included in the former Real Estate Development and Sales segment were reclassified to the Commercial Real Estate segment, and (4) the Company's solar energy investments that were previously presented as Corporate investments were reclassified to Land Operations. The three reportable segments (Commercial Real Estate, Land Operations, and Materials and Construction), as realigned and presented, reflect the revised operational structure and internal management reporting. The financial information for all prior periods have been recast to correspond to these segment changes. Refer to pages 44 to 46 for the reconciliations of GAAP to non-GAAP measures, including financial measures, as reported under the realigned segments, to the corresponding financial measures as reported under the previous segment presentation.

**Table of Contents**

***Commercial Real Estate Segment***

In 2016, A&B continued to concentrate on its Hawaii-focused commercial real estate strategy. In January 2016, the Company closed on a 141,000 square foot retail center, Manoa Marketplace, which is anchored by Safeway and Longs/CVS. This acquisition expanded this portfolio to a strategic location in urban Honolulu and furthered A&B's position as the No. 1 strip retail center owner in Hawaii. Additionally, due to the success in the migration to Hawaii, over 80% of net operating income (NOI) is now generated from Hawaii assets, up from approximately 40% in 2012.

Operating profit of \$54.8 million from the commercial real estate portfolio increased 3.0% in 2016 compared to 2015, and net operating income (NOI)<sup>1</sup> of \$86.4 million from the portfolio increased 2.9% in 2016 compared to 2015.

Renewed 142 expiring leases, or 14.9% of gross leasable area, in 2016 at an average increase of 13.2% in annualized base rent per square foot.

Completed the 18,415 square-foot expansion of Gateway at Mililani South at a 13% stabilized yield on cost of \$6.0 million. The expanded space is now 100% leased.

Commenced redevelopment efforts at Lau Hala Shops (former Kailua Macy's site) and Pearl Highlands food court in 2016, with a planned completion date in late 2017. Leases and letters of intent have been signed for 87% of the space at Lau Hala Shops and letters of intent have been signed for 60% of the space at Pearl Highlands. These redevelopments, when completed, are expected to provide attractive yields.

***Land Operations Segment***

With the shutdown of the Company's sugar operations, the Company has combined its diversified agricultural activities with its development for sale activities for financial reporting purposes. The Land Operations segment is focused on managing activities conducted on the Company's landholdings (historical and acquired), including diversified agriculture, renewable energy and development for sale. Significant accomplishments in 2016 included:

Closed on unit sales at the Company's high-rise condominium joint venture project, The Collection, delivering 451 units to their owners and generating sales revenue of \$303.8 million for the joint venture. The Collection represented the largest condominium project closed in Hawaii in 2016.

Closed on the sale of two non-oceanfront lots on Kahala Avenue for \$7.0 million, and sold three vacant Maui parcels for \$27.7 million, with proceeds of \$9.9 million designated for reinvestment in commercial properties under 1031 exchange transactions.

Ended the year with 49 binding pre-sales at the Company's 70-unit joint venture project, Keala O Wailea, on Maui at an average price of \$1.2 million.

Successfully completed the last sugar harvest at HC&S, incurring exit costs that were significantly below initial estimates.

Commenced the transition to diversified agriculture, with numerous trials underway, including cattle and various energy crops.

***Materials & Construction***

Grace Pacific continued to generate solid cash flows in 2016, although its results were significantly impacted by unusually wet weather (233 crew days were rained out in 2016 compared to an annual average of 134 days over the

<sup>1</sup> Refer to pages 44 to 46 for reconciliations of GAAP to non-GAAP measures.

**Table of Contents**

past three years) and a slower-than-anticipated pace of jobs released for commencement of construction. The lower performance at Grace Pacific was partially offset by strong performance at Grace's asphalt business, which benefited from lower oil prices.

Generated \$23.3 million in operating profit and \$33.2 million in EBITDA<sup>2</sup> at Materials & Construction in 2016. 2016 operating profit includes environmental costs of \$2.6 million related to the management of a former quarry site, as well as a net loss of \$1.0 million related to the sales of vacant land parcels by an unconsolidated affiliate.

Ended 2016 with a \$242.9 million backlog compared to \$226.5 million at the end of 2015.

***Other***

Commenced an in-depth evaluation of converting to a real estate investment trust.

Locked in \$60 million of long-term secured debt at an attractive rate of 3.14% with a term of 13 years. *Pay for Performance.* The Company's overall performance in 2016 was determined to be between threshold and target and was reflected in elements of compensation earned by executives for 2016.

*Base Salary:* NEO salaries range from the 25<sup>th</sup> to the 50<sup>th</sup> percentiles of competitive market rates.

*Target Total Cash ( TCC ):* Target Total Cash consists of base salary plus target annual cash incentives. NEO TCC ranged from the 25<sup>th</sup> to the 50<sup>th</sup> percentiles. Actual annual incentive amounts earned reflect Company performance between threshold and target (as described below in *Company and Business Unit Performance* and *Value Creation* ). Actual total cash compensation paid to the NEOs ranged from the 25<sup>th</sup> to the 50<sup>th</sup> percentiles.

*Long-term Incentives ( LTI ):* NEO LTI ranged from the 25<sup>th</sup> to the 50<sup>th</sup> percentiles. The Performance Share Units ( PSUs ) granted in 2015 were evenly divided into two tranches: two-year performance and vesting horizons and three-year performance and vesting horizons. From 2016 on, PSUs grants have three-year performance and vesting horizons. For the portion of the 2015 grant that had a two-year performance and vesting horizon, 86.5% of the shares were earned.

*Total Direct Compensation ( TDC ):* TDC for the NEOs ranged from the 25<sup>th</sup> percentile to the 50<sup>th</sup> percentile. Actual TDC earned by the NEOs ranged from the 25<sup>th</sup> percentile to the 50<sup>th</sup> percentile.

**Compensation Overview**

The Company's executive compensation programs are administered by its Compensation Committee. After conducting a search for an independent consultant in 2012, the Compensation Committee retained WTW to provide advice and analysis on the design, structure and level of executive compensation for A&B.

<sup>2</sup> Refer to pages 44 to 46 for reconciliations of GAAP to non-GAAP measures.

**Table of Contents**

*Compensation Philosophy and Objectives.* The Company seeks to align its objectives with shareholder interests through a compensation program that attracts, motivates and retains qualified and effective executives, and rewards performance and results. To achieve this, the Company uses the following pay elements, which are described more fully under the Pay Elements section of the CD&A:

<b>Element of Pay</b>	<b>Composition</b>	<b>Metrics</b>	<b>Rationale</b>
Base Salary	Cash		Provides a fixed rate of pay based upon an executive's responsibilities
Annual Cash Incentives	Cash	56.25% Financial Operating Goals	Rewards achievement of annual Company, business unit and individual performance
		43.75% Value Creation	Reinforces pay for performance principles
Long-Term Incentives	50% Performance Share Units	Relative 3-year TSR (S&P 400 and Russell 2000)	Aligns the executives' long-term interests with those of A&B's shareholders, motivates long-term performance and provides retention benefits
			Reinforces pay for performance principles
	50% Restricted Stock Units	3-year vesting period	Aligns the executives' long-term interests with those of A&B's shareholders, motivates long-term performance and provides retention benefits
Health and Welfare Benefits			Aids in attracting and retaining employees
Retirement Benefits			Assists employees with retirement income savings and attracts and retains employees
Severance Benefits			Retains talent during transitions due to a Change in Control or other covered events

**Table of Contents**

*Pay Mix.* The Company's combination of pay elements is designed to place greater emphasis on performance-based compensation, while at the same time focusing on long-term talent retention and ensuring an appropriate balance between pay and risk. The Committee believes this is consistent with one of its key compensation objectives, which is to align management and shareholder interests. For 2016, the TDC mix was generally within the same range as competitive practices based on survey data for each element of pay, as shown by the following table.

**Percentage of Target Total Direct Compensation Provided by Each Pay Element for 2016**

*As 2016 was Mr. Benjamin's first year as CEO, the Committee set his long-term incentive award well below the 50th percentile of market. As a result, his long-term incentive mix is a lower percentage of his Total Direct Compensation and his salary percentage is inflated. As Mr. Benjamin's tenure increases, his long-term incentive awards are expected to move toward the Company's compensation philosophy of targeting the 50th percentile. This would result in a pay mix that is more aligned with market practices.*

*Assessment of Total Compensation.* In evaluating and making pay decisions, the Compensation Committee utilizes the following tools, resources and information:

Company and individual performance	Positioning in relation to the pay philosophy
Say-on-Pay vote results	Projected salary increases in the general industry
Competitive survey data	Value of the total pay package
Economic environment	Alignment to pay for performance
Job responsibilities and experience	Reasonableness and balance of pay risk
Positioning within the executive's salary range	Internal pay equity
Tally sheets covering the past 5 years	NEO's current and expected future contributions
Accrued benefits balances	Size of recent awards

*Internal Pay Equity.* The Compensation Committee considers internal pay equity as a factor in establishing compensation for executives. While the Compensation Committee has not established a specific policy regarding the ratio of total compensation of the CEO to that of the other executive officers, it does review compensation levels to ensure that appropriate internal equity exists. In 2016, it reviewed the ratio of the CEO's salary, TCC and TDC relative to the average compensation for the other NEOs, as reflected in the following table. These ratios also were compared to benchmark survey data to determine whether compensation relationships are consistent with market practices. The Company's target and actual ratios were within a reasonable range and reflect a lower ratio between the CEO and other NEOs than that of companies of similar size in general industry.

**Table of Contents****2016 Ratio of Target and Actual CEO Pay to Other NEOs**

	<b>Salary</b>	<b>Total Cash Compensation</b>	<b>Total Direct Compensation</b>
A&B Target	1.91	2.46	2.56
A&B Actual*	1.91	1.82	2.19
Benchmark Data (target)	2.15	2.60	3.37

\* Based on base salary as of December 31, 2016, actual annual incentives paid in 2016 for 2015 performance and grant date value of the long-term incentive grants made in January 2016.

**Pay Elements**

The Company provides the following pay elements to its executive officers in varying combinations to accomplish its compensation objectives.

*Salary:* Salary is intended to provide a competitive fixed rate of pay based upon an executive's responsibilities. Because the Company believes that salary is less impactful than performance-based compensation in achieving the overall objectives of the Company's executive compensation program, at target, between 30% to 40% of an NEO's total compensation is paid as salary.

Generally, the Board of Directors determines the CEO's annual salary change on the basis of the factors listed previously in the *Assessment of Total Compensation* section. The Board has a formal performance review process for the CEO that includes categories such as, but not limited to: financial performance results, strategic effectiveness and innovation, business management, talent management, and personal effectiveness. None of the categories is formally weighted, and there is no overall rating score. Each Board member has an opportunity to provide input on the CEO's performance. The result of this process is considered by the Board in determining the CEO's annual salary.

The CEO recommends annual salary changes for the other NEOs. Salary adjustments for NEOs are generally considered by the Compensation Committee in February of each year for implementation on April 1. Any base salary increases for NEOs in 2016 reflected increases based on performance and the factors listed in the *Assessment of Total Compensation* section above.

**Salary Information for 2015 - 2016**

<b>NEO</b>	<b>Base Salary as of 12/31/15</b>		<b>% Change</b>	<b>Base Salary as of 12/31/16</b>	<b>Estimated Competitive Market Percentile</b>
Mr. Benjamin	\$ 465,830		33%*	\$ 618,000	45 <sup>th</sup> percentile
Mr. Ito	\$ 360,680		3%	\$ 371,500	50 <sup>th</sup> percentile
Mr. Chun	\$ 322,348		3%	\$ 332,018	50 <sup>th</sup> percentile
Ms. Ching	\$ 271,817		3%	\$ 279,972	50 <sup>th</sup> percentile
Mr. Parker	\$ 300,000		3%	\$ 309,000	50 <sup>th</sup> percentile



\* Reflects an increase based on Mr. Benjamin's new position as Chief Executive Officer, effective January 1, 2016.  
*Annual Incentives:* For 2016, annual incentives for NEOs were provided through the Alexander & Baldwin, Inc. Performance Improvement Incentive Plan ( PIIP ) to motivate executives and reward them if they achieve specific pre-established corporate and business unit goals and for creating value for the Company. The financially oriented goals were established in February 2016. A rating for Value Creation (as described below) was assessed by the CEO after the 2016 performance period.

**Table of Contents**

For 2016, A&B used Real Estate Development & Sales Gross Margin, Commercial Real Estate Same-Store<sup>3</sup> Adjusted NOI, and Total Commercial Real Estate Adjusted NOI for its real estate operations; EBITDA and construction backlog for its Materials & Construction segment; and a combination of those factors, Consolidated Adjusted Pre-Tax Income and Value Creation as the performance measures for the NEOs (other than Mr. Parker) PIIP awards that ultimately determine the aggregate amount of incentives that are funded to the incentive pool. These factors were selected because the Company believes they best reflect the results of business execution and profitability levels of the respective segments, while Value Creation is a subjective rating by the CEO that is reviewed with the Compensation Committee based on the performance and accomplishments of the Company that create long-term value for shareholders, but are not necessarily reflected in annual financial results. Mr. Parker's PIIP award pool funding was based on Real Estate Development & Sales Gross Margin, Commercial Real Estate Same-Store<sup>3</sup> Adjusted NOI, Total Commercial Real Estate Adjusted NOI, and Value Creation rating for the real estate operations only.

The aggregate amount of the incentive pool can range between 0% to 200% of target based on the achievement of financial goals approved in February and the score for Value Creation. The incentive pool is funded by aggregating the target incentives for each participant in the plan and multiplying that sum by the performance ratings for the applicable measures at below threshold, threshold, target or maximum levels, with proration in between these levels.

Each individual's actual incentive award may be modified from his or her funding level using an individual performance modifier that ranges from 0% to 150%, so long as the aggregate incentive pool established is not exceeded for NEOs and PIIP executives.

The Company believes that the annual incentive structure drives the following objectives:

Aligning with key goals/objectives

Fostering a team environment while allowing for flexibility in individual recognition

Motivating and rewarding value creation over both the short and long term

*Company and Business Unit Performance.* The annual corporate and business unit targets are based on the Company's Board-approved operating plan and adjusted in certain instances to exclude the effect of certain items. When establishing the operating plan, management and the Board of Directors consider the historical performance of the Company, external elements such as economic conditions and competitive factors, Company capabilities, performance objectives, and the Company's strategic plan. The maximum and threshold performance ranges were determined on the basis of the level of difficulty in achieving the objective and are intended to ensure an enduring standard of performance.

For determination of award pool funding for 2016, the Company's operating performance was compared to the performance goals approved by the Compensation Committee.

- <sup>3</sup> The Company defines same-store as representing properties that were owned throughout the entire duration of both periods under comparison, including stabilized properties.

**Table of Contents**

<b>Corporate Goal (\$ in millions)</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>	<b>Actual</b>
Commercial Real Estate Same-Store Adjusted NOI <sup>4</sup>	\$ 71.2	\$ 74.9	\$ 78.6	\$ 75.2
Total Commercial Real Estate Adjusted NOI <sup>4</sup>	\$ 80.5	\$ 84.7	\$ 88.9	\$ 86.4
Real Estate Development & Sales Gross Margin <sup>4</sup>	\$ 58.7	\$ 69.0	\$ 82.8	\$ 37.8
EBITDA <sup>4</sup> Materials & Construction	\$ 40.1	\$ 44.6	\$ 51.2	\$ 33.2
Construction Backlog Materials & Construction	\$ 226.5	\$ 240.1	\$ 253.7	\$ 242.9
Consolidated Adjusted Pre-tax Income <sup>4</sup>	\$ 90.2	\$ 100.2	\$ 115.2	\$ 67.3
Value Creation Blended	1.0	2.0	3.0	2.26

The incentive compensation for Mr. Benjamin, Mr. Ito, Mr. Chun, and Ms. Ching was based on a weighted mix of (a) the level of achievement of the financial and operating goals set forth in the table above and (b) the scores awarded for Value Creation accomplishments achieved by each of the operating segments and the parent company. The incentive compensation for Mr. Parker was based on Real Estate Development & Sales Gross Margin, Commercial Real Estate Same-Store Adjusted NOI, Total Commercial Real Estate Adjusted NOI, and Value Creation rating for real estate operations only.

The levels of achievement for financial and operating goals and value creation are rated on a scale from 0 to 3, as follows: 0 for below threshold performance, 1.0 for threshold performance, 2.0 for target performance and to 3.0 for maximum performance, with proration in between threshold, target and maximum. Based on 2016 performance shown above, the NEOs received scores for financial and operating goals ranging from 0 to 2.41 on the various metrics, and a blended score of 2.26 for Value Creation accomplishments. The financial and operating goals account for 56.25% of four of the NEO's total incentive award, and Value Creation accounts for the remaining 43.75% as the result for Corporate takes into account performance against business unit goals. Mr. Parker's award is based on Properties goals, which are comprised of 70% real estate operations financial goals and 30% real estate operations Value Creation (score: 2.25).

The term "Value Creation" reflects performance and accomplishments of the Company that advance value creation for shareholders. The Company has two primary goals for Value Creation: increasing net asset value (NAV) and enhancing the market's appreciation of NAV. Accordingly, value creation may or may not be included in earnings for the current year. Ways to increase NAV include identifying and pursuing redevelopment and build-for-hold projects, managing and leasing assets to achieve above-average rent growth in the portfolio, and converting non- to minimal-earning assets into commercial properties with a stable or growing income stream. Structural changes, such as evaluating and effecting a REIT conversion, would fall into the latter category of enhancing the market's appreciation of NAV, as would enhanced disclosure. Value Creation is evaluated by the CEO at the conclusion of the year and assigned a rating as described above.

*Individual Performance.* In addition to corporate and business unit performance goals, each NEO's 2016 award could be modified between 0% - 150% based on individual performance. The CEO's performance is reviewed and approved by the Compensation Committee each year. The Committee reviewed the CEO's performance at its January meeting and approved an incentive award of \$522,675 as funded by operating performance and Value Creation score results. The Committee did not invoke any upward or downward modification to the CEO's award.

Individual performance of the other NEOs is reviewed and assessed by the CEO. The CEO did not apply any individual modifiers.

<sup>4</sup> Refer to pages 44 to 46 for reconciliations of GAAP to non-GAAP measures.

**Table of Contents**

Actual awards earned in total by the NEOs versus target were lower than the overall targeted goal payouts and were as follows:

NEO	Target Bonus		Actual Bonus		Actual as a % of Target
	% of Base Salary	\$	% of Base Salary	\$	
Mr. Benjamin	100%	618,000	85%	\$ 522,675	85%
Mr. Ito	60%	222,900	51%	\$ 188,520	85%
Mr. Chun	50%	166,009	42%	\$ 140,404	85%
Ms. Ching	50%	139,986	42%	\$ 118,394	85%
Mr. Parker	60%	185,400	48%	\$ 148,505	80%

*Equity-Based Compensation:*

Equity grants are generally considered and granted annually in January by the Compensation Committee. Based on current market data provided by WTW, the CEO makes recommendations for each executive officer to the Compensation Committee, which retains full authority to set the actual grant amount. In determining the type and size of a grant to an executive officer, the Compensation Committee generally considers, among other things, the items mentioned above in the *Assessment of Total Compensation* section.

In 2016, the Company issued equity awards with a mix of 50% PSUs and 50% RSUs.

PSUs are settled in shares and have both a performance- and service-vesting requirement. The performance requirement is based on A&B's TSR results relative to the TSR of companies that comprise two indices to which the Company belongs: the Standard & Poor's Midcap 400 index and the Russell 2000 index. Half of the PSUs granted will be evaluated against the companies comprising the S&P Midcap 400 and half will be evaluated against companies comprising the Russell 2000. In addition, the performance and vesting horizons were increased from two to three years in 2015 for half of the PSUs granted. From 2016 on, PSUs awarded will have three-year performance and vesting horizons. Under the service-vesting requirement, recipients must remain employed until the end of the performance period to earn any shares that become issuable. Pro-rata vesting will apply to the extent employment ceases with the Company during the performance period by reason of death, disability or retirement, with proration to be applied to the number of shares resulting from the Company's relative TSR over the performance period. PSUs are intended to motivate recipients to focus on A&B shareholder returns relative to the share performance of other U.S.-based companies with similar market capitalization. The service requirement provides that PSUs cliff vest after a two-year or three-year period (concurrent with the performance period), as defined by the award.

The actual performance level attained for the 2015 PSU grants covering the performance period of 2015 to 2016 was at approximately the 51st percentile on a blended basis relative to the Standard & Poor's Midcap 400 and Russell 2000 indices. This resulted in an earnout of 86.5% of the portion of 2015 PSU grants based on a two-year performance period.

*Performance Range***Performance****Earnout\***

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Threshold	35 <sup>th</sup> Percentile	35% of Target
Target	55 <sup>th</sup> Percentile	100% of Target
Maximum	75 <sup>th</sup> Percentile	150% of Target

\* With proration between these levels

**Table of Contents**

RSUs are awards that are settled in shares but vest in thirds over a three-year period based on service. RSUs are intended to focus behaviors on improving long-term stock price performance on an absolute basis (as a complement to the relative-performance nature of PSUs), increase share ownership and strengthen retention of participants through a three-year vesting period.

Grantees receive dividends on the full amount of RSUs granted, regardless of vesting, at the same rate as is payable on the Company's common stock. Payment of accrued dividend equivalents on PSUs will be made upon attainment of the applicable performance goals and will be paid according to the number of actual shares earned.

**LTI and Total Direct Compensation Positioning for 2016**

NEO	Base Salary as of 12/31/16	2016 LTI Grant	Target Total Direct Compensation	
			12/31/16 (Including Base Salary)	Estimated Competitive Market Percentile
Mr. Benjamin	\$ 618,000	\$ 900,000	\$ 2,136,000	25 <sup>th</sup> percentile*
Mr. Ito	\$ 371,500	\$ 400,000	\$ 994,400	40 <sup>th</sup> percentile
Mr. Chun	\$ 332,018	\$ 275,000	\$ 773,027	50 <sup>th</sup> percentile
Ms. Ching	\$ 279,972	\$ 275,000	\$ 694,958	50 <sup>th</sup> percentile
Mr. Parker	\$ 309,000	\$ 200,000	\$ 694,400	40 <sup>th</sup> percentile

\* As 2016 was Mr. Benjamin's first year as CEO, the Committee set his target total direct compensation to be below the market 50th percentile. As Mr. Benjamin's tenure increases, his target total direct compensation is expected to move toward the Company's compensation philosophy of targeting the 50th percentile for total compensation.

*Retirement Plans:* The Company provides various retirement plans to assist its employees with retirement income savings and to attract and retain its employees. The Committee periodically reviews the value of benefits from the retirement plans in conjunction with all other forms of pay in making compensation decisions.

*A&B Retirement Plan for Salaried Employees (Frozen since 2012):* The A&B Retirement Plan for Salaried Employees (the "Qualified Retirement Plan"), which is a tax-qualified defined benefit pension plan, provides pension benefits to the Company's salaried non-bargaining unit employees. The Pension Benefits table of this Proxy Statement provides further information regarding the Qualified Retirement Plan. In 2007, A&B Predecessor closed participation in its traditional defined pension plan for new non-bargaining unit employees hired after January 1, 2008. Effective January 1, 2012, the Company froze benefit accruals under its traditional defined benefit plans for non-bargaining unit employees hired before January 1, 2008 and replaced the benefit with a cash balance formula in which participants accrue 5% of their eligible annual compensation.

*A&B Individual Deferred Compensation and Profit Sharing Plan:* The Company has a tax-qualified defined contribution retirement plan (the "A&B Profit Sharing Retirement Plan") available to all salaried non-bargaining unit employees that provides for performance-based discretionary contributions to participants based on the degree of achievement of pre-tax income goal specific to the profit sharing plan as determined by the Compensation Committee. In 2016, available contributions were set between zero and five percent of each employee's base salary. There was no



profit-sharing contribution for 2016. The plan also provides a discretionary match under the Individual Deferred Compensation (401(k)) component of the plan for all salaried non-bargaining unit employees. In 2016, that plan provided for a match of up to three percent of the compensation deferred by a participant during the fiscal year, subject to IRS maximum compensation limitations. The value of the Company's 2016 profit sharing contribution and Individual Deferred Compensation matches for NEOs are included in the Summary Compensation Table of this Proxy Statement.

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**Table of Contents**

*A&B Excess Benefits Plan:* This non-qualified benefit plan (the Excess Benefits Plan ) for executives is designed to meet the retirement plan objectives described above. All NEOs are eligible to participate in the Excess Benefits Plan. It complements the Qualified Retirement Plan and A&B Profit Sharing Retirement Plan by providing benefits and contributions in amounts that could not be provided by those plan s formulas due to the limits imposed by tax law. The pension benefits under the Excess Benefits Plan that had accumulated as of December 31, 2011 pursuant to the traditional defined benefit formula were frozen and a cash balance formula was implemented for eligible employees beginning January 1, 2012. The Pension Benefits table of this Proxy Statement provides further information regarding the A&B Excess Benefits Plan.

*No Perquisites:* The Company has no NEO perquisites, with the exception of Company-provided parking in its headquarters building, which is provided at no additional cost to A&B.

*Severance Plan and Change in Control Agreements:* The Company provides severance benefits pursuant to the Severance Plan and change in control agreements to certain executives, including the NEOs, to retain talent during transitions due to a Change in Control or other covered event and to provide a competitive pay package. The Compensation Committee designed the change in control agreement to provide a competitively structured program, and yet be conservative overall in the amounts of potential award payouts. The Compensation Committee s decisions regarding other compensation elements are affected by the potential payouts under these arrangements, as the Committee considers how the terms of these arrangements and the other pay components interrelate. These agreements are described in further detail in the Other Potential Post-Employment Payments section of this Proxy Statement.

*Retiree Health and Medical Plan:* The Company provides NEOs with the same retiree medical and life insurance benefits as are provided in general to all salaried non-bargaining unit employees who joined A&B Predecessor prior to January 1, 2008. These benefits aid in retaining long-term service employees and provide for health care costs in retirement. The Company limits its contribution towards the monthly premium, based on the employee s age and years of service. The benefits from this plan are reflected in the Other Potential Post-Employment Payments section of this Proxy Statement.

**The Role of Survey Data**

The Company uses published survey data as a reference, but does not benchmark against specific companies within such surveys. The Company operates in a number of different industries and there are no companies that are considered directly comparable in business mix, size and geographic relevance. Accordingly, the Company does not use data that are specific to any individual segment of the Company s business but instead, based on the recommendation of WTW, uses data from five national and highly recognized published surveys representing a broad group of general industry and real estate companies similar in size to the Company to assess the Company s pay practices. WTW uses data subsets in each survey that represent companies of similar size with revenues between \$250 million and \$1 billion. The survey sources provide only one of the tools that the Committee uses to assess appropriate pay levels. Internal equity, Company performance, business unit performance, compensation philosophy, performance consistency, historical pay movement, pay mix, pay risk, economic environment and individual performance are also reviewed.

**Table of Contents**

The surveys used by WTW in its assessment of total direct compensation and CEO pay ratio as compared to other NEOs include:

WTW 2016 CDB General Industry Executive Database

WTW 2016 CSR Top Management Compensation Survey

WTW 2016 Long-term Incentives, Policies and Practices Survey

Mercer 2016 U.S. Benchmark Database - Executive Compensation Survey

National Association for Real Estate Investment Trust (NAREIT) 2016 Compensation Survey

**The Role of the Compensation Consultant**

After conducting a search, the Compensation Committee selected and has since directly retained WTW, an independent executive compensation consulting firm, to assist the Committee in:

Evaluating salary and incentive compensation levels

Reviewing and suggesting executive pay plan design modifications

Understanding current trends and legislative reform initiatives in the area of executive compensation

Assessing appropriate outside Board of Director pay levels and structuring

The executive compensation consultant reports directly to the Committee and takes instructions from the Committee. The Committee Chair pre-approves all WTW engagements, including the nature, scope and fees of assignments.

In selecting WTW, the Compensation Committee considered, among other factors, the following:

Depth and breadth of executive compensation knowledge and experience

Qualifications as a board-level consultant

Quality of resources available (staff, data, etc.)

Understanding of A&B's business strategy and issues, industry, performance drivers and human capital considerations

Objectivity in advice and recommendations

Willingness to provide candid feedback regarding management and Committee proposals, questions and concerns

Accessibility and availability

Reporting relationship with the Committee

Working relationship with management and its human resources staff

Effectiveness of communication

WTW takes the following safeguards to ensure that its services and advice are objective:

The individuals providing consulting services to the Committee are not personally involved in other services WTW may provide to the Company

The individuals providing consulting services to the Committee are not directly compensated for the total revenues that WTW generates from the Company

WTW's executive compensation consultants do not hold an equity stake in the Company

Other services, if any, are provided under a separate contractual arrangement

WTW's executive compensation consultants do not serve as WTW's client relationship manager on services provided to the Company

The WTW executive compensation consultants have direct access to all members of the Committee during and between meetings

WTW consultants are required to adhere to a stringent code of conduct articulating their commitment to impartial advice

### **Table of Contents**

The Compensation Committee has reviewed WTW's work, policies and procedures and determined that no conflicts of interest exist. In accordance with the New York Stock Exchange ( NYSE ) requirements, the Compensation Committee annually assesses the independence of its compensation consultant, outside legal counsel, and other advisers who will provide services with respect to executive compensation matters. In assessing independence, the Compensation Committee considers the following factors, among others:

Whether a compensation adviser's employer provides other services to A&B

The amount of fees the compensation adviser's employer receives from A&B as a percentage of such employer's total revenues

The compensation adviser's policies and procedures to prevent conflicts of interest

Business or personal relationships between a compensation adviser and any member of A&B's compensation committee

The compensation adviser's stock ownership in A&B

Business or personal relationships between a compensation adviser or the compensation adviser's employer and any executive officer of A&B

### **The Role of Management**

Management assists the Compensation Committee in its role of determining executive compensation in a number of ways, including:

Providing management's perspective on compensation plan structure and implementation

Identifying appropriate performance measures and establishing company, unit and individual performance goals that are consistent with the Board-approved operating plans

Providing the data used to measure performance against established goals, with the CEO providing perspective on individual executive performance and compensation amounts

Providing recommendations, based on information provided by WTW, regarding pay levels for officers on the basis of plan formulas, salary structures and the CEO's assessment of individual officer performance

### **Tax and Accounting Considerations**

In evaluating the Company's executive compensation structure, the Compensation Committee considers tax and accounting treatment, balancing the effects on the individual and the Company. Section 162(m) of the Internal Revenue Code limits the tax deductibility of certain executive compensation in excess of \$1,000,000 for any fiscal year, except for certain performance-based compensation. However, in establishing the cash and equity incentive compensation programs for the executive officers, the Compensation Committee believes that the potential deductibility of the compensation payable under those programs should be only one of a number of relevant factors taken into consideration, and not the sole or primary factor. The Compensation Committee believes that cash and equity incentive compensation must be maintained at the requisite level to attract and retain the executive officers essential to the Company's financial success, even if all or part of that compensation may not be deductible by reason of the Section 162(m) limitation.

**Stock Ownership Guidelines**

To enhance shareholder alignment and ensure commitment to value-enhancing longer-term decision-making, the Company has established stock ownership guidelines. Executives are required to own a value of stock equal to the salary multiple below within a five year-period from commencement of employment or within a five-year period after a change in salary based on promotion:

<b>Position</b>	<b>Salary Multiple</b>
CEO	5X
Other NEOs	3X

## **Table of Contents**

All NEOs have met or are on track to meet the ownership guidelines.

## **Equity Granting Policy**

Equity awards are expected to be granted for current employees at the January Compensation Committee meeting each year. Equity grants for new hires or promoted employees are approved at regularly scheduled Compensation Committee meetings. The timing of these grants is made without regard to anticipated earnings or other major announcements by the Company.

## **Policy Regarding Speculative Transactions and Hedging**

The Company has adopted a formal policy prohibiting directors, officers and employees from (i) entering into speculative transactions, such as trading in options, warrants, puts and calls or similar instruments, involving A&B stock, or (ii) hedging or monetization transactions, such as zero-cost collars and forward sale contracts, involving A&B stock.

## **Policy Regarding Recoupment of Certain Compensation**

The Company has adopted a formal clawback policy for senior management, including all NEOs. Pursuant to the policy, the Company will seek to recoup certain incentive compensation, including cash and equity bonuses based upon the achievement of financial performance metrics, from executives in the event that the Company is required to restate its financial statements due to a material noncompliance with any financial reporting requirement.

## ***Compensation Committee Report***

The Compensation Committee has reviewed and discussed the CD&A section of this Proxy Statement with management and, based on these discussions and review, it has recommended to the Board of Directors that the CD&A disclosure be included in this Proxy Statement.

The foregoing report is submitted by Mr. King (Chairman), Ms. Saito and Ms. Wall.

## ***Compensation Committee Interlocks and Insider Participation***

During 2016, the members of the Compensation Committee were Mr. King, Chairman, Ms. Saito and Ms. Wall. As set forth above under the subsection Certain Relationships and Transactions, Ms. Wall is an executive officer in a corporation that is a tenant in several properties owned by A&B subsidiaries with leases established at market rates. Because of this related person transaction, Ms. Wall did not participate in any equity compensation decisions.



**Table of Contents**

**Summary Compensation Table.** The following table summarizes the compensation paid by A&B to its NEOs in 2016, 2015 and 2014.

**2016 SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$) (c)	Bonus (\$) (1) (d)	Stock Awards (\$) (2) (e)	Option Awards (\$) (f)	Non-Equity Incentive Plan Compensation (\$) (3) (g)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$) (4) (h)	All Other Compensation (\$) (5) (i)	Total (\$) (j)
							(4)	(5)	(j)
Christopher J. Benjamin President and Chief Executive Officer of A&B	2016	613,500	363,075	886,684	N/A	159,600	194,648	7,950	2,225,457
	2015	462,438	74,067	460,422	N/A	146,115	0 <sup>(6)</sup>	7,950	1,150,992
	2014	448,969	171,657	445,256	N/A	158,343	212,875	21,314	1,458,414
Paul K. Ito	2016	368,795	130,955	394,049	N/A	57,565	55,892	7,813	1,015,069
Senior Vice President, Chief Financial Officer, and Treasurer of A&B	2015	358,054	57,350	409,291	N/A	113,132	0 <sup>(7)</sup>	7,161	944,988
	2014	338,756	102,399	395,827	N/A	122,601	101,802	17,997	1,079,382
Nelson N. S. Chun Senior Vice President and Chief Legal Officer of A&B	2016	329,601	97,531	270,904	N/A	42,873	31,051	7,950	779,910
	2015	320,001	42,713	255,817	N/A	84,257	0 <sup>(8)</sup>	7,950	710,738
	2014	310,680	78,690	247,383	N/A	91,310	133,234	17,151	878,448
Meredith J. Ching Senior Vice President, Government & Community Relations of A&B	2016	253,229	82,242	270,904 255,817	N/A	36,152	176,230	7,597	826,354
	2015	254,156	36,017	247,383	N/A	71,049	0 <sup>(9)</sup>	7,625	624,664
	2014	241,062	83,005		N/A	76,995	349,616	14,107	1,012,168
Lance K. Parker	2016	306,750	69,525	196,994	N/A	78,980	32,575	7,950	692,774

President, ABP

- (1) Represents the NEO's award attributable to Value Creation and individual modifiers under the PIIP program for the fiscal year identified in column (b) payable in cash in February of the following year.
- (2) Represents the grant-date fair value of time-based restricted stock units and the grant-date fair value of performance stock units for the fiscal year identified in column (b) granted in 2015 computed under ASC Topic 718. Performance stock units awarded in 2016 vest in January 2019 if performance goals are attained at target. If maximum performance goals applicable to the performance stock units were to be achieved, the values in this column with respect to 2016 would be as follows: Mr. Benjamin, \$1,105,027; Mr. Ito, \$491,082; Mr. Chun, \$337,613; Ms. Ching, \$337,613; and Mr. Parker, \$245,503. See Note 13 of the consolidated financial statements of the Company's 2016 Annual Report on Form 10-K regarding the assumptions underlying the valuation of equity awards.
- (3) Represents the NEO's award attributable to financial goals under the PIIP program for the fiscal year identified in column (b) payable in cash in February of the following year.
- (4) All amounts are attributable to the aggregate change in the actuarial present value of the NEO's accumulated benefit under all defined benefit and actuarial pension plans.
- (5) Represents amounts contributed by A&B to the NEO's account under the A&B Individual Deferred Compensation and Profit Sharing Plan and Alexander & Baldwin, Inc. Excess Benefits Plan.
- (6) The change in pension value was a decrease of \$52,963.
- (7) The change in pension value was a decrease of \$14,637.

**Table of Contents**

(8) The change in pension value was a decrease of \$26,890.

(9) The change in pension value was a decrease of \$15,432.

**Grants of Plan-Based Awards.** The following table contains information concerning the non-equity and equity grants under A&B's incentive plans during 2016 to the NEOs.

**2016 GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			Number of Stock Units (3)	All Other Securities Underlying Options (4)	Number of Options Awards (5)	Fair Value of Stock Awards (6)
		Grant Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Christopher J. Benjamin	1/25/16	173,813	347,625	695,250	5,207	14,876	22,314	14,876	N/A	N/A	886,684
Paul K. Ito	1/25/16	62,692	125,383	250,766	2,314	6,611	9,917	6,611	N/A	N/A	394,049
Nelson N. S. Chun	1/25/16	46,691	93,381	186,762	1,591	4,545	6,818	4,545	N/A	N/A	270,904
Meredith J. Ching	1/25/16	39,372	78,744	157,488	1,591	4,545	6,818	4,545	N/A	N/A	270,904
Lance K. Parker	1/25/16	64,890	129,780	259,560	1,157	3,305	4,958	3,305	N/A	N/A	196,994

(1) Amounts reflected in this section relate to estimated payouts under the non-equity incentive portion of the PIIP. The value of the actual payouts is included in column (g) of the Summary Compensation Table.

(2) Amounts in this section reflect performance share unit grants. Performance share units awarded in 2016 vest in January 2019 if performance goals are attained during the performance period.

(3) Amounts in this section reflect time-based restricted stock unit grants awarded.

(4) No options were granted in 2016.

(5) Represents the grant-date fair value of the equity awards granted in 2016 computed under ASC Topic 718. See Note 13 of the consolidated financial statements of the Company's 2016 Annual Report on Form 10-K regarding the assumptions underlying the valuation of equity awards.

The PIIP is based on financial, operating, and value creation goals, depending on the executive's job responsibilities and individual performance. Performance measures, weighting of goals and target opportunities are discussed in the

CD&A section of this Proxy Statement. Information on equity grants is provided in the CD&A section of this Proxy Statement.

**Table of Contents**

**Outstanding Equity Awards at Fiscal Year-End.** The following table contains information concerning the outstanding equity awards held by the NEOs.

**2016 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout
	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Equity Incentive Plan Awards: Number of Securities Underlying Exercised Options (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Equity Incentive Plan Awards: Exercise Price (\$) (e)	Equity Incentive Plan Awards: Option Expiration Date (f)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(6) (g)	Unearned Shares, Units or Other Rights that Have Not Vested (#) (i)	Unearned Value of Shares, Units or Other Rights that Have Not Vested (\$)(6) (j)	
Christopher J. Benjamin	3,933			22.11	1/29/2018	20,493 <sup>(1)</sup>	919,521	7,172 <sup>(7)</sup>	321,808
	25,000			11.37	1/27/2019				
	49,105			16.09	1/26/2020				
	34,877			19.80	1/25/2021				
	33,545			22.54	1/24/2022				
Paul K. Ito	13,021			22.11	1/29/2018	11,604 <sup>(2)</sup>	520,671	4,060 <sup>(8)</sup>	182,172
	6,546			11.37	1/27/2019				
	22,640			16.09	1/26/2020				
	15,533			19.80	1/25/2021				
	11,610			22.54	1/24/2022				
Nelson N.S. Chun	21,042			22.11	1/29/2018	7,667 <sup>(3)</sup>	344,018	2,682 <sup>(9)</sup>	120,341
	9,434			16.09	1/26/2020				
	20,713			19.80	1/25/2021				
	15,482			22.54	1/24/2022				
Meredith J. Ching	13,021			22.11	1/29/2018	7,667 <sup>(4)</sup>	344,018	2,682 <sup>(9)</sup>	120,341
	16,365			11.37	1/27/2019				

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	19,811	16.09	1/26/2020				
	15,533	19.80	1/25/2021				
	11,610	22.54	1/24/2022				
Lance K. Parker	1,152	19.80	1/25/2021	4,304 <sup>(5)</sup>	193,120	1,505 <sup>(10)</sup>	67,529

- (1) Vesting date of unrestricted stock 1,871 shares on 1/27/17; 1,873 shares each on 1/26/17 and 1/26/18; 4,958 shares on 1/25/17 and 4,959 shares each on 1/25/18 and 1/25/19.
- (2) Vesting date of unrestricted stock - 1,663 shares on 1/27/17; 1,665 shares each on 1/26/17 and 1/26/18; 2,203 shares on 1/25/17 and 2,204 shares each on 1/25/18 and 1/25/19.
- (3) Vesting date of unrestricted stock - 1,040 shares on 1/27/17; 1,041 shares each on 1/26/17 and 1/26/18; 1,515 shares each on 1/25/17, 1/25/18, and 1/25/19.
- (4) Vesting date of unrestricted stock - 1,040 shares on 1/27/17; 1,041 shares each on 1/26/17 and 1/26/18; 1,515 shares each on 1/25/17, 1/25/18, and 1/25/19.
- (5) Vesting date of unrestricted stock 333 shares on 1/27/17; 333 shares each on 1/26/17 and 1/26/18; 1,101 shares on 1/25/17 and 1,102 shares each on 1/25/18 and 1/25/19.
- (6) Market value of stock not vested based on the closing stock price at year-end of \$44.87.
- (7) Vesting date of PSUs 983 shares each on 1/26/17 and 1/26/18; and 5,206 shares on 1/25/19.

**Table of Contents**

(8) Vesting date of PSUs 873 shares on 1/26/17; 874 shares on 8/16/18; and 2,313 shares on 1/25/19.

(9) Vesting date of PSUs 546 shares each on 1/26/17 and 1/26/18; and 1,590 shares on 1/25/19.

(10) Vesting date of PSUs 174 shares on 1/26/17; 175 shares on 1/26/18; and 1,156 shares on 1/25/19.

**Option Exercises and Stock Vested.** The following table contains information concerning option exercises and the vesting of stock awards for the NEOs during 2016.

**OPTION EXERCISES AND STOCK VESTED FOR 2016**

Name (a)	OPTION AWARDS		STOCK AWARDS	
	Number of Shares		Number of Shares	
	Acquired on	Value Realized	Acquired on	Value Realized
	Exercise	on Exercise	Vesting	on Vesting
(#)	(\$)	(#)	(\$)	
(b)	(c)	(d)	(e)	
Christopher J. Benjamin			5,855	177,916
Paul K. Ito	12,587	197,141	4,836	147,094
Nelson N. S. Chun	29,544	428,703	3,059	93,028
Meredith J. Ching	14,531	189,153	2,959	90,028
Lance K. Parker			943	28,693

The value realized in column (e) was calculated based on the market value of A&B common stock on the vesting date. No amounts realized upon exercise of options or vesting of stock have been deferred.

**Pension Benefits.** The following table contains information concerning pension benefits for the NEOs at the end of 2016.

**PENSION BENEFITS FOR 2016**

Name (a)	Plan Name (b)	Service (1) (#) (c)	Present	Payments
			Number of Years Credited	Value of Accumulated During Last Fiscal Year (\$) (e)
(a)	(b)	(c)	(d)	(e)
Christopher J. Benjamin	A&B Retirement Plan for Salaried Employees		476,953	
			1,125,488	
		15.4		
	A&B Excess Benefits Plan	15.4		
Paul K. Ito	A&B Retirement Plan for Salaried Employees		253,554	
			145,121	
		11.8		
	A&B Excess Benefits Plan	11.8		
Nelson N. S. Chun	A&B Retirement Plan for Salaried Employees		509,390	
			603,752	
		13.2		
		13.2		

	A&B Excess Benefits Plan		
Meredith J. Ching	A&B Retirement Plan for Salaried Employees		1,614,682
			567,717
		34.6	
	A&B Excess Benefits Plan	34.6	
Lance K. Parker	A&B Retirement Plan for Salaried Employees		190,941
			16,684
		12.3	
	A&B Excess Benefits Plan	12.3	

- 1 Credited service used to calculate the traditional defined benefit was frozen as of December 31, 2011; years shown are based on all years under the plan.



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**Table of Contents**

Actuarial assumptions used to determine the present values of the pension benefits include: Discount rates for qualified and non-qualified retirement plans of 4.20% and 3.50%, respectively. Age 62 with 5 years of service (or current age, if greater) is the assumed retirement age. Qualified plan benefits (traditional defined benefit and cash balance) are assumed to be paid on a life annuity basis (however, cash balance portion could be paid in a lump sum). The cash balance accounts are projected to the assumed retirement age using 1.65% interest per year (the rate in effect for 2017) with no future pay credits. The projected qualified plan cash balance accounts were converted to life annuities at the assumed retirement age using the annuity conversion interest assumptions and mortality used in our financial disclosures, i.e., 1.47% (for the first 5 years), 3.34% (next 15 years) and 4.3% (years in excess of 20) applied on a rolling basis, and the Applicable Mortality Table, as defined for lump sum calculations under Section 417(e) of the Internal Revenue Code.

The Excess Benefits Plan benefits are paid as a lump sum equal to the present value of the traditional defined benefit assumed to be paid on a life annuity basis plus the cash balance account. The present value was determined based on interest rates (with 39% marginal tax rate adjustment) and mortality used in our financial disclosures, i.e., 0.9% (for the first 5 years), 2.04% (next 15 years) and 2.62% (years in excess of 20) applied on a rolling basis, and the Applicable Mortality Table, as defined for lump sum calculations under Section 417(e) of the Internal Revenue Code. The cash balance accounts are projected to the assumed retirement age using 1.65% interest per year (the rate in effect for 2017) with no future pay credits.

*A&B Retirement Plan for Salaried Employees:*

The A&B Retirement Plan for Salaried Employees (the Qualified Retirement Plan ) provides pension benefits to the Company's salaried employees who are not subject to collective bargaining agreements. In 2007, A&B Predecessor closed participation in its traditional defined pension plan for new non-bargaining unit employees hired after January 1, 2008. The traditional defined benefit formula was based on participants' service and average monthly compensation in the five highest consecutive years of their final 10 years of service through December 31, 2011. Compensation included base salary, overtime pay and one-year bonuses. The amounts were expressed as a single life annuity payable at the normal retirement age of 65. An employee became vested after five years of service with A&B Predecessor or the Company. An employee may take early retirement at age 55 or older, if the employee has already completed at least five years of service with A&B Predecessor or the Company. If an employee retires early, the same formula for normal retirement is used, although the benefit will be reduced for commencement before age 62 because the employee will receive payment early and over a longer period of time.

Effective January 1, 2012, a cash balance formula provides a retirement account equal to 5 percent of an employee's eligible cash compensation, for each year worked, while covered by the cash balance formula, plus interest. The vesting period was reduced from five years to three years for an employee with a cash balance account. At retirement or other separation from service, the employee may elect to receive the vested cash balance portion of the Qualified Retirement Plan benefits as a lump sum or an actuarially equivalent annuity.

*A&B Excess Benefits Plan:* The A&B Excess Benefits Plan is discussed in the CD&A section of this Proxy Statement. Under the pension portion of the Excess Benefits Plan associated with the Qualified Retirement Plan, benefits under the traditional defined benefit formula are payable after the executive's separation from service in a lump sum that is actuarially equivalent to the annuity form of payment, and the cash balance account is paid as a lump sum. Under the profit sharing portion of the Excess Benefits Plan associated with the A&B Profit Sharing Retirement Plan, amounts are credited to executives' accounts, to be payable after the executive's separation from service. All NEOs are eligible to participate in the Excess Benefits Plan.



**Table of Contents**

**Non-Qualified Deferred Compensation.** The following table contains information concerning non-qualified deferred compensation for the NEOs.

**2016 NON-QUALIFIED DEFERRED COMPENSATION**

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
(a)	(\$)(b)	(\$)(1)(c)	(\$)(2)(d)	(\$)(e)	(\$)(f)
Christopher J. Benjamin			522		23,742
Paul K. Ito			108		4,928
Nelson N. S. Chun			223		10,155
Meredith J. Ching					
Lance K. Parker					

(1) Represents the profit sharing benefit under the Excess Benefits Plan.

(2) Represents interest earned on the prior year's cash account balance.

**Other Potential Post-Employment Payments.**

**Change in Control Agreements:** A&B has entered into Change in Control Agreements with each of the NEOs, which are intended to encourage their continued employment with A&B by providing them with greater security in the event of termination of their employment following a change in control of A&B. The Company has adopted a participation policy that extends these agreements to those senior level executives whose employment would be most likely at risk upon a change in control. Each Change in Control Agreement has an initial one-year term and is automatically extended at the end of each term for a successive one-year period, unless terminated by A&B. The Change in Control Agreements provide for certain severance benefits if the executive's employment is terminated by A&B without cause or by the executive for good reason, in each case as defined in the agreement, following a Change in Control Event of A&B, as defined by Internal Revenue Code Section 409A, as follows: Upon a termination of employment under the above circumstances, the executive will be entitled to receive (i) a lump-sum severance payment equal to two times the sum of the executive's base salary and target bonus, (ii) pro rata payment at target with respect to outstanding contingent awards for uncompleted performance periods, (iii) a lump sum payment of amounts due the executive under deferred compensation plans, and (iv) an amount equal to the positive spread between the exercise price of outstanding options held by the executive and the fair market value of the underlying shares at the time of termination. In addition, A&B will maintain all (or provide similar) health and welfare benefit plans for the executive's continued benefit for a period of two years after termination. A&B will also reimburse executives for individual outplacement counseling services up to \$10,000. These are double trigger agreements under which no payments are made and long-term incentives do not accelerate unless both a change in control and a qualifying termination of employment occurs.

In the event that any amount payable to the executive is deemed under the Internal Revenue Code to be made in connection with a change in control of the Company, and such payments would result in the excise tax imposed on excess parachute payments under the Internal Revenue Code, the Change in Control Agreements provide that the executive's payments will be reduced to an amount that would not result in the imposition of the excise tax, to the extent that such reduction would result in a greater after-tax benefit to the executive. No tax gross-up payments are

provided by the Change in Control Agreements.

If there is a potential change in control of the Company, the executive agrees to remain in the employ of the Company until the earliest of (1) a date six months after the occurrence of the potential change in control, (2) the termination of the executive's employment by reason of disability or retirement, or (3) the occurrence of a change in control of the Company.

**Table of Contents**

*Executive Severance Plan:* The Company also maintains the Executive Severance Plan (Severance Plan) that covers the NEOs. The Severance Plan continues from year to year, subject to a periodic review by the Board of Directors. The Severance Plan provides certain severance benefits if a designated executive is involuntarily terminated without cause, as defined in the Severance Plan, or laid off from employment as part of a job elimination/restructuring or reduction in force. Upon such termination of employment, the executive will be entitled to receive an amount equal to six months base salary, payable in equal installments over a period of one year, and continued payment by the Company of life and disability insurance premiums and COBRA premiums for continued group health plan coverage. If the executive executes a release agreement acceptable to the Company, the executive will be entitled to receive additional benefits, including an additional six months of base salary and designated benefits, reimbursement for outplacement counseling services and a prorated share of incentive plan awards at target levels under the PIIP that would have been payable to the executive had he or she remained employed until the end of the applicable performance period.

*Voluntary Resignation:* If the executive voluntarily resigns from the Company, no amounts are payable under the Severance Plan or the PIIP. The executive may be entitled to receive retirement and retiree health and welfare benefits to the extent those benefits have been earned or vested under the provisions of the plans. The executive may have up to three to six months after termination to exercise vested stock options at the time of termination. In addition, the executive would be entitled to any amounts voluntarily deferred (and the earnings accrued) under the A&B Profit Sharing Retirement Plan.

Other benefits, as described in the CD&A section of this Proxy Statement, may include accrued, vested benefits under the Qualified Retirement Plan and the Excess Benefits Plan.

The following tables show the potential value to each executive under various termination-related scenarios, assuming that the termination of employment or other circumstances resulting in payment occurred on December 31, 2016.

**Executive Termination Scenarios**

Component	Christopher J. Benjamin						
	Change in Control w/ Termination (\$)	Termination w/o cause (\$)(1)	Termination w/ cause (\$)	Voluntary Resignation (\$)	Death (\$)	Disability (\$)(2)	Retirement (\$)(3)
Cash Severance	2,472,000	618,000					
Retirement Benefits <sup>(4)</sup>	73,201 (75,859) <sup>(5)(6)</sup>	(194,324) <sup>(6)</sup> (75,859) <sup>(5)(6)</sup>	(194,324) <sup>(6)</sup> (75,859) <sup>(5)(6)</sup>	(194,324) <sup>(6)</sup> (75,859) <sup>(5)(6)</sup>	(194,324) <sup>(6)</sup> (262,475) <sup>(5)(6)</sup>		Not yet eligible Not yet eligible
Health & Welfare Benefits	42,783	18,476					
Outplacement Counseling	10,000	10,000					
Long-Term Incentives <sup>(7)</sup>	1,727,185				1,232,664	1,232,664	Not yet eligible

Total (Lump-sum)	4,325,170	452,152	(194,324) <sup>(6)</sup>	(194,324) <sup>(6)</sup>	1,038,340	1,232,664
Total (Annuity)	(75,859) <sup>(6)</sup>	(75,859) <sup>(6)</sup>	(75,859) <sup>(6)</sup>	(75,859) <sup>(6)</sup>	(262,475) <sup>(6)</sup>	Not yet eligible

**Table of Contents**

<b>Component</b>	<b>Paul K. Ito</b>						
	<b>Change in Control w/ Termination (\$)</b>	<b>Termination w/o cause (\$)(1)</b>	<b>Termination w/ cause (\$)</b>	<b>Voluntary Resignation (\$)</b>	<b>Death (\$)</b>	<b>Disability (\$)(2)</b>	<b>Retirement (\$)(3)</b>
Cash Severance	1,188,800	371,500					
Retirement Benefits <sup>(4)</sup>	68,010	(1,008) <sup>(6)</sup>	(1,008) <sup>(6)</sup>	(1,008) <sup>(6)</sup>	(1,008) <sup>(6)</sup>		Not yet eligible
	(38,159) <sup>(5)(6)</sup>	(38,159) <sup>(5)(6)</sup>	(38,159) <sup>(5)(6)</sup>	(38,159) <sup>(5)(6)</sup>	(122,022) <sup>(5)(6)</sup>		Not yet eligible
Health & Welfare Benefits	34,345	15,002					
Outplacement Counseling	10,000	10,000					
Long-Term Incentives <sup>(7)</sup>	937,827				698,506	698,506	Not yet eligible
<b>Total (Lump-sum)</b>	<b>2,238,983</b>	<b>395,494</b>	<b>(1,008)<sup>(6)</sup></b>	<b>(1,008)<sup>(6)</sup></b>	<b>697,498</b>	<b>698,506</b>	
<b>Total (Annuity)</b>	<b>(38,159)<sup>(6)</sup></b>	<b>(38,159)<sup>(6)</sup></b>	<b>(38,159)<sup>(6)</sup></b>	<b>(38,159)<sup>(6)</sup></b>	<b>(122,022)<sup>(6)</sup></b>		<b>Not yet eligible</b>

<b>Components</b>	<b>Nelson N. S. Chun (8)</b>						
	<b>Change in Control w/ Termination (\$)</b>	<b>Termination w/o cause (\$)(1)</b>	<b>Termination w/ cause (\$)</b>	<b>Voluntary Resignation (\$)</b>	<b>Death (\$)</b>	<b>Disability (\$)(2)</b>	<b>Retirement (\$)(3)</b>
Cash Severance <sup>(8)</sup>	996,054	322,018					
Retirement Benefits <sup>(4)</sup>	(25,973)				(202,027) <sup>(6)</sup>		
Health & Welfare Benefits	29,427	12,774					
Outplacement Counseling	10,000	10,000					
Long-Term Incentives <sup>(7)</sup>	623,525				461,440	461,440	461,440
<b>Total (Lump-sum)</b>	<b>1,633,034</b>	<b>354,792</b>			<b>461,440</b>	<b>461,440</b>	<b>461,440</b>
<b>Total (Annuity)</b>					<b>(202,027)<sup>(6)</sup></b>		

Components	Meredith J. Ching						
	Change in Control w/ Termination (\$)	Termination w/o cause (\$)(1)	Termination w/ cause (\$)	Voluntary Resignation (\$)	Death (\$)	Disability (\$)(2)	Retirement (\$)(3)
Cash Severance	839,916	279,972					
Retirement Benefits <sup>(4)</sup>	(83) <sup>(6)</sup>	29,221	29,221	29,221	29,221		29,221
	68,115 <sup>(5)</sup>	68,115 <sup>(5)</sup>	68,115 <sup>(5)</sup>	68,115 <sup>(5)</sup>	(898,638) <sup>(5)(6)</sup>		68,115 <sup>(5)</sup>
Health & Welfare Benefits	26,473	11,604					
Outplacement Counseling	10,000	10,000					
Long-Term Incentives <sup>(7)</sup>	623,480				461,395	461,395	461,395
Total (Lump-sum)	1,499,787	330,797	29,221	29,221	490,616	461,395	490,616
Total (Annuity)	68,115	68,115	68,115	68,115	(898,638) <sup>(6)</sup>		68,115



**Table of Contents**

<b>Lance K. Parker</b>							
<b>Component</b>	<b>Change in Control w/ Termination (\$)</b>	<b>Termination w/o cause (\$)(1)</b>	<b>Termination w/ cause (\$)</b>	<b>Voluntary Resignation (\$)</b>	<b>Death (\$)</b>	<b>Disability (\$)(2)</b>	<b>Retirement (\$)(3)</b>
Cash							
Severance	828,363	309,000					
Retirement Benefits <sup>(4)</sup>	47,981	6,749	6,749	6,749	6,749		Not yet eligible
	(28,121) <sup>(5)(6)</sup>	(28,121) <sup>(5)(6)</sup>	(28,121) <sup>(5)(6)</sup>	(28,121) <sup>(5)(6)</sup>	(89,233) <sup>(5)(6)</sup>		Not yet eligible
Health & Welfare Benefits	17,830	7,083					
Outplacement Counseling	10,000	10,000					
Long-Term Incentives <sup>(7)</sup>	366,778					258,851	258,851
Total (Lump-sum)	1,270,951	332,832	6,749	6,749	265,600	258,851	258,851
Total (Annuity)	(28,121) <sup>(6)</sup>	(28,121) <sup>(6)</sup>	(28,121) <sup>(6)</sup>	(28,121) <sup>(6)</sup>	(89,233) <sup>(6)</sup>		Not yet eligible

- (1) Assumes execution of an acceptable release agreement as provided by the Executive Severance Plan.
- (2) If an NEO is disabled, the executive will continue to accrue credited vesting service as long as he/she is continuously receiving disability benefits under A&B's sickness benefits plan or long-term disability benefit plan. Should the NEO stop receiving disability benefits, the accrual of credited vesting service will cease. Upon the later of attainment of age 65 or the date at which the executive is no longer eligible for disability benefits, the NEO will be entitled to receive a pension benefit based on years of credited benefit service and compensation prior to becoming disabled.
- (3) Normal retirement is at age 65. An executive with 5 years of service may retire at age 62 with unreduced traditional defined benefit pension benefits under the Qualified Retirement Plans. Employees may elect early retirement after attaining age 55 and completing 5 years of service.
- (4) Retirement Benefits figures are incremental to the values shown in the Pension Benefits Table, which uses a different set of assumptions as described in the related narrative.
- (5) Represents the present value of amount paid as an annuity.
- (6) The Retirement Benefits figures are incremental to the values shown in the Pension Benefits Table. Under certain termination scenarios, benefits reflected in the Pension Benefits Table under the various retirement plans are forfeited or reduced resulting in a negative value.
- (7) Includes the gain on accelerated stock options and the value of accelerated restricted stock and performance share units. The value of stock awards was determined based on the closing price of A&B common stock on December 31, 2016 of \$44.87.
- (8) Mr. Chun turned 62 in 2014 and became eligible for unreduced retirement benefits per the Company's retirement plan. Therefore, Mr. Chun's benefits upon termination are the same as those shown in the pension benefits table (figures shown in the executive termination table are incremental to those in the pension benefits table). Mr. Chun's qualified pension death benefits are different upon death since the death benefits are payable to his

spouse assuming Joint & Survivor 50% form of payment is elected (non-qualified death benefits are the same as retirement since they are payable as lump sums, as if Mr. Chun retires as of 1/1/2017). The non-qualified Change in Control ( CIC ) benefits are different as they are calculated based on lump sum assumptions as of the assumed CIC date (as of 12/31/2016).

All amounts shown are lump-sum payments, unless otherwise noted. Assumptions used in the tables above are set forth in the Pension Benefits section.

The Excess Benefits Plan benefits are paid, upon termination, as a lump sum equal to the present value of the traditional defined benefit assumed to be paid on a life annuity basis plus the cash balance account. The lump sum conversion was based on interest rates (with 39% marginal tax rate adjustment) and mortality used in our financial disclosures and included in the Pension Benefits section.

Statements in this section that are not historical facts are forward-looking statements that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

**Table of Contents****Use of Non-GAAP Financial Measures**

The Company calculates NOI as Commercial Real Estate operating profit less general, administrative and other expenses, straight-line rental adjustments, interest income, interest expense, and depreciation and amortization. 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 (loss) 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 Commercial Real Estate segment's operating profit is the most directly comparable GAAP measurement to NOI. A reconciliation of Commercial Real Estate segment operating profit to Commercial Real Estate segment NOI is as follows:

**Reconciliation of CRE Operating Profit to NOI, Adjusted NOI, and Same-store Adjusted NOI**

(In Millions)	Year Ended	
	December 31	
	2016	2015
Commercial Real Estate segment operating profit	\$ 54.8	\$ 53.2
Adjustments:		
Depreciation and amortization	28.4	28.9
Straight-line lease adjustments	(2.1)	(2.3)
General and administrative expenses and other	5.3	4.2
Commercial Real Estate segment NOI	\$ 86.4	\$ 84.0

During the fourth quarter of 2016, the Company completed an internal reorganization of its operations and reporting structure in order to facilitate operational efficiencies and enhance the execution in the Company's businesses. As a result, the Company's reportable segments have been realigned to reflect the revised operational structure and internal management reporting, pursuant to which the Company's former Real Estate Development and Sales and Agribusiness segments have been combined into the Land Operations reportable segment. Additionally, the Company realigned agricultural ground leases that were previously included in the Commercial Real Estate segment to the Land Operations segment, and certain industrial ground leases that were previously included in the former Agribusiness segment to the Commercial Real Estate segment.

**Table of Contents**

A reconciliation of Commercial Real Estate NOI to Adjusted NOI, which reflects the measure used under the prior segment structure, and Same-Store Adjusted NOI is as follows:

(In Millions)	Year Ended	
	December 31	
	2016	2015
Commercial Real Estate segment NOI	\$ 86.4	\$ 84.0
Adjustments:		
Agricultural leases	0.4	0.4
Industrial leases	(0.4)	(0.5)
Total Commercial Real Estate segment Adjusted NOI	\$ 86.4	\$ 83.9
Acquisitions / Dispositions and other adjustments	(11.2)	(9.4)
Commercial Real Estate Same-Store Adjusted NOI	\$ 75.2	\$ 74.5

The Company presents the non-GAAP measure of EBITDA for the Materials & Construction segment, which contain the results of Grace Pacific. The Company uses this non-GAAP financial measure when evaluating operating performance for the Materials & Construction segment because management believes that EBITDA provides insight into the segment's core operating results, future cash flow generation, and the underlying business trends affecting performance on a consistent and comparable basis from period to period. The Company provides this information as an additional means of evaluating the segment's ongoing core operations. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company believes that Materials & Construction operating profit is the most directly comparable GAAP measurement to the segment's EBITDA. A reconciliation of segment operating profit to EBITDA follows:

**Reconciliation of Materials & Construction Operating Profit to EBITDA**

(In Millions)	Year Ended	
	December 31	
	2016	2015
Materials & Construction Operating Profit	\$ 23.3	\$ 30.9
Depreciation & amortization expense	11.7	11.6
Income attributable to non-controlling interest	(1.8)	(1.5)
EBITDA	\$ 33.2	\$ 41.0

Consolidated Adjusted Pre-tax Income was an operating performance measure for the Company for the year ended December 31, 2016, as management believes that the measure provided insight into the operating results of the Company's core businesses and the underlying business trends affecting performance on a consistent and comparable basis from period to period. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company believes that Income From Continuing Operations Before Income Taxes is the most directly comparable GAAP

measurement to Consolidated Adjusted Pre-tax Income. A reconciliation of Income From Continuing Operations Before Taxes to Consolidated Adjusted Pre-tax Income follows:

- 4 Excludes industrial lease income of approximately \$400,000 for 2016, as such amounts are included within the Commercial Real Estate as a result of the segment changes during the fourth quarter of 2016.

**Table of Contents****Reconciliation of Net Loss to Consolidated Adjusted Pre-tax Income**

(In Millions)	<b>2016</b>
Income From Continuing Operations Before Taxes	<b>\$ 35.3</b>
Adjustments:	
Operating profit from sugar operations, excluding cessation	<b>10.9</b>
Reduction in solar investments	<b>9.8</b>
REIT evaluation costs	<b>9.5</b>
Other	<b>1.8</b>
<b>Consolidated Adjusted Pre-tax Income</b>	<b>\$ 67.3</b>

**PROPOSAL NO. 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Shareholders are being asked to vote to approve, on a non-binding, advisory basis, the compensation of our NEOs.

A&B's compensation philosophy is to drive the Company's performance and further shareholder interests through a compensation program that attracts, motivates and retains outstanding executives, and rewards outstanding performance. The CD&A section of this Proxy Statement, beginning on page 20, discusses our policies and procedures that implement our compensation philosophy. Highlights of our compensation program include the following:

Executive compensation is closely aligned with performance. In 2016, between 56 and 70 percent of the NEOs' target total direct compensation was variable and performance-based, with 70 percent of the CEO's target total direct compensation variable and performance-based. The ratio of variable compensation is consistent with market practices.

The Company remains committed to responsible pay practices and has adopted policies that are representative of best practices, including a clawback policy that applies to all senior management and a policy prohibiting hedging and other speculative transactions involving Company stock. The Compensation Committee is focused on continuous improvement in executive compensation practices and policies to ensure alignment between pay and performance, as well as implementation of best practices. This includes, but is not limited to, such practices as adopting a 50th percentile target compensation philosophy, using multiple performance metrics and multi-year equity vesting, double triggers on equity grants in the event of a change in control, reasonable change-in-control agreements, protocols for an annual pay risk assessment, meaningful stock ownership guidelines, and no employment agreements, guaranteed bonuses, gross-ups, stock option repricing or executive perquisites (other than parking). In 2016, the average total direct compensation for NEOs was slightly below the 50th percentile targeted.

As described previously in this Proxy Statement, the Company performed well in 2016, given the challenges of exiting sugar operations and conducting an in-depth evaluation of a REIT structure, and significant value creation accomplishments were achieved. The executive compensation program reflected between threshold

and target performance by the Company in 2016, ranging between 80% to 85% of target for the NEOs. No profit sharing contribution was earned.

The actual performance level attained for the 2015 PSU grants covering the performance period of 2015-2016 was at approximately the 51st percentile on a blended basis relative to the Standard & Poor's Midcap 400 and Russell 2000 indices, which resulted in an 86.5% earnout of the performance shares awarded with a two-year performance horizon.

## **Table of Contents**

The following resolution is being submitted for a shareholder advisory vote at the Annual Meeting:

RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2017 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2016 Summary Compensation Table and the other related tables and disclosure.

Although the advisory vote is non-binding, the Compensation Committee and the Board will review the results of the vote and consider them in future determinations concerning our executive compensation program. As announced previously, we will provide shareholders the opportunity to cast an advisory vote on executive compensation on an annual basis.

**The Board of Directors recommends that shareholders vote FOR the approval of the resolution relating to executive compensation.**

## **AUDIT COMMITTEE REPORT**

The Audit Committee provides assistance to the Board of Directors in fulfilling its obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of A&B, including the review and approval of all related person transactions required to be disclosed in this Proxy Statement. Among other things, the Audit Committee reviews and discusses with management and Deloitte & Touche LLP, A&B's independent registered public accounting firm, the results of the year-end audit of A&B, including the auditors report and audited financial statements. In this context, the Audit Committee has reviewed and discussed A&B's audited financial statements with management, has discussed with Deloitte & Touche LLP the matters required to be discussed by applicable Public Company Accounting Oversight Board rules and, with and without management present, has discussed and reviewed the results of the independent registered public accounting firm's audit of the financial statements.

The Audit Committee has received the written communication regarding independence from Deloitte & Touche LLP required under the rules of the Public Company Accounting Oversight Board, and has discussed with Deloitte & Touche LLP its independence from A&B. The Audit Committee has determined that the provision of non-audit services rendered by Deloitte & Touche LLP to A&B is compatible with maintaining the independence of Deloitte & Touche LLP from A&B in the conduct of its auditing function.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that A&B's audited consolidated financial statements be included in A&B's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the SEC. The Audit Committee also has appointed, subject to shareholder ratification, Deloitte & Touche LLP as A&B's independent registered public accounting firm for 2017.

The foregoing report is submitted by Mr. Pasquale (Chairman), Mr. Doane and Mr. Yeaman.

## **PROPOSAL NO. 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed Deloitte & Touche LLP as the independent registered public accounting firm of A&B for the ensuing year, and the Audit Committee recommends that shareholders vote in favor of ratifying such appointment. Although ratification of this appointment is not required by law, the Board



believes that it is desirable as a matter of corporate governance. If shareholders do not ratify the appointment of Deloitte & Touche LLP, it will be considered as a recommendation to the Board and the Audit Committee to consider

## **Table of Contents**

the retention of a different firm. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting, where they will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders.

In compliance with the Sarbanes Oxley Act of 2002 and applicable SEC rules, the Audit Committee has adopted policies and procedures for Audit Committee approval of audit and non-audit services. Under such policies and procedures, the Audit Committee pre-approves or has delegated to the Chairman of the Audit Committee authority to pre-approve all audit and non-prohibited, non-audit services performed by the independent registered public accounting firm in order to assure that such services do not impair the auditor's independence. Any additional proposed services or costs exceeding pre-approved cost levels require additional pre-approval as described above. The Audit Committee may delegate pre-approval authority to one or more of its members for services not to exceed a specific dollar amount per engagement. Requests for pre-approval include a description of the services to be performed, the fees to be charged and the expected dates that the services will be performed. All services provided by Deloitte & Touche LLP during 2016 were pre-approved in accordance with these policies.

For the years ended December 31, 2016 and 2015, professional services were performed by Deloitte & Touche LLP (including affiliates) for A&B as follows:

*Audit Fees.* The aggregate fees billed for the audit of the Company's annual consolidated financial statements, including Sarbanes-Oxley Section 404 attestation-related work, for the fiscal years ended December 31, 2016 and 2015, the reviews of the interim financial statements included in the Company's Quarterly Reports on Form 10-Q and consents for SEC registration statements were approximately \$1,974,000 and \$1,995,000, respectively.

*Audit-Related Fees.* The aggregate fees billed for Audit-Related services for the fiscal years ended December 31, 2016 and 2015 were approximately \$407,000 and \$188,000, respectively, and were related primarily to consultation on financial accounting and reporting standards including those related to a potential REIT conversion and audit procedures for the Company's standalone subsidiaries in 2016 and consultation on financial accounting and reporting standards and audits and agreed-upon procedures for the Company's standalone subsidiaries in 2015.

*Tax Fees.* The aggregate fees billed for professional tax services for fiscal year ended December 31, 2016 of \$110,000 primarily related to an Earnings and Profit study. There were no fees billed for tax services for the fiscal year ended December 31, 2015.

*All Other Fees.* There were no fees billed for services not included above for the fiscal years ended December 31, 2016 and 2015.

## **SHAREHOLDERS WITH THE SAME ADDRESS**

Individual shareholders sharing an address with one or more other shareholders may elect to "household" the mailing of the Notice of Internet Availability of Proxy Materials or our annual report and proxy statement. This means that only one Notice of Internet Availability of Proxy Materials or our annual report and proxy statement will be sent to that address unless one or more shareholders at that address specifically elect to receive separate mailings. Shareholders who participate in householding will continue to receive separate proxy cards. We will promptly send a separate Notice of Internet Availability of Proxy Materials or our annual report and proxy statement to a shareholder at a shared address on request. Shareholders with a shared address may also request us to send separate Notices of Internet Availability of Proxy Materials or our annual reports and proxy statements in the future, or to send a single copy in the future if we are currently sending multiple copies to the same address.



## **Table of Contents**

Requests related to householding should be mailed to Alexander & Baldwin, Inc., P.O. Box 3440, Honolulu, HI 96801- 3440, Attn: Alyson J. Nakamura, Corporate Secretary or by calling (808) 525-8450. If you are a shareholder whose shares are held by a bank, broker or other nominee, you can request information about householding from your bank, broker or other nominee.

## **OTHER BUSINESS**

The Board of Directors of A&B knows of no other business to be presented for shareholder action at the Annual Meeting. However, should matters other than those included in this Proxy Statement properly come before the Annual Meeting, the proxy holders named in the accompanying proxy will use their best judgment in voting upon them.

## **SHAREHOLDER PROPOSALS FOR 2018**

Proposals of shareholders intended to be presented pursuant to Rule 14a-8 under the Exchange Act at the 2018 Annual Meeting of A&B must be received at the headquarters of A&B on or before November 13, 2017 in order to be considered for inclusion in the year 2018 Proxy Statement and proxy.

In order for proposals of shareholders made outside of Rule 14a-8 under the Exchange Act to be considered timely within the meaning of Rule 14a-4(c) under the Exchange Act, such proposals must be received at the headquarters of A&B not later than December 26, 2017. A&B's Bylaws require that shareholder proposals made outside of Rule 14a-8 under the Exchange Act must be submitted, in accordance with the requirements of the Bylaws, not later than December 26, 2017 and not earlier than November 26, 2017.

The Company's Bylaws provide that no person (other than a person nominated by the Board) will be eligible to be elected a director at an annual meeting of shareholders unless the Corporate Secretary has received, not less than 120 days nor more than 150 days before the anniversary date of the prior annual meeting, a written shareholder's notice in proper form that the person's name be placed in nomination. If the annual meeting is not called for a date which is within 25 days of the anniversary date of the prior annual meeting, a shareholder's notice must be given not later than 10 days after the date on which notice of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. To be in proper written form, a shareholder's notice must include information about each nominee and the shareholder making the nomination. The notice also must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

By Order of the Board of Directors  
ALYSON J. NAKAMURA  
Corporate Secretary and Assistant General  
Counsel

**Table of Contents**

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy. VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 11:00 PM, HST, on April 24, 2017.**

**Vote by Internet**

Go to **www.envisionreport.com/ALEX**  
Or scan the QR code with your smartphone  
Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free **1-800-652-VOTE (8683)** within the USA, US territories & Canada on a touch tone telephone  
Follow the instructions provided by the recorded message

**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**A Proposals THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSALS 1, 2, AND 3.**

1. Election of Directors: 01 - W. Allen Doane 02 - David C. Hulihee +  
Nominees: 03 - Stanley M. Kuriyama

**Mark here to  
vote**

**FOR all  
nominees**

**Mark here to WITHHOLD  
vote from all nominees**

**For All EXCEPT - To  
withhold authority to vote for  
any nominee(s), write the  
name(s) of such nominee(s)  
below.**

**For Against Abstain**

**For Against Abstain**

2. PROPOSAL TO APPROVE  
THE ADVISORY  
RESOLUTION RELATING  
TO EXECUTIVE  
COMPENSATION

3. PROPOSAL TO RATIFY  
THE APPOINTMENT OF  
DELOITTE & TOUCHE  
LLP AS THE  
INDEPENDENT  
REGISTERED PUBLIC  
ACCOUNTING FIRM OF  
THE CORPORATION

**NOTE:** Such other business as may properly come before the meeting or any adjournments thereof.

**THIS PROXY WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2, AND 3 AND IN THE DISCRETION OF THE PROXIES ON SUCH OTHER MATTERS AS PROPERLY MAY COME BEFORE THE MEETING OR ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF.**

**B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

**NOTE:** Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) Please print  
date below.

Signature 1 Please keep signature  
within the box.

Signature 2 Please keep signature  
within the box.

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**Table of Contents**

**Important notice regarding the Internet availability of proxy materials for the Annual Meeting of shareholders.**  
The Proxy Statement and the 2016 Annual Report to Stockholders are available at: **[www.envisionreports.com/ALEX](http://www.envisionreports.com/ALEX)**

**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**Proxy ALEXANDER & BALDWIN, INC.**

**822 Bishop Street, Honolulu, Hawaii 96813**

**PROXY FOR ANNUAL MEETING OF SHAREHOLDERS, APRIL 25, 2017**

**SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints C.G. King, S.M. Kuriyama and D.M. Pasquale, and each of them, proxies with full power of substitution, to vote the shares of stock of Alexander & Baldwin, Inc., which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Corporation to be held on Tuesday, April 25, 2017, and at any adjournments or postponements thereof, on the matters set forth in the Notice of Meeting and Proxy Statement, as stated on the reverse side.

**THIS PROXY WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2, AND 3 AND IN THE DISCRETION OF THE PROXIES ON SUCH OTHER MATTERS AS PROPERLY MAY COME BEFORE THE MEETING OR ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF.**

**PLEASE SIGN, DATE AND RETURN THIS PROXY PROMPTLY IN THE ENCLOSED ENVELOPE.**

**(continued and to be marked, dated and signed, on other side)**